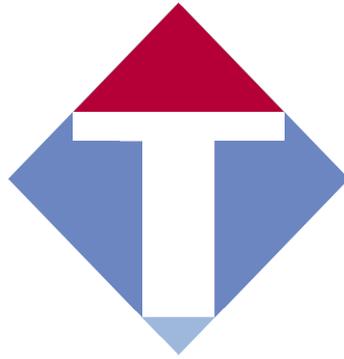


CITY OF TROTWOOD, OHIO



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended December 31, 2010**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Trotwood, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 2, 2011

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CITY OF TROTWOOD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

**PREPARED BY:
DEPARTMENT OF FINANCE
PATRICIA A. SHIVELY
FINANCE DIRECTOR**

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	Page
 INTRODUCTORY SECTION	
Letter of Transmittal	vii
List of Elected and Appointed Officials	xii
Organizational Chart	xiii
Certificate of Achievement for Excellence in Financial Reporting	xiv
 FINANCIAL SECTION	
Independent Auditors' 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	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	21
Statement of Net Assets - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	26
Notes to the Basic Financial Statements	29
 Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	56
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Street Construction Maintenance and Repair Fund	58
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Grants Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund	60
Notes to the Required Supplementary Information	61
 Combining Statements and Individual Fund Schedules:	
Major Governmental Funds	64
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Salem Mall Tax Increment Fund	65
 Nonmajor Governmental Funds	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	69

City of Trotwood, Ohio
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2010

	<u>Page</u>
Nonmajor Special Revenue Funds	
Fund Descriptions	71
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	74
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis):	
State Highway Fund	76
Motor Vehicle License Tax Fund	77
Permissive Use Tax Fund	78
Drug Law Enforcement Fund	79
Curbs/Gutters/Sidewalks Assessment Fund	80
Local Law Enforcement Block Fund	81
Enforcement and Education Fund	82
Law Enforcement Trust Fund	83
Government Equity Program Fund	84
Rescue Levy Fund	85
Police Levy Fund	86
Nonmajor Debt Service Funds	
Fund Description	87
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis):	
Debt Retirement Fund	88
Nonmajor Capital Projects Funds	
Fund Descriptions	89
Combining Balance Sheet	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	91
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis):	
Park Acquisition and Development Fund	92
Industrial Park Fund	94
Fire Facility Improvements Fund	95
West Third Street Improvement Fund	96

	<u>Schedule</u>	<u>Page</u>
STATISTICAL SECTION		
Net Assets by Component	1	99
Changes in Net Assets	2	100
Fund Balances, Governmental Funds	3	103
Changes in Fund Balances, Governmental Funds	4	104
Assessed Value and Estimated Actual Value of Taxable Property	5	106
Special Assessment Billings and Collections	6	107
Direct and Overlapping Property Tax Rates	7	108
Principal Property Tax Payers	8	109
Property Tax Levies and Collections	9	110
Income Tax Collections	10	111
Principal Income Taxpayers	11	112
Ratios of Outstanding Debt by Type	12	113
Ratios of General Bonded Debt Outstanding	13	114
Direct and Overlapping Governmental Activities Debt	14	115
Legal Debt Margin Information	15	116
Pledged-Revenue Coverage	16	117
Demographic and Economic Statistics - Montgomery County	17	118
Major Employers	18	119
Full-Time Equivalent City Government Employees by Function/Program	19	120
Operating Indicators by Function/Program	20	122
Capital Asset Statistics by Function/Program	21	124

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INTRODUCTORY SECTION





Government Center
3035 Olive Road * Trotwood, Ohio 45426-2600
Phone: (937) 837-7771 * Fax: (937) 854-0574
www.trotwood.org

Michael J. Lucking, City Manager

Trotwood City Council
Joyce Sutton Cameron, Mayor
Ron Vaughn, Vice-Mayor - Ward 3
Barbara J. Staggs - At Large
Bettye L. Gales - At Large
Nicole Johnson - Ward 1
Rap Hankins - Ward 2
Mary A. McDonald - Ward 4
Lois Singleton - Clerk of Council

August 31, 2011

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 year ended December 31, 2010. 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 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 above-average unemployment, modest job growth and a diversity of major employers. Nearby Wright Patterson Air Force Base employs approximately 22,000 making it the largest single-site employer in the State of Ohio. 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.

The City's Salem Avenue shopping district served as the commercial hub of northwest Montgomery County for many years. The former Salem Mall had previously been the anchor of the district, but due to rapidly declining occupancy, was acquired by the City in 2004 for redevelopment purposes and has been demolished. The adjacent Consumer Square shopping center is a major draw in the district, as are several "big box" retailers such as 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 with railroad access available as a light industrial park. An additional 30 acres adjacent to the Industrial Park were acquired in 2002 for future expansion. 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. A major additional tenant was secured in late 2007 and additional land was acquired for further expansion (see MAJOR INITIATIVES for more details).

RELEVANT FINANCIAL POLICIES

In June of 2006, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2007 and will be eliminated by 2009. The tax on telephone and telecommunication property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. In the first five years, the City will be reimbursed fully for the lost revenue; in the following seven years, the reimbursements will be phased out.

MAJOR INITIATIVES

2008 will be remembered as a significant period in the City of Trotwood's industrial development history. In August of 2008, the James Group of Ohio began operations in a newly constructed 380,000 square foot logistics distribution facility. This \$32.5 million dollar state of the art facility serves as a worldwide distribution point of origination for General Motors parts, engines and subassemblies

In November 2009, the James Group of Ohio sold the company to Syncreon America, Inc. It is anticipated that as a part of the General Motors restructuring that occurred during 2009, that Syncreon America, Incorporated facility will become a significant participant in the General Motors supply chain distribution network. Current employment at the Trotwood, Ohio based Syncreon America facility currently stands at 212 employees and is expected to continue steady growth in future years.

In December 2008, the City of Trotwood entered into a professional services agreement with the Stonehenge Group of Gahanna, Ohio to assist in the development of a market based development plan for the former Salem Mall property. Specifically, the Stonehenge Group had been engaged to assist the City of Trotwood in developing a market driven plan for the redevelopment of a 60 acre site that will provide retail opportunities, recreational experiences and public sector services for the Northwest Corridor of Montgomery County, Ohio. Due to market conditions, the agreement with Stonehenge Group was terminated. The comprehensive planning process has resulted in a new Comprehensive Economic Development Strategy.

Of equal importance is the new techconnection project. This project has established four (4) corner stones to the former Salem Mall site. 1. Creating business friendly environment, 2. Expanded business retention program, 3. Renewed emphasis on manufacturing and logistics recruitment, and 4. Redevelopment of the former Salem Mall site as a technological business park, renamed as techconnection. The collaborative agreement between the City of Trotwood and the Edison Materials Technology Center of Ohio (EMTEC). EMTEC is a non-profit, member based organization serving Ohio that develops business and technology strategies, sponsors, coordinates and manages collaborative technology projects and programs leading to commercialization or new business. As a result of the collaboration between the City of Trotwood and EMTEC, the comprehensive planning process is continuing and it is believed that the partnership will position the City of Trotwood as a center for technological innovation and location in the 21st century.

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 is 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 five debt obligations outstanding. These obligations included \$15,125,000 for three general obligation bond issues and \$1,905,000 for five one-year bond anticipation notes for a total of \$17,030,000. Of the total amount, \$12,500,000 was subject to direct debt limitations, and \$4,530,000 was exempt from direct 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 \$8,560 principal balance as of December 31, 2010.

The liability of compensated absences experienced a net decrease of \$29,786 at December 31, 2010.

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 on the Statement of Activities by the City in 2010 amounted to \$3,632.

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, 2010 have been audited by Plattenburg and Associates, Inc. Their unqualified opinion has been included in this report.

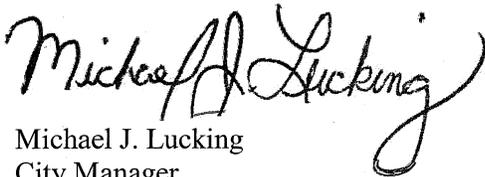
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Trotwood for its comprehensive annual financial report for the fiscal year ended December 31, 2009. In order to be awarded 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.

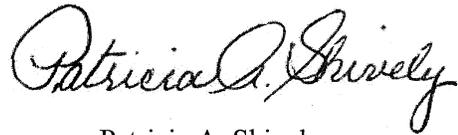
Acknowledgements. The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department, and other City departments as well, who assisted and 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



Patricia A. Shively
Finance Director

CITY OF TROTWOOD, OHIO
List of Elected and Appointed Officials
December 31, 2010

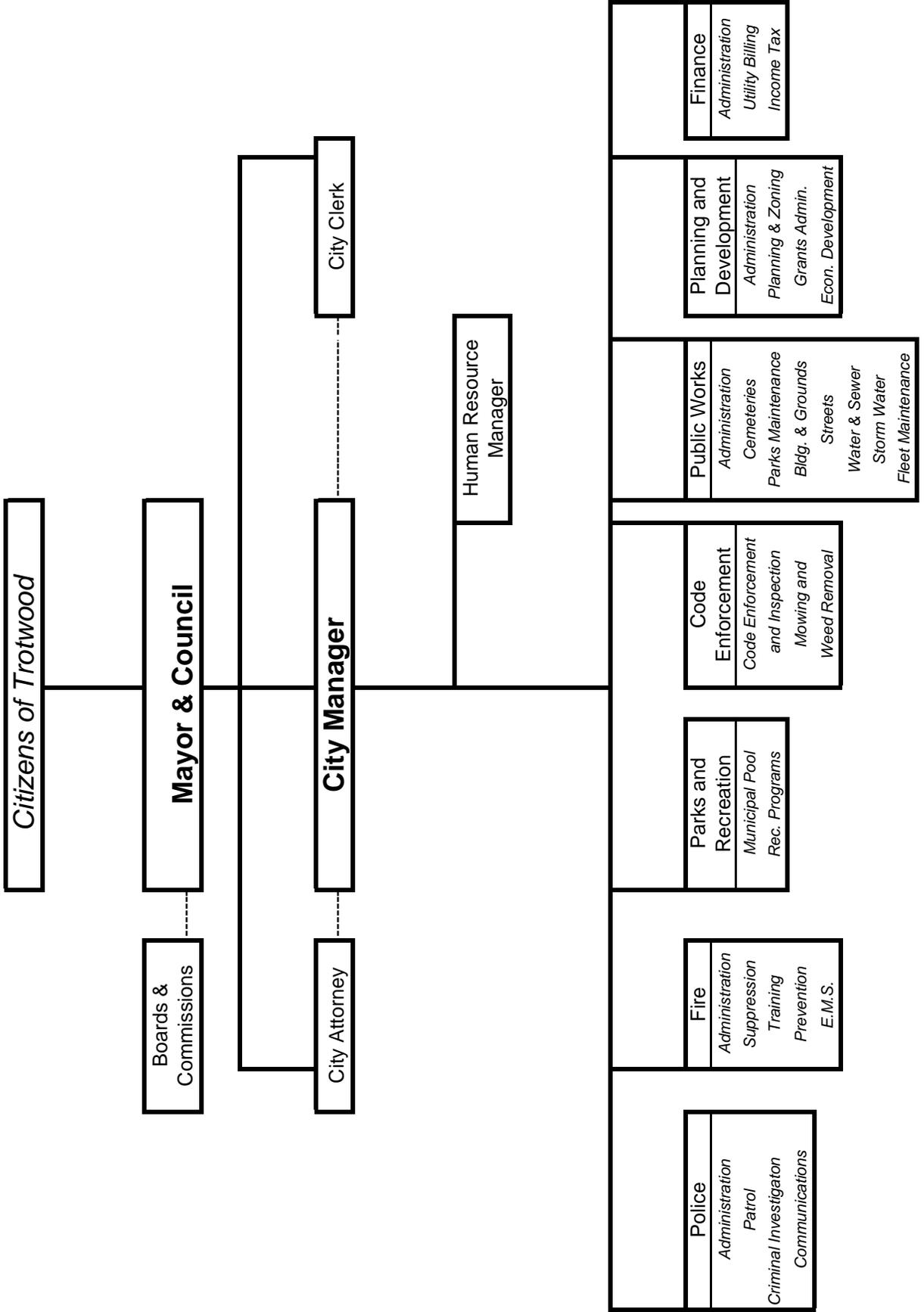
ELECTED OFFICIALS

Joyce Sutton-Cameron	Mayor
Nicole Johnson	Councilmember, Ward 1
Barbara J. Staggs	Councilmember At Large
Bettye Gales	Councilmember At Large
Rap Hankins	Councilmember, Ward 2
Charles R. Vaughn	Councilmember, Ward 3
Mary McDonald	Councilmember, Ward 4

APPOINTED OFFICIALS

Michael J. Lucking	City Manager
Lois M. Singleton	Clerk of Council
Patricia A. Shively	Finance Director
Richard Wagner	Fire Chief
Barbara Brooks	Human Resource Manager
Stephen M. McHugh	Law Director
Quincy Pope	Police Chief
Thomas Odenigbo	Public Works Director

CITY OF TROTWOOD, OHIO
 Organization Chart
 December 31, 2010



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, 2009

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



President

Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of Trotwood, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements. 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, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on it.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
August 31, 2011

City of Trotwood, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

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, 2010. 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 increased \$3,877,448. Net assets of governmental activities increased \$2,715,721, net assets of business-type activities increased by \$1,161,727.
- The General Fund reported an increase in fund balance of \$1,244,301 .
- Business-type operations reflected an operating income (loss) of \$1,120,860 .

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.

City of Trotwood, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

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; Street Construction Maintenance and Repair; Grants; Fire Levy; Salem Mall Tax Increment; 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.

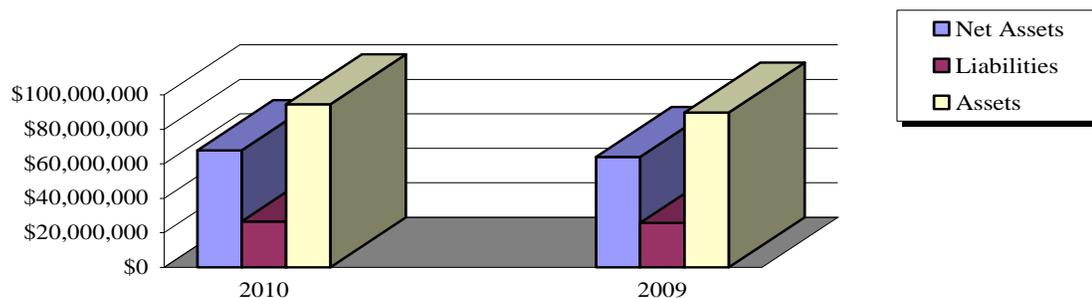
City of Trotwood, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

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 2010 compared to 2009.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and Other Assets	\$13,470,798	\$12,176,887	\$4,040,176	\$2,719,185	\$17,510,974	\$14,896,072
Capital Assets	59,658,152	57,175,254	17,316,660	17,639,357	76,974,812	74,814,611
Total Assets	73,128,950	69,352,141	21,356,836	20,358,542	94,485,786	89,710,683
Liabilities:						
Long-Term Liabilities	17,620,573	8,483,493	19,363	30,253	17,639,936	8,513,746
Other Liabilities	8,237,066	16,313,058	763,190	915,733	9,000,256	17,228,791
Total Liabilities	25,857,639	24,796,551	782,553	945,986	26,640,192	25,742,537
Net Assets:						
Invested in Capital Assets, Net of Related Debt	40,915,075	39,438,652	17,308,100	17,525,298	58,223,175	56,963,950
Restricted	2,465,871	2,293,955	0	0	2,465,871	2,293,955
Unrestricted	3,890,365	2,822,983	3,266,183	1,887,258	7,156,548	4,710,241
Total Net Assets	\$47,271,311	\$44,555,590	\$20,574,283	\$19,412,556	\$67,845,594	\$63,968,146



Total net assets of the City as a whole increased \$3,877,448. Net assets of the City's governmental activities increased \$2,715,721, while the net assets of the City's business-type activities increased \$1,161,727 from 2009. The City had an unrestricted net assets balance of \$7,156,548 that may be used to meet the government's ongoing obligations to citizens and creditors.

Assets increased mainly due to an increase in taxes receivable which was mainly due to an increase in delinquencies. Long Term Liabilities increased and other liabilities decreased mainly due to City refinancing approximately \$8 million in short term bond anticipation notes into \$8 million in long term various purpose bonds.

City of Trotwood, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

Table 2 shows the changes in net assets for the year ended December 31, 2010 and revenue and expense comparisons to 2009.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009 Reclassified	2010	2009	2010	2009 Reclassified
Program Revenues:						
Charges for Services	\$1,779,350	\$2,240,782	\$4,775,580	\$4,585,055	\$6,554,930	\$6,825,837
Operating Grants and Contributions	1,385,532	1,751,409	0	0	1,385,532	1,751,409
Capital Grants and Contributions	1,444,975	2,593,930	0	0	1,444,975	2,593,930
Total Program Revenues	4,609,857	6,586,121	4,775,580	4,585,055	9,385,437	11,171,176
General Revenues:						
Income Taxes	5,298,769	4,785,979	0	0	5,298,769	4,785,979
Property Taxes	5,235,900	4,459,999	0	0	5,235,900	4,459,999
Grants and Entitlements	1,883,135	1,328,460	0	0	1,883,135	1,328,460
Investment Earnings	2,765	5,950	867	1,166	3,632	7,116
Other Revenues	590,433	821,773	3,729	34	594,162	821,807
Total General Revenues	13,011,002	11,402,161	4,596	1,200	13,015,598	11,403,361
Total Revenues	17,620,859	17,988,282	4,780,176	4,586,255	22,401,035	22,574,537
Program Expenses:						
General Government	2,232,408	3,172,930	0	0	2,232,408	3,172,930
Public Safety	8,338,531	8,603,664	0	0	8,338,531	8,603,664
Leisure Time Activities	364,636	362,824	0	0	364,636	362,824
Community Development	885,151	600,620	0	0	885,151	600,620
Transportation and Street Repair	2,473,363	2,630,672	0	0	2,473,363	2,630,672
Interest and Fiscal Charges	603,972	629,723	0	0	603,972	629,723
Water	0	0	1,032,248	1,576,732	1,032,248	1,576,732
Sewer	0	0	771,290	986,256	771,290	986,256
Refuse	0	0	1,075,134	1,493,178	1,075,134	1,493,178
Stormwater	0	0	817,277	603,839	817,277	603,839
Total Program Expenses	14,898,061	16,000,433	3,695,949	4,660,005	18,594,010	20,660,438
Increase (Decrease) in Net Assets before Transfers	2,722,798	1,987,849	1,084,227	(73,750)	3,807,025	1,914,099
Transfers - Internal Activities	(7,077)	20,000	77,500	(20,000)	70,423	0
Change in Net Assets	2,715,721	2,007,849	1,161,727	(93,750)	3,877,448	1,914,099
Net Assets Beginning of Year	44,555,590	42,547,741	19,412,556	19,506,306	63,968,146	62,054,047
Net Assets End of Year	\$47,271,311	\$44,555,590	\$20,574,283	\$19,412,556	\$67,845,594	\$63,968,146

Governmental Activities

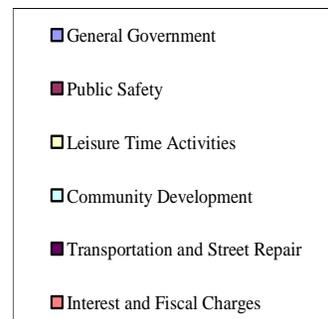
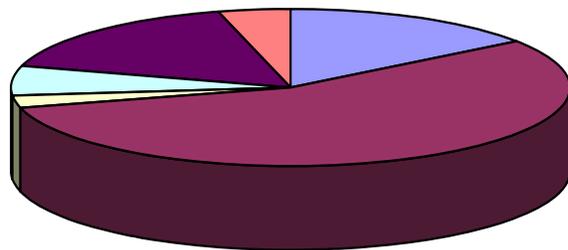
The City of Trotwood's income taxes and property taxes are the largest source of revenue. These revenues represent 81% of the City's governmental activities total general revenue.

Operating and Capital Grants revenue decreased mainly due to a decrease in grant monies to finance various street improvement projects throughout the City since most of the projects were complete in previous years. Total expenses decreased mainly due to decreases in various repairs and maintenance expenses as well as decreases in personnel costs as a result of the downturn in the economy in 2010.

**City of Trotwood, Ohio
Management’s Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)**

Governmental Activities
Program Expenses for 2010

	<u>Percentage</u>
General Government	14.98%
Public Safety	55.97%
Leisure Time Activities	2.45%
Community Development	5.94%
Transportation and Street Repair	16.60%
Interest and Fiscal Charges	4.05%
Total	<u>100.00%</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 \$4,779,309 and expenses of \$3,658,449 for fiscal year 2010. Business activities receive no support from tax revenues. The business activities net assets at the end of the year was \$20,574,283, which increased \$1,161,727 from 2009.

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 \$458,328 in 2010. The sewer fund had an operating income of \$385,188 in 2010. The refuse fund had operating income of \$222,336 in 2010. The stormwater fund had operating income of \$55,008 in 2010.

City of Trotwood, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

The City's Funds

The City has five major governmental funds: the General Fund, Street Construction Maintenance and Repair Fund, Grants Fund, Fire Levy Fund, and Salem Mall Tax Increment Fund. Assets of the General Fund comprised \$6,176,991 (46%), the Street Construction Maintenance and Repair fund comprised \$1,415,920 (11%), the Grants fund comprised \$474,656 (4%), the Fire Levy fund comprised \$2,916,131 (22%), and the Salem Mall Tax Increment fund comprised \$548,040 (4%) of the total \$13,460,345 governmental funds assets.

General Fund: Fund balance at December 31, 2010 was \$2,183,765 an increase in fund balance of \$1,244,301 from 2009. The General fund balance increased mainly due to a decrease in general government expenditures.

Street Construction Maintenance and Repair Fund: Fund balance at December 31, 2010 was \$241,578 a decrease in fund balance of \$181,785. The Street Construction Maintenance and Repair Fund decrease in fund balance is due to an increase in transportation and street repair expenditures.

Grants Fund: Fund balance at December 31, 2010 was \$382,199 an increase in fund balance of \$125,818 from 2009. The Grants fund balance increased mainly due to an increase in intergovernmental revenue.

Fire Levy Fund: Fund balance at December 31, 2010 was (\$234,643) a decrease in fund balance of \$139,627 from 2009. The Fire Levy fund balance decreased mainly due to the purchase of three fire trucks in 2010.

Salem Mall Tax Increment Fund: Fund balance at December 31, 2010 was (\$1,698,872) an increase in fund balance of \$6,286,222 from 2009. The increase in fund balance is due to the issuance of \$6,150,000 in long 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 \$1,775,214, on a Non-GAAP Budgetary Basis.

There were no variations between final budget and actual revenues. Variations between the original and final budget revenues were mainly due to the City overestimating taxes revenue. Variations between fund budget and actual expenditures were mainly due to the City overestimating general government expenditures. Variations between original and final budget expenditures were mainly due to the City's conservative estimate for general government expenditures.

City of Trotwood, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At year end, the City had \$76,974,812 invested in land, buildings and improvements, equipment and infrastructure. Table 3 shows 2010 balances compared to 2009:

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$26,360,322	\$26,360,322	\$12,026	\$12,026	\$26,372,348	\$26,372,348
Construction in Progress	0	3,720,306	0	0	0	3,720,306
Buildings and Improvements	8,315,004	8,315,004	0	0	8,315,004	8,315,004
Equipment	9,470,485	8,062,013	302,920	302,920	9,773,405	8,364,933
Infrastructure	46,480,713	40,959,606	37,843,159	37,712,913	84,323,872	78,672,519
Accumulated Depreciation	(30,968,372)	(30,241,997)	(20,841,445)	(20,388,502)	(51,809,817)	(50,630,499)
Total Net Capital Assets	<u>\$59,658,152</u>	<u>\$57,175,254</u>	<u>\$17,316,660</u>	<u>\$17,639,357</u>	<u>\$76,974,812</u>	<u>\$74,814,611</u>

The increase in capital assets was mainly due to the purchase of three fire trucks in 2010 and the completion of various construction projects. See Note 6 to the basic financial statements for further details on the City's capital assets.

Debt

The City had \$15,573,266 in general obligation bonds for Governmental Activities and \$8,560 in Business-Type Activities long-term debt.

Table 4
Outstanding Debt at Year End

		2010	2009
Governmental Activities			
General Obligation Bonds			
2003 Various Purpose Bonds	5.11%	\$2,595,000	\$2,790,000
2007 Various Purpose Bonds	4.21%	4,530,000	4,700,000
2010 Various Purpose Bonds	3.00 - 4.25%	8,000,000	0
Premium on 2010 Bonds		439,706	0
Total General Obligation Bonds		<u>15,564,706</u>	<u>7,490,000</u>
Business Type Activities:			
Loans			
2001 OPWC Loan	3.00%	<u>8,560</u>	<u>14,059</u>
Total Debt		<u>\$15,573,266</u>	<u>\$7,504,059</u>

**City of Trotwood, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)**

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

The City had General Obligation Notes Payable of \$1,905,000 and \$10,160,000 for the year ended 2010 and 2009, 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, Ohio
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$3,912,553	\$1,272,899	\$5,185,452
Receivables:			
Taxes	7,086,986	0	7,086,986
Accounts	82,927	1,700,316	1,783,243
Intergovernmental	1,959,638	0	1,959,638
Special Assessments	119,714	1,137,697	1,257,411
Internal Balances	70,736	(70,736)	0
Deferred Bond Issuance Costs	238,244	0	238,244
Nondepreciable Capital Assets	26,360,322	12,026	26,372,348
Depreciable Capital Assets, Net	33,297,830	17,304,634	50,602,464
Total Assets	73,128,950	21,356,836	94,485,786
Liabilities:			
Accounts Payable	187,487	746,819	934,306
Accrued Wages and Benefits	760,743	16,305	777,048
Accrued Interest Payable	146,531	66	146,597
Contracts Payable	135,196	0	135,196
Unearned Revenue	5,102,109	0	5,102,109
General Obligation Notes Payable	1,905,000	0	1,905,000
Long-Term Liabilities:			
Due Within One Year	1,321,780	16,537	1,338,317
Due In More Than One Year	16,298,793	2,826	16,301,619
Total Liabilities	25,857,639	782,553	26,640,192
Net Assets:			
Invested in Capital Assets, Net of Related Debt	40,915,075	17,308,100	58,223,175
Restricted for:			
Debt Service	57,800	0	57,800
Street Construction Maintenance and Repair	624,303	0	624,303
State Highway	213,335	0	213,335
Motor Vehicle License Tax	217,845	0	217,845
Fire Levy	338,688	0	338,688
Rescue Levy	236,867	0	236,867
Federal and State Grants	457,806	0	457,806
Other Purposes	319,227	0	319,227
Unrestricted	3,890,365	3,266,183	7,156,548
Total Net Assets	\$47,271,311	\$20,574,283	\$67,845,594

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2010

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$2,232,408	\$320,538	\$0	\$0
Public Safety	8,338,531	1,313,859	592,107	0
Leisure Time Activities	364,636	26,048	0	0
Community Development	885,151	105,285	585,922	0
Transportation and Street Repair	2,473,363	13,620	207,503	1,444,975
Interest and Fiscal Charges	603,972	0	0	0
Total Governmental Activities	14,898,061	1,779,350	1,385,532	1,444,975
Business-Type Activities:				
Water	1,032,248	1,473,421	0	0
Sewer	771,290	1,134,721	0	0
Refuse	1,075,134	1,297,453	0	0
Stormwater	817,277	869,985	0	0
Total Business-Type Activities	3,695,949	4,775,580	0	0
Totals	\$18,594,010	\$6,554,930	\$1,385,532	\$1,444,975

General Revenues:
Income Taxes
Property Taxes Levied for:
 General Purposes
 Special Revenue Purposes
 Debt Service Purposes
Grants and Entitlements not Restricted to Specific Programs - Unrestricted
Revenue in Lieu of Taxes
Investment Earnings
Other Revenues
Transfers-Internal Activities

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

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
(\$1,911,870)	\$0	(\$1,911,870)
(6,432,565)	0	(6,432,565)
(338,588)	0	(338,588)
(193,944)	0	(193,944)
(807,265)	0	(807,265)
(603,972)	0	(603,972)
(10,288,204)	0	(10,288,204)
0	441,173	441,173
0	363,431	363,431
0	222,319	222,319
0	52,708	52,708
0	1,079,631	1,079,631
(\$10,288,204)	\$1,079,631	(\$9,208,573)
5,298,769	0	5,298,769
1,629,886	0	1,629,886
3,383,798	0	3,383,798
222,216	0	222,216
1,883,135	0	1,883,135
285,209	0	285,209
2,765	867	3,632
305,224	3,729	308,953
(7,077)	77,500	70,423
13,003,925	82,096	13,086,021
2,715,721	1,161,727	3,877,448
44,555,590	19,412,556	63,968,146
\$47,271,311	\$20,574,283	\$67,845,594

City of Trotwood, Ohio
Balance Sheet
Governmental Funds
December 31, 2010

	General	Street Construction Maintenance and Repair	Grants	Fire Levy
Assets:				
Equity in Pooled Cash and Investments	\$1,869,415	\$391,585	\$399,049	\$5,625
Receivables:				
Taxes	3,094,518	554,113	0	2,721,251
Accounts	0	0	0	0
Intergovernmental	798,927	470,222	75,607	189,255
Special Assessments	115,604	0	0	0
Interfund	298,527	0	0	0
Total Assets	6,176,991	1,415,920	474,656	2,916,131
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	52,546	56,184	6,688	20,466
Accrued Wages and Benefits	441,136	37,069	2,156	214,184
Compensated Absences	2,081	0	0	0
Accrued Interest Payable	0	0	0	0
Contracts Payable	0	127,190	8,006	0
Interfund Payable	89,708	0	0	5,618
Deferred Revenue	3,407,755	953,899	75,607	2,910,506
General Obligation Notes Payable	0	0	0	0
Total Liabilities	3,993,226	1,174,342	92,457	3,150,774
Fund Balances:				
Reserved for Encumbrances	323,338	237,000	2,009,427	117,555
Unreserved, Undesignated, Reported in:				
General Fund	1,860,427	0	0	0
Special Revenue Funds	0	4,578	(1,627,228)	(352,198)
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	0	0
Total Fund Balances	2,183,765	241,578	382,199	(234,643)
Total Liabilities and Fund Balances	\$6,176,991	1,415,920	474,656	2,916,131

See accompanying notes to the basic financial statements.

Salem Mall Tax Increment	Other Governmental Funds	Total Governmental Funds
\$241,373	\$1,005,506	\$3,912,553
0	717,104	7,086,986
0	82,927	82,927
306,667	118,960	1,959,638
0	4,110	119,714
0	0	298,527
<u>548,040</u>	<u>1,928,607</u>	<u>13,460,345</u>
4,659	42,490	183,033
0	66,198	760,743
0	0	2,081
30,586	0	30,586
0	0	135,196
0	91,085	186,411
306,667	834,462	8,488,896
1,905,000	0	1,905,000
<u>2,246,912</u>	<u>1,034,235</u>	<u>11,691,946</u>
11,486	116,707	2,815,513
0	0	1,860,427
0	801,986	(1,172,862)
0	4,656	4,656
(1,710,358)	(28,977)	(1,739,335)
<u>(1,698,872)</u>	<u>894,372</u>	<u>1,768,399</u>
<u>\$548,040</u>	<u>\$1,928,607</u>	<u>\$13,460,345</u>

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City of Trotwood, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2010

Total Governmental Fund Balance		\$1,768,399
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.		59,658,152
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income Taxes	649,930	
Delinquent Property Taxes	1,247,508	
Intergovernmental	1,351,412	
Other	<u>137,937</u>	
		3,386,787
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.		(45,834)
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.		(115,945)
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		(780,415)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		238,244
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(16,838,077)</u>
Net Assets of Governmental Activities		<u><u>\$47,271,311</u></u>

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2010

	General	Street Construction Maintenance and Repair	Grants	Fire Levy
Revenues:				
Taxes	\$6,831,059	\$482,109	\$0	\$2,299,088
Fines, Licenses & Permits	525,514	0	0	0
Charges for Services	96,837	0	0	3,624
Investment Earnings	1,225	324	0	214
Intergovernmental	1,208,617	952,130	2,045,823	380,231
Special Assessments	47,505	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Other Revenues	290,535	734	0	5,757
Total Revenues	9,001,292	1,435,297	2,045,823	2,688,914
Expenditures:				
Current:				
General Government	2,146,466	0	0	0
Public Safety	4,113,737	0	255,175	2,261,010
Leisure Time Activities	328,681	0	0	0
Community Development	518,179	0	227,654	0
Transportation and Street Repair	234,833	1,390,473	0	0
Capital Outlay	7,671	175,257	1,437,176	1,813,199
Debt Service:				
Principal Retirement	209,546	35,643	0	405,501
Interest and Fiscal Charges	225,216	15,709	0	2,714
Bond Issuance Costs	0	0	0	0
Total Expenditures	7,784,329	1,617,082	1,920,005	4,482,424
Excess of Revenues Over (Under) Expenditures	1,216,963	(181,785)	125,818	(1,793,510)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	4,838	0	0	70,000
Issuance of Long-Term Capital-Related Debt	100,000	0	0	0
Inception of Capital Lease	0	0	0	1,583,883
Premium on Bonds Sold	0	0	0	0
Transfers In	22,500	0	0	0
Transfers (Out)	(100,000)	0	0	0
Total Other Financing Sources (Uses)	27,338	0	0	1,653,883
Net Change in Fund Balance	1,244,301	(181,785)	125,818	(139,627)
Fund Balance Beginning of Year	939,464	423,363	256,381	(95,016)
Fund Balance End of Year	\$2,183,765	\$241,578	\$382,199	(\$234,643)

See accompanying notes to the basic financial statements.

Salem Mall Tax Increment	Other Governmental Funds	Total Governmental Funds
\$0	\$624,046	\$10,236,302
0	22,631	548,145
0	1,068,819	1,169,280
258	744	2,765
0	386,468	4,973,269
0	13,620	61,125
266,986	0	266,986
0	8,197	305,223
<u>267,244</u>	<u>2,124,525</u>	<u>17,563,095</u>
0	0	2,146,466
0	1,430,181	8,060,103
0	0	328,681
104,905	33,239	883,977
0	96,537	1,721,843
2,300	160,625	3,596,228
0	211,424	862,114
227,314	97,657	568,610
240,650	0	240,650
<u>575,169</u>	<u>2,029,663</u>	<u>18,408,672</u>
<u>(307,925)</u>	<u>94,862</u>	<u>(845,577)</u>
0	0	74,838
6,150,000	1,750,000	8,000,000
0	0	1,583,883
444,147	0	444,147
0	0	22,500
0	0	(100,000)
<u>6,594,147</u>	<u>1,750,000</u>	<u>10,025,368</u>
6,286,222	1,844,862	9,179,791
<u>(7,985,094)</u>	<u>(950,490)</u>	<u>(7,411,392)</u>
<u>(\$1,698,872)</u>	<u>\$894,372</u>	<u>\$1,768,399</u>

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City of Trotwood, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended December 31, 2010

Net Change in Fund Balance - Total Governmental Funds \$9,179,791

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	3,777,885	
Depreciation Expense	<u>(1,294,987)</u>	
		2,482,898

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

Income Taxes	107,668	
Delinquent Property Taxes	191,500	
Intergovernmental	260,745	
Other	<u>(502,149)</u>	
		57,764

In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.

Bond Issuance Costs	240,650	
Premium on Bonds Issued	<u>(444,147)</u>	
		(203,497)

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

862,114

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

(37,397)

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	11,148	
Amortization of Bond Issuance Cost	(2,406)	
Amortization of Bond Premium	<u>4,441</u>	
		13,183

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.

(55,252)

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.

(9,583,883)

Change in Net Assets of Governmental Activities

\$2,715,721

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Business-Type Activities -Enterprise Funds			
	Water	Sewer	Refuse	Stormwater
Current Assets:				
Equity in Pooled Cash and Investments	\$227,397	\$61,552	\$0	\$983,950
Receivables:				
Accounts	653,794	458,917	386,495	201,110
Special Assessments	234,892	146,663	539,686	216,456
Interfund	0	0	0	0
Total Current Assets	<u>1,116,083</u>	<u>667,132</u>	<u>926,181</u>	<u>1,401,516</u>
Nondepreciable Capital Assets	0	12,026	0	0
Depreciable Capital Assets, Net	<u>367,263</u>	<u>392,322</u>	<u>0</u>	<u>16,545,049</u>
Total Assets	<u>1,483,346</u>	<u>1,071,480</u>	<u>926,181</u>	<u>17,946,565</u>
Liabilities:				
Accounts Payable	370,602	256,519	111,432	8,266
Accrued Wages and Benefits	6,384	4,991	1,787	3,143
Compensated Absences	3,024	3,024	1,929	0
Accrued Interest Payable	0	66	0	0
Interfund Payable	0	0	70,736	0
Long-Term Liabilities Due Within One Year	<u>0</u>	<u>8,560</u>	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>380,010</u>	<u>273,160</u>	<u>185,884</u>	<u>11,409</u>
Long-Term Liabilities:				
Compensated Absences	<u>765</u>	<u>765</u>	<u>1,296</u>	<u>0</u>
Total Liabilities	<u>380,775</u>	<u>273,925</u>	<u>187,180</u>	<u>11,409</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	367,263	395,788	0	16,545,049
Unrestricted	<u>735,308</u>	<u>401,767</u>	<u>739,001</u>	<u>1,390,107</u>
Total Net Assets	<u>\$1,102,571</u>	<u>\$797,555</u>	<u>\$739,001</u>	<u>\$17,935,156</u>

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Fund
\$1,272,899	\$0
1,700,316	0
1,137,697	0
0	95,326
4,110,912	95,326
12,026	0
17,304,634	0
21,427,572	95,326
746,819	4,454
16,305	0
7,977	0
66	0
70,736	136,706
8,560	0
850,463	141,160
2,826	0
853,289	141,160
17,308,100	0
3,266,183	(45,834)
<u>\$20,574,283</u>	<u>(\$45,834)</u>

City of Trotwood, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 201C

	Business-Type Activities -Enterprise Funds			
	Water	Sewer	Refuse	Stormwater
Operating Revenues:				
Charges for Services	\$1,473,421	\$1,134,721	\$1,297,453	\$869,985
Other Revenues	706	706	17	2,300
Total Operating Revenues	<u>1,474,127</u>	<u>1,135,427</u>	<u>1,297,470</u>	<u>872,285</u>
Operating Expenses:				
Personal Services	89,837	90,315	27,256	45,381
Contractual Services	913,284	629,193	1,046,346	359,431
Depreciation	11,439	29,972	0	411,532
Other Expenses	1,239	759	1,532	933
Total Operating Expenses	<u>1,015,799</u>	<u>750,239</u>	<u>1,075,134</u>	<u>817,277</u>
Operating Income (Loss)	<u>458,328</u>	<u>385,188</u>	<u>222,336</u>	<u>55,008</u>
Non-Operating Revenues (Expenses):				
Investment Earnings	147	35	20	665
Interest (Expense)	(16,449)	(21,051)	0	0
Total Non-Operating Revenues (Expenses)	<u>(16,302)</u>	<u>(21,016)</u>	<u>20</u>	<u>665</u>
Income (Loss) Before Contributions and Transfers	442,026	364,172	222,356	55,673
Transfers In	100,000	0	0	0
Transfers (Out)	(11,250)	(11,250)	0	0
Change in Net Assets	530,776	352,922	222,356	55,673
Net Assets Beginning of Year	<u>571,795</u>	<u>444,633</u>	<u>516,645</u>	<u>17,879,483</u>
Net Assets End of Year	<u>\$1,102,571</u>	<u>\$797,555</u>	<u>\$739,001</u>	<u>\$17,935,156</u>

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Fund
\$4,775,580	\$95,326
3,729	2,115
<u>4,779,309</u>	<u>97,441</u>
252,789	0
2,948,254	152,697
452,943	0
4,463	0
<u>3,658,449</u>	<u>152,697</u>
<u>1,120,860</u>	<u>(55,256)</u>
867	4
(37,500)	0
<u>(36,633)</u>	<u>4</u>
1,084,227	(55,252)
100,000	0
(22,500)	0
1,161,727	(55,252)
<u>19,412,556</u>	<u>9,418</u>
<u>\$20,574,283</u>	<u>(\$45,834)</u>

City of Trotwood, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2010

	Business-Type Activities -Enterprise Funds			
	Water	Sewer	Refuse	Stormwater
Cash Flows from Operating Activities:				
Cash Received from Customers	\$1,494,255	\$1,114,929	\$1,496,793	\$785,628
Cash Payments to Employees	(95,041)	(96,990)	(26,715)	(44,212)
Cash Payments to Suppliers	(1,130,483)	(742,803)	(1,301,145)	(408,944)
Net Cash Provided (Used) by Operating Activities	<u>268,731</u>	<u>275,136</u>	<u>168,933</u>	<u>332,472</u>
Cash Flows from Noncapital Financing Activities:				
Payments to Other Funds	(13,476)	(175,734)	(168,953)	0
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(13,476)</u>	<u>(175,734)</u>	<u>(168,953)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	0	0	0	(130,246)
Debt Proceeds	200,000	0	0	0
Debt Principal Payments	(200,000)	(5,499)	0	0
Debt Interest Payments	(28,005)	(32,386)	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(28,005)</u>	<u>(37,885)</u>	<u>0</u>	<u>(130,246)</u>
Cash Flows from Investing Activities:				
Earnings on Investments	147	35	20	665
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>147</u>	<u>35</u>	<u>20</u>	<u>665</u>
Net Increase (Decrease) in Cash and Cash Equivalents	227,397	61,552	0	202,891
Cash and Cash Equivalents Beginning of Year	0	0	0	781,059
Cash and Cash Equivalents End of Year	<u>227,397</u>	<u>61,552</u>	<u>0</u>	<u>983,950</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	458,328	385,188	222,336	55,008
Adjustments:				
Depreciation	11,439	29,972	0	411,532
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(169,785)	(117,571)	(57,272)	(126,360)
Increase (Decrease) in Payables	(26,047)	(15,778)	3,328	(8,877)
Increase (Decrease) in Accrued Liabilities	(5,204)	(6,675)	541	1,169
Net Cash Provided (Used) by Operating Activities	<u>\$268,731</u>	<u>\$275,136</u>	<u>\$168,933</u>	<u>\$332,472</u>

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Fund
\$4,891,605	\$2,115
(262,958)	0
<u>(3,583,375)</u>	<u>(14,631)</u>
<u>1,045,272</u>	<u>(12,516)</u>
<u>(358,163)</u>	<u>0</u>
<u>(358,163)</u>	<u>0</u>
(130,246)	0
200,000	0
(205,499)	0
<u>(60,391)</u>	<u>0</u>
<u>(196,136)</u>	<u>0</u>
<u>867</u>	<u>4</u>
<u>867</u>	<u>4</u>
491,840	(12,512)
<u>781,059</u>	<u>12,512</u>
<u>1,272,899</u>	<u>0</u>
1,120,860	(55,256)
452,943	0
(470,988)	(95,326)
(47,374)	138,066
<u>(10,169)</u>	<u>0</u>
<u>\$1,045,272</u>	<u>(\$12,516)</u>

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City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 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.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 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.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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:

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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.

Street Construction, Maintenance and Repair Fund – 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.

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.

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

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.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Following Ohio Revised Code, the City has specified the funds to receive an allocation of interest earnings. Interest revenues during 2010 amounted to \$3,636. Interest revenue amounted to \$1,225 in the General fund, \$324 in the Street Construction Maintenance and Repair fund, \$214 in the Fire Levy fund, \$258 in the Salem Mall Tax Increment fund, \$744 in Other Governmental funds, \$147 in the Water fund, \$35 in the Sewer Fund, \$20 in the Refuse fund, \$665 in the Stormwater fund, and \$4 in the Internal Revenue Service fund.

Capital Assets

In 2006, the City of Trotwood applied the transition provisions for General Infrastructure Assets (streets, curbs, sidewalks, and culverts). The City reports current year additions and deletions for General Infrastructure Assets. 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 \$5,000 capitalization threshold.

All reported capital assets are depreciated except for land. 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
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.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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 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 \$2,465,871 in restricted net assets, none were restricted by enabling legislation.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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.

Note 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:

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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, 2010, \$1,776,039 of the City’s bank balance of \$3,100,313 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, 2010, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
STAROhio	\$2,345,306	0.16

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. Repurchase Agreements which are unrated shall be transacted only through

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

banks located within the State of Ohio with which the Finance Director has signed a master repurchase agreement as required by Ohio Revised Code 135.

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.

Note 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.

With the exception of certain special assessment receivables, no allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant. The City’s evaluation of the collectability of special assessments receivables indicated that the recent downturn in the economy requires allowances for doubtful accounts as follows:

	As of December 31, 2010					
	General Fund	Curbs, Gutters & Streets Fund	Water Fund	Sewer Fund	Refuse Fund	Stormwater Fund
Special Assessments Receivable	\$806,534	\$9,577	\$410,877	\$246,776	\$836,425	\$364,053
Allowance for Doubtful Accounts	(690,930)	(5,467)	(175,985)	(100,113)	(296,739)	(147,597)
Special Assessments Receivable, Net	<u>\$115,604</u>	<u>\$4,110</u>	<u>\$234,892</u>	<u>\$146,663</u>	<u>\$539,686</u>	<u>\$216,456</u>

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 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2010 taxes.

The 2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011 operations.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2010 with real property taxes.

The 2010 tangible personal property taxes are levied after October 1, 2009, on the value as of December 31, 2009. Collections are made in 2010. Tangible personal property assessments are 25 percent of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the City prior to June 30.

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

	<u>Amount</u>
Real Property	\$318,888,480
Tangible Personal Property	<u>9,317,140</u>
Total	<u><u>\$328,205,620</u></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

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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.

Note 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	5,000
Law Enforcement Operations	2,000,000	25,000
Wrongful Acts (Public Officials)	2,000,000	10,000
Real and Personal Property	13,011,000	5,000
Vehicles	4,338,380	1,000
Miscellaneous Property	1,306,746	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.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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.

Note 6 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$26,360,322	\$0	\$0	\$26,360,322
Construction in Progress	3,720,306	1,764,467	5,484,773	0
Total Capital Assets, not being depreciated	<u>30,080,628</u>	<u>1,764,467</u>	<u>5,484,773</u>	<u>26,360,322</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	8,315,004	0	0	8,315,004
Equipment	8,062,013	1,977,084	568,612	9,470,485
Infrastructure	40,959,606	5,521,107	0	46,480,713
Totals at Historical Cost	<u>87,417,251</u>	<u>9,262,658</u>	<u>6,053,385</u>	<u>90,626,524</u>
Less Accumulated Depreciation:				
Buildings and Improvements	2,480,498	194,960	0	2,675,458
Equipment	6,757,414	434,057	568,612	6,622,859
Infrastructure	21,004,085	665,970	0	21,670,055
Total Accumulated Depreciation	<u>\$30,241,997</u>	<u>\$1,294,987</u>	<u>\$568,612</u>	<u>\$30,968,372</u>
Governmental Activities Capital Assets, Net	<u>\$57,175,254</u>	<u>\$7,967,671</u>	<u>\$5,484,773</u>	<u>\$59,658,152</u>
Business-Type Activities				
<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	37,712,913	130,246	0	37,843,159
Totals at Historical Cost	<u>38,027,859</u>	<u>130,246</u>	<u>0</u>	<u>38,158,105</u>
Less Accumulated Depreciation:				
Equipment	254,099	20,559	0	274,658
Infrastructure	20,134,403	432,384	0	20,566,787
Total Accumulated Depreciation	<u>\$20,388,502</u>	<u>\$452,943</u>	<u>\$0</u>	<u>\$20,841,445</u>
Business-Type Activities Capital Assets, Net	<u>\$17,639,357</u>	<u>(\$322,697)</u>	<u>\$0</u>	<u>\$17,316,660</u>

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Depreciation expense was charged to governmental functions as follows:

General Government	\$103,651
Public Safety	405,215
Leisure Time	40,065
Community Development	1,917
Transportation	744,139
Total Depreciation Expense	<u><u>\$1,294,987</u></u>

Note 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.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 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:					
Governmental Activities:					
Town Center Redevelopment, Series 2009	3.00%	1,905,000	0	(1,905,000)	0
Various Purpose, Series 2009	2.25%	3,875,000	0	(3,875,000)	0
Various Purpose, Series 2009B	2.25%	4,280,000	0	(4,280,000)	0
Various Purpose, Series 2010B	1.75%	0	8,155,000	(8,155,000)	0
Town Center Redevelopment, Series 2010	2.00%	0	1,905,000	0	1,905,000
Total Governmental Activities		<u>\$10,060,000</u>	<u>\$10,060,000</u>	<u>(\$18,215,000)</u>	<u>\$1,905,000</u>
Business-Type Activities:					
Various Purpose, 2009A Series (water/curbs) - BAN	2.33%	\$100,000	\$0	(\$100,000)	\$0
Various Purpose, 2010A Series (water/curbs) - BAN	1.75%	0	100,000	(100,000)	0
Total Business-Type Activities		<u>100,000</u>	<u>100,000</u>	<u>(200,000)</u>	<u>0</u>
Total Bond Anticipation Notes		<u>\$10,160,000</u>	<u>\$10,160,000</u>	<u>(\$18,415,000)</u>	<u>\$1,905,000</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.

Note 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
Governmental Activities						
<u>Bonds Payable</u>						
2003 Various Purpose Bonds	5.11%	\$2,790,000	\$0	(\$195,000)	\$2,595,000	\$210,000
2007 Various Purpose Bonds	4.21%	4,700,000	0	(170,000)	4,530,000	175,000
2010 Various Purpose Bonds	3.00 - 4.25%	0	8,000,000	0	8,000,000	135,000
Premium on 2010 Bonds		0	444,147	(4,441)	439,706	0
Capital Leases		<u>186,602</u>	<u>1,583,883</u>	<u>(497,114)</u>	<u>1,273,371</u>	<u>323,569</u>
Total Long-Term Debt		7,676,602	10,028,030	(866,555)	16,838,077	843,569
Compensated Absences		<u>806,891</u>	<u>566,678</u>	<u>(591,073)</u>	<u>782,496</u>	<u>478,211</u>
Total Governmental Activities		<u>\$8,483,493</u>	<u>\$10,594,708</u>	<u>(\$1,457,628)</u>	<u>\$17,620,573</u>	<u>\$1,321,780</u>

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business Type Activities						
<u>Loans</u>						
2001 OPWC Loan	3.00%	\$14,059	\$0	(\$5,499)	\$8,560	\$8,560
Compensated Absences		16,194	7,232	(12,623)	10,803	7,977
Total Business-Type Activities		\$30,253	\$7,232	(\$18,122)	\$19,363	\$16,537

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.

On September 9, 2010, the City refinanced \$8,155,000 in short term bond anticipation notes into \$8,000,000 in long term various purpose bonds with an interest rate between 3.00-4.25%. The bonds were issued with a premium of \$444,147 and bond issuance costs of \$240,650 and will be amortized over 25 years.

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

Year Ending December 31	General Obligation Bonds		OPWC Loan	
	Principal	Interest	Principal	Interest
2011	\$520,000	\$659,893	\$8,560	\$129
2012	600,000	638,111	0	0
2013	625,000	613,669	0	0
2014	645,000	588,216	0	0
2015	590,000	562,977	0	0
2016-2020	2,930,000	2,476,049	0	0
2021-2025	3,075,000	1,848,154	0	0
2026-2030	3,110,000	1,116,235	0	0
2031-2035	3,030,000	357,826	0	0
Total	\$15,125,000	\$8,861,130	\$8,560	\$129

Note 10 – Leases

A. Capital Leases

The City has entered into capital leases for one medic unit and three fire trucks.

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:

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Fiscal Year Ending December 31,	Long-Term Debt
2011	\$361,188
2012	335,332
2013	335,332
2014	335,332
Total Minimum Lease Payments	1,367,184
Less: Amount Representing Interest	(93,813)
Present Value of Minimum Lease Payments	<u>\$1,273,371</u>

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

Equipment	\$1,703,211
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Note 11 – Pension Plans

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2010, 2009 and 2008 were \$288,035, \$354,876 and \$384,908, respectively. The full amount has been contributed for 2008 and 2009 and 87% has been contributed for 2010.

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2010, 2009 and 2008 were \$824,471, \$912,143, and \$958,951, respectively. The full amount has been contributed for 2008 and 2009 and 78% has been contributed for 2010.

Note 12 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

In order to qualify for post-employment health card coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The City's required contributions for the current year, which were used to fund postemployment benefits, were \$20,986 for the period January 1 through February 28, 2010, and \$83,783 for the period March 1 through December 31, 2010, \$43,718 for the period of January 1 through March 31, 2009 and \$105,078 for the period of April 1 through December 31, 2009, \$192,454 for 2008. The full amount (actual) has been contributed for 2008 and 2009 and 87% has been contributed for 2010.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

OPERS Retirement Board Implements its Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year 2006 to 2008, which allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at www.op-f.org.

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The City's required contributions to OP&F were \$159,883 for police and \$101,829 for fire for the year ending December 31, 2010; \$180,800 for police and \$109,478 for fire for the year ending December 31, 2009; and \$200,482 for police and \$106,813 for fire for the year ending December 31, 2008, respectively, was allocated to the healthcare plan. The actual contributions for 2008 and 2009 were 100% and 78% has been contributed for 2010.

Note 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 2010.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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 2010.

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 2010.

Note 14 – Interfund Transactions

Interfund receivables, interfund payables, transfers in and transfers out are as follows for the current year:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$298,527	\$89,708	\$22,500	\$100,000
Fire Levy	0	5,618	0	0
Other Governmental Funds	0	91,085	0	0
Water Fund	0	0	100,000	11,250
Sewer Fund	0	0	0	11,250
Refuse Fund	0	70,736	0	0
Internal Service Fund	95,326	136,706	0	0
Total All Funds	<u>\$393,853</u>	<u>\$393,853</u>	<u>\$122,500</u>	<u>\$122,500</u>

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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.

Note 15 – Construction and Other Commitments

At year end, uncompleted construction contracts are as follows:

Description	Remaining Commitment
Various City Improvements	\$2,292,106

Note 16 –Accountability and Compliance

Accountability

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

Fund	Deficit
Special Revenue:	
Fire Levy	\$234,643
Capital Projects:	
Salem Mall Tax Increment	1,698,872
Park Acquisition and Development	67,751
West Third Street Improvements	23,334
Internal Service	45,834

Compliance

Noncompliance– Appropriations

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: Street Construction Maintenance & Repair Fund and Salem Mall Tax Increment Fund.

Noncompliance–Cash Management

Ohio Revised Code 5705.10 prohibits negative budgetary basis actual ending fund balances. At year end the City had several funds with negative Non-GAAP budgetary basis ending cash fund balances: Grants Fund, Park Acquisition & Development Fund, West Third Street Improvement Fund, Refuse Fund and Internal Service.

City of Trotwood, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Noncompliance—Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 requires appropriations to be limited by estimated resources. Upon review of appropriations and estimated resources, it was noted that appropriations exceeded estimated resources during the year for the Sewer Fund.

REQUIRED SUPPLEMENTARY INFORMATION

City of Trotwood, Ohio
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, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$7,544,860	\$6,971,216	\$6,971,216	\$0
Fines, Licenses & Permits	568,757	525,514	525,514	0
Intergovernmental	1,314,377	1,214,443	1,214,443	0
Special Assessments	51,414	47,505	47,505	0
Charges for Services	104,805	96,837	96,837	0
Investment Earnings	1,326	1,225	1,225	0
Other Revenues	56,861	52,538	52,538	0
Total Revenues	9,642,400	8,909,278	8,909,278	0
Expenditures:				
Current:				
<u>General Government</u>				
Mayor and Council	189,788	204,819	184,301	20,518
City Manager	251,731	251,008	244,453	6,555
Finance	328,948	353,549	319,437	34,112
Utility Billing	146,942	163,229	142,693	20,536
Income Tax	368,270	450,926	357,622	93,304
Law Director	190,860	186,140	185,342	798
Public Works Administration	292,797	301,150	284,331	16,819
Building and Grounds	300,377	324,834	291,692	33,142
Fleet Maintenance	185,140	169,443	179,787	(10,344)
Personnel	114,173	114,518	110,872	3,646
Strategic Initiatives	11,209	18,788	10,885	7,903
Non-Departmental	143,601	172,098	139,449	32,649
Total General Government	2,523,836	2,710,502	2,450,864	259,638
<u>Public Safety</u>				
Police Administration	407,173	397,962	395,400	2,562
Police Patrol	2,893,371	2,771,806	2,809,713	(37,907)
Criminal Investigation	812,927	812,549	789,422	23,127
Police Communications	341,209	343,979	331,343	12,636
Total Public Safety	4,454,680	4,326,296	4,325,878	418
<u>Leisure Time Activities</u>				
Parks and Recreation Administration	104	0	101	(101)
Parks Maintenance	169,897	189,406	164,985	24,421
Municipal Pool	33,916	32,940	32,935	5
Cemeteries	66,606	71,211	64,680	6,531
Recreation Programs	73,237	88,131	71,119	17,012
Total Leisure Time Activities	343,760	381,688	333,820	47,868
<u>Community Development</u>				
Planning and Development Administration	215,666	229,637	209,430	20,207
Planning and Zoning	120,446	162,426	116,963	45,463
Code Enforcement and Inspection	176,907	182,508	171,792	10,716
Mowing and Weed Removal	39,455	45,042	38,314	6,728
Total Community Development	552,474	619,613	536,499	83,114

Continued

City of Trotwood, Ohio
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, 2010

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Transportation & Street Repair</u>				
Street Lighting	262,134	258,751	254,555	4,196
Total Transportation & Street Repair	262,134	258,751	254,555	4,196
Capital Outlay	15,914	15,463	15,454	9
Debt Service:				
Principal Retirement	192,615	187,046	187,046	0
Interest and Fiscal Charges	231,922	232,594	225,216	7,378
Total Expenditures	8,577,335	8,714,953	8,329,332	385,621
Excess of Revenues Over (Under) Expenditures	1,065,065	194,325	579,946	385,621
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,236	4,838	4,838	0
Total Other Financing Sources (Uses)	5,236	4,838	4,838	0
Net Change in Fund Balance	1,070,301	199,163	584,784	385,621
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,190,430	1,190,430	1,190,430	0
Fund Balance End of Year	<u>\$2,260,731</u>	<u>\$1,389,593</u>	<u>\$1,775,214</u>	<u>\$385,621</u>

See accompanying notes to the required supplementary information.

City of Trotwood, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Street Construction Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$456,346	\$482,109	\$482,109	\$0
Intergovernmental	797,230	950,948	950,948	0
Investment Earnings	272	324	324	0
Other Revenues	615	734	734	0
Total Revenues	1,254,463	1,434,115	1,434,115	0
Expenditures:				
Current:				
Transportation & Street Repair	1,350,050	1,498,332	1,405,960	92,372
Capital Outlay	406,840	322,712	423,689	(100,977)
Debt Service:				
Principal Retirement	34,226	35,643	35,643	0
Interest and Fiscal Charges	15,084	15,713	15,709	4
Total Expenditures	1,806,200	1,872,400	1,881,001	(8,601)
Net Change in Fund Balance	(551,737)	(438,285)	(446,886)	(8,601)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	552,017	552,017	552,017	0
Fund Balance End of Year	\$280	\$113,732	\$105,131	(\$8,601)

See accompanying notes to the required supplementary information.

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$2,695,970	\$1,034,129	\$875,702	(\$158,427)
Total Revenues	<u>2,695,970</u>	<u>1,034,129</u>	<u>875,702</u>	<u>(158,427)</u>
Expenditures:				
Current:				
Public Safety	277,955	601,150	249,301	351,849
Community Development	251,066	232,490	225,184	7,306
Capital Outlay	<u>2,552,589</u>	<u>2,294,371</u>	<u>2,289,444</u>	<u>4,927</u>
Total Expenditures	<u>3,081,610</u>	<u>3,128,011</u>	<u>2,763,929</u>	<u>364,082</u>
Net Change in Fund Balance	(385,640)	(2,093,882)	(1,888,227)	205,655
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>274,201</u>	<u>274,201</u>	<u>274,201</u>	<u>0</u>
Fund Balance End of Year	<u>(\$111,439)</u>	<u>(\$1,819,681)</u>	<u>(\$1,614,026)</u>	<u>\$205,655</u>

See accompanying notes to the required supplementary information.

City of Trotwood, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,106,860	\$2,299,088	\$2,299,088	\$0
Intergovernmental	348,440	380,231	380,231	0
Charges for Services	3,321	3,624	3,624	0
Investment Earnings	196	214	214	0
Other Revenues	5,276	5,757	5,757	0
Total Revenues	2,464,093	2,688,914	2,688,914	0
Expenditures:				
Current:				
Public Safety	1,730,570	2,149,981	2,120,220	29,761
Capital Outlay	243,073	306,296	297,803	8,493
Debt Service:				
Principal Retirement	330,979	417,065	405,501	11,564
Interest and Fiscal Charges	2,215	2,791	2,714	77
Total Expenditures	2,306,837	2,876,133	2,826,238	49,895
Excess of Revenues Over (Under) Expenditures	157,256	(187,219)	(137,324)	49,895
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	64,147	70,000	70,000	0
Total Other Financing Sources (Uses)	64,147	70,000	70,000	0
Net Change in Fund Balance	221,403	(117,219)	(67,324)	49,895
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	119,432	119,432	119,432	0
Fund Balance End of Year	\$340,835	\$2,213	\$52,108	\$49,895

See accompanying notes to the required supplementary information.

City of Trotwood, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2010

NOTE 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).

City of Trotwood, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2010

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, street construction maintenance and repair fund, grants fund and fire levy fund.

Net Change in Fund Balance

	General	Street Construction Maintenance & Repair	Grants	Fire Levy
GAAP Basis	\$1,244,301	(\$181,785)	\$125,818	(\$139,627)
Revenue Accruals	(92,014)	(1,182)	(1,170,121)	0
Expenditure Accruals	(284,495)	22,535	1,169,151	1,609,703
Issuance of Debt	(100,000)	0	0	(1,583,883)
Transfers In	(22,500)	0	0	0
Transfers (Out)	100,000	0	0	0
Encumbrances	(260,508)	(286,454)	(2,013,075)	(137,324)
Budget Basis	<u>\$584,784</u>	<u>(\$446,886)</u>	<u>(\$1,888,227)</u>	<u>(\$251,131)</u>

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES



MAJOR GOVERNMENTAL FUND

Salem Mall Tax Increment: To account for resources related to the Salem Mall Tax Increment. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are included in the Basic Financial Statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

City of Trotwood, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Salem Mall Tax Increment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$258	\$258	\$0
Revenue in Lieu of Taxes	266,986	266,986	0
Total Revenues	267,244	267,244	0
Expenditures:			
Current:			
Community Development	122,472	121,065	1,407
Capital Outlay	2,300	2,300	0
Debt Service:			
Principal Retirement	14,715,000	14,715,000	0
Interest and Fiscal Charges	244,080	258,224	(14,144)
Bond Issuance Cost	240,650	240,650	0
Total Expenditures	15,324,502	15,337,239	(12,737)
Excess of Revenues Over (Under) Expenditures	(15,057,258)	(15,069,995)	(12,737)
Other Financing Sources (Uses):			
Issuance of Debt	14,460,000	14,460,000	0
Premium on Bonds Sold	444,147	444,147	0
Total Other Financing Sources (Uses)	14,904,147	14,904,147	0
Net Change in Fund Balance	(153,111)	(165,848)	(12,737)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	391,076	391,076	0
Fund Balance End of Year	\$237,965	\$225,228	(\$12,737)

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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.

Debt Service Fund: The Debt Service Fund is used for the accumulation of resources for and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the City is obligated in some manner for the payment.

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.

City of Trotwood, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$912,564	\$4,656	\$88,286	\$1,005,506
Receivables:				
Taxes	469,858	247,246	0	717,104
Intergovernmental	88,590	11,791	18,579	118,960
Special Assessments	4,110	0	0	4,110
Total Assets	<u>1,558,049</u>	<u>263,693</u>	<u>106,865</u>	<u>1,928,607</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	42,490	0	0	42,490
Accrued Wages and Benefits	66,198	0	0	66,198
Contracts Payable	0	0	0	0
Interfund Payable	0	0	91,085	91,085
Deferred Revenue	556,846	259,037	18,579	834,462
Total Liabilities	<u>665,534</u>	<u>259,037</u>	<u>109,664</u>	<u>1,034,235</u>
Fund Balances:				
Reserved for Encumbrances	90,529	0	26,178	116,707
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	801,986	0	0	801,986
Debt Service Funds	0	4,656	0	4,656
Capital Projects Funds	0	0	(28,977)	(28,977)
Total Fund Balances	<u>892,515</u>	<u>4,656</u>	<u>(2,799)</u>	<u>894,372</u>
Total Liabilities and Fund Balances	<u>\$1,558,049</u>	<u>\$263,693</u>	<u>\$106,865</u>	<u>\$1,928,607</u>

City of Trotwood, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$477,953	\$146,093	\$0	\$624,046
Fines, Licenses & Permits	22,181	0	450	22,631
Investment Earnings	613	54	77	744
Intergovernmental	362,778	23,690	0	386,468
Special Assessments	13,620	0	0	13,620
Other Revenues	997	0	7,200	8,197
Total Revenues	1,946,961	169,837	7,727	2,124,525
Expenditures:				
Current:				
Public Safety	1,430,181	0	0	1,430,181
Community Development	31,051	0	2,188	33,239
Transportation and Street Repair	96,537	0	0	96,537
Capital Outlay	157,956	0	2,669	160,625
Debt Service:				
Principal Retirement	46,424	165,000	0	211,424
Interest and Fiscal Charges	2,961	69,000	25,696	97,657
Total Expenditures	1,765,110	234,000	30,553	2,029,663
Excess of Revenues Over (Under) Expenditures	181,851	(64,163)	(22,826)	94,862
Other Financing Sources (Uses):				
Issuance of Long-Term Capital-Related Debt	0	0	1,750,000	1,750,000
Total Other Financing Sources (Uses)	0	0	1,750,000	1,750,000
Net Change in Fund Balance	181,851	(64,163)	1,727,174	1,844,862
Fund Balance Beginning of Year	710,664	68,819	(1,729,973)	(950,490)
Fund Balance End of Year	\$892,515	\$4,656	(\$2,799)	\$894,372

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NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

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 \$5 license tax levied by the City. This money is used for street construction, maintenance and repair.

Permissive Use Tax - To account for the funding allocated by the County to the City for specific projects qualified by the County. State law requires that such funding be spent on street construction, maintenance and repair of the specified 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.

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 spent 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.

City of Trotwood, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment
Assets:					
Equity in Pooled Cash and Investments	\$167,185	\$217,845	\$19,105	\$28,868	\$116,550
Receivables:					
Taxes	0	0	0	0	0
Accounts	0	0	0	0	0
Intergovernmental	51,163	0	0	0	0
Special Assessments	0	0	0	0	4,110
Total Assets	218,348	217,845	19,105	28,868	120,660
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	0	0	0	0	0
Accrued Wages and Benefits	1,788	0	0	0	0
Deferred Revenue	45,451	0	0	0	4,110
Total Liabilities	47,239	0	0	0	4,110
Fund Balances:					
Reserved for Encumbrances	1,366	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	169,743	217,845	19,105	28,868	116,550
Total Fund Balances	171,109	217,845	19,105	28,868	116,550
Total Liabilities and Fund Balances	\$218,348	\$217,845	\$19,105	\$28,868	\$120,660

Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$75	\$10,145	\$47,611	\$113,783	\$189,361	\$2,036	\$912,564
0	0	0	0	469,858	0	469,858
0	0	0	0	82,927	0	82,927
0	0	0	0	37,427	0	88,590
0	0	0	0	0	0	4,110
<u>75</u>	<u>10,145</u>	<u>47,611</u>	<u>113,783</u>	<u>779,573</u>	<u>2,036</u>	<u>1,558,049</u>
0	0	35	23,021	19,434	0	42,490
0	0	0	0	64,410	0	66,198
0	0	0	0	507,285	0	556,846
<u>0</u>	<u>0</u>	<u>35</u>	<u>23,021</u>	<u>591,129</u>	<u>0</u>	<u>665,534</u>
0	0	457	38,949	49,757	0	90,529
<u>75</u>	<u>10,145</u>	<u>47,119</u>	<u>51,813</u>	<u>138,687</u>	<u>2,036</u>	<u>801,986</u>
<u>75</u>	<u>10,145</u>	<u>47,576</u>	<u>90,762</u>	<u>188,444</u>	<u>2,036</u>	<u>892,515</u>
<u>\$75</u>	<u>\$10,145</u>	<u>\$47,611</u>	<u>\$113,783</u>	<u>\$779,573</u>	<u>\$2,036</u>	<u>\$1,558,049</u>

City of Trotwood, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 201C

	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment
Revenues:					
Taxes	\$0	\$0	\$0	\$0	\$0
Fines, Licenses & Permits	0	0	0	1,499	0
Charges for Services	0	0	0	0	0
Investment Earnings	119	97	14	20	78
Intergovernmental	71,132	157,023	0	0	0
Special Assessments	0	0	0	0	13,620
Other Revenues	17	0	0	0	0
Total Revenues	71,268	157,120	14	1,519	13,698
Expenditures:					
Current:					
Public Safety	0	0	0	0	0
Community Development	0	0	0	0	0
Transportation and Street Repair	56,538	39,999	0	0	0
Capital Outlay	0	2,469	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	56,538	42,468	0	0	0
Net Change in Fund Balance	14,730	114,652	14	1,519	13,698
Fund Balance Beginning of Year	156,379	103,193	19,091	27,349	102,852
Fund Balance End of Year	\$171,109	\$217,845	\$19,105	\$28,868	\$116,550

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	\$477,953	\$0	\$477,953
0	2,039	18,643	0	0	0	22,181
0	0	0	0	1,068,819	0	1,068,819
0	7	90	63	123	2	613
0	0	0	56,447	78,176	0	362,778
0	0	0	0	0	0	13,620
0	0	0	0	980	0	997
0	2,046	18,733	56,510	1,626,051	2	1,946,961
0	0	784	0	1,429,397	0	1,430,181
0	0	0	31,051	0	0	31,051
0	0	0	0	0	0	96,537
0	0	155,487	0	0	0	157,956
0	0	0	0	46,424	0	46,424
0	0	0	0	2,961	0	2,961
0	0	156,271	31,051	1,478,782	0	1,765,110
0	2,046	(137,538)	25,459	147,269	2	181,851
75	8,099	185,114	65,303	41,175	2,034	710,664
\$75	\$10,145	\$47,576	\$90,762	\$188,444	\$2,036	\$892,515

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	State Highway Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$71,034	\$71,034	\$0
Investment Earnings	119	119	0
Other Revenues	17	17	0
Total Revenues	<u>71,170</u>	<u>71,170</u>	<u>0</u>
Expenditures:			
Current:			
Transportation & Street Repair	105,605	70,139	35,466
Total Expenditures	<u>105,605</u>	<u>70,139</u>	<u>35,466</u>
Net Change in Fund Balance	(34,435)	1,031	35,466
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>164,788</u>	<u>164,788</u>	<u>0</u>
Fund Balance End of Year	<u>\$130,353</u>	<u>\$165,819</u>	<u>\$35,466</u>

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Motor Vehicle License Tax Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$157,023	\$157,023	\$0
Investment Earnings	97	97	0
Total Revenues	<u>157,120</u>	<u>157,120</u>	<u>0</u>
Expenditures:			
Current:			
Transportation & Street Repair	156,000	39,999	116,001
Capital Outlay	5,654	5,654	0
Total Expenditures	<u>161,654</u>	<u>45,653</u>	<u>116,001</u>
Net Change in Fund Balance	(4,534)	111,467	116,001
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>106,378</u>	<u>106,378</u>	<u>0</u>
Fund Balance End of Year	<u>\$101,844</u>	<u>\$217,845</u>	<u>\$116,001</u>

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Permissive Use Tax Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$14	\$14	\$0
Total Revenues	14	14	0
Expenditures:			
Current:			
General Government	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	14	14	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	19,091	19,091	0
Fund Balance End of Year	\$19,105	\$19,105	\$0

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$1,499	\$1,499	\$0
Investment Earnings	20	20	0
Total Revenues	1,519	1,519	0
Expenditures:			
Current:			
Public Safety	10,370	0	10,370
Total Expenditures	10,370	0	10,370
Net Change in Fund Balance	(8,851)	1,519	10,370
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	27,349	27,349	0
Fund Balance End of Year	\$18,498	\$28,868	\$10,370

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Curbs/Gutters/ Sidewalks Assessment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$13,620	\$13,620	\$0
Investment Earnings	78	78	0
Total Revenues	<u>13,698</u>	<u>13,698</u>	<u>0</u>
Expenditures:			
Current:			
General Government	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	13,698	13,698	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>102,852</u>	<u>102,852</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$116,550</u></u>	<u><u>\$116,550</u></u>	<u><u>\$0</u></u>

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Local Law Enforcement Block Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$45,991	\$0	(\$45,991)
Total Revenues	45,991	0	(45,991)
Expenditures:			
Current:			
General Government	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	45,991	0	(45,991)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	75	75	0
Fund Balance End of Year	\$46,066	\$75	(\$45,991)

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$2,039	\$2,039	\$0
Investment Earnings	7	7	0
Total Revenues	2,046	2,046	0
Expenditures:			
Current:			
Public Safety	550	0	550
Total Expenditures	550	0	550
Net Change in Fund Balance	1,496	2,046	550
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,099	8,099	0
Fund Balance End of Year	\$9,595	\$10,145	\$550

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Law Enforcement Trust Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$18,643	\$18,643	\$0
Investment Earnings	90	90	0
Total Revenues	<u>18,733</u>	<u>18,733</u>	<u>0</u>
Expenditures:			
Current:			
Public Safety	9,248	830	8,418
Capital Outlay	<u>176,542</u>	<u>155,939</u>	<u>20,603</u>
Total Expenditures	<u>185,790</u>	<u>156,769</u>	<u>29,021</u>
Net Change in Fund Balance	(167,057)	(138,036)	29,021
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>185,155</u>	<u>185,155</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$18,098</u></u>	<u><u>\$47,119</u></u>	<u><u>\$29,021</u></u>

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Government Equity Program Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$56,447	\$56,447	\$0
Investment Earnings	63	63	0
Total Revenues	<u>56,510</u>	<u>56,510</u>	<u>0</u>
Expenditures:			
Current:			
Community Development	<u>70,100</u>	<u>70,019</u>	<u>81</u>
Total Expenditures	<u>70,100</u>	<u>70,019</u>	<u>81</u>
Net Change in Fund Balance	(13,590)	(13,509)	81
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>65,322</u>	<u>65,322</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$51,732</u></u>	<u><u>\$51,813</u></u>	<u><u>\$81</u></u>

City of Trotwood, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

	Rescue Levy Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$477,953	\$477,953	\$0
Intergovernmental	78,176	78,176	0
Charges for Services	1,074,412	1,074,412	0
Investment Earnings	123	123	0
Other Revenues	980	980	0
Total Revenues	1,631,644	1,631,644	0
Expenditures:			
Current:			
Public Safety	1,574,086	1,540,137	33,949
Capital Outlay	35,812	35,812	0
Debt Service:			
Principal Retirement	46,424	46,424	0
Interest and Fiscal Charges	2,961	2,961	0
Total Expenditures	1,659,283	1,625,334	33,949
Net Change in Fund Balance	(27,639)	6,310	33,949
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	123,029	123,029	0
Fund Balance End of Year	\$95,390	\$129,339	\$33,949

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Police Levy Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$1	\$2	\$1
Total Revenues	1	2	1
Expenditures:			
Current:			
Public Safety	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	1	2	1
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,034	2,034	0
Fund Balance End of Year	\$2,035	\$2,036	\$1

NONMAJOR DEBT SERVICE FUND

Fund Description

Debt Retirement Fund - 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.. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the Debt Retirement Fund has been included in the Nonmajor Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance. The Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follow this page.

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Debt Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$146,093	\$146,093	\$0
Intergovernmental	23,690	23,690	0
Investment Earnings	54	54	0
Total Revenues	<u>169,837</u>	<u>169,837</u>	<u>0</u>
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	165,000	165,000	0
Interest and Fiscal Charges	69,000	69,000	0
Total Expenditures	<u>234,000</u>	<u>234,000</u>	<u>0</u>
Net Change in Fund Balance	(64,163)	(64,163)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>68,819</u>	<u>68,819</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$4,656</u></u>	<u><u>\$4,656</u></u>	<u><u>\$0</u></u>

NONMAJOR CAPITAL PROJECT FUNDS

Fund Descriptions

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.

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

Fire Facility Improvements – To account for resources related to the Fire Facility Improvements.

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

City of Trotwood, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	Park Acquisition and Development	Industrial Park	Fire Facility Improvements	West Third Street Improvement	Total Nonmajor Capital Projects Funds
Assets:					
Equity in Pooled Cash and Investments	\$0	\$82,301	\$5,985	\$0	\$88,286
Receivables:					
Intergovernmental	0	18,579	0	0	18,579
Total Assets	0	100,880	5,985	0	106,865
Liabilities and Fund Balances:					
Liabilities:					
Interfund Payable	67,751	0	0	23,334	91,085
Deferred Revenue	0	18,579	0	0	18,579
Total Liabilities	67,751	18,579	0	23,334	109,664
Fund Balances:					
Reserved for Encumbrances	0	26,178	0	0	26,178
Unreserved, Undesignated, Reported in: Capital Projects Funds	(67,751)	56,123	5,985	(23,334)	(28,977)
Total Fund Balances	(67,751)	82,301	5,985	(23,334)	(2,799)
Total Liabilities and Fund Balances	\$0	\$100,880	\$5,985	\$0	\$106,865

City of Trotwood, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 201C

	<u>Park Acquisition and Development</u>	<u>Industrial Park</u>	<u>Fire Facility Improvements</u>	<u>West Third Street Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:					
Fines, Licenses & Permits	\$450	\$0	\$0	\$0	\$450
Investment Earnings	0	73	4	0	77
Other Revenues	0	7,200	0	0	7,200
Total Revenues	<u>450</u>	<u>7,273</u>	<u>4</u>	<u>0</u>	<u>7,727</u>
Expenditures:					
Current:					
Community Development	0	2,188	0	0	2,188
Capital Outlay	0	2,669	0	0	2,669
Debt Service:					
Interest and Fiscal Charges	0	25,696	0	0	25,696
Total Expenditures	<u>0</u>	<u>30,553</u>	<u>0</u>	<u>0</u>	<u>30,553</u>
Excess of Revenues Over (Under) Expenditures	<u>450</u>	<u>(23,280)</u>	<u>4</u>	<u>0</u>	<u>(22,826)</u>
Other Financing Sources (Uses):					
Issuance of Long-Term Capital-Related Debt	0	1,750,000	0	0	1,750,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,750,000</u>	<u>0</u>	<u>0</u>	<u>1,750,000</u>
Net Change in Fund Balance	450	1,726,720	4	0	1,727,174
Fund Balance Beginning of Year	<u>(68,201)</u>	<u>(1,644,419)</u>	<u>5,981</u>	<u>(23,334)</u>	<u>(1,729,973)</u>
Fund Balance End of Year	<u>(\$67,751)</u>	<u>\$82,301</u>	<u>\$5,985</u>	<u>(\$23,334)</u>	<u>(\$2,799)</u>

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Park Acquisition and Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$450	\$450	\$0
Total Revenues	450	450	0
Expenditures:			
Current:			
Leisure Time Activities	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	450	450	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(68,201)	(68,201)	0
Fund Balance End of Year	(\$67,751)	(\$67,751)	\$0

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Industrial Park Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$73	\$73	\$0
Other Revenues	7,200	7,200	0
Total Revenues	7,273	7,273	0
Expenditures:			
Current:			
Community Development	2,190	2,188	2
Capital Outlay	28,847	28,847	0
Debt Service:			
Principal Retirement	3,500,000	3,500,000	0
Interest and Fiscal Charges	28,425	28,418	7
Total Expenditures	3,559,462	3,559,453	9
Excess of Revenues Over (Under) Expenditures	(3,552,189)	(3,552,180)	9
Other Financing Sources (Uses):			
Issuance of Debt	3,500,000	3,500,000	0
Total Other Financing Sources (Uses)	3,500,000	3,500,000	0
Net Change in Fund Balance	(52,189)	(52,180)	9
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	108,303	108,303	0
Fund Balance End of Year	\$56,114	\$56,123	\$9

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	Fire Facility Improvements Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$4	\$4	\$0
Total Revenues	4	4	0
Expenditures:			
Current:			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	4	4	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,981	5,981	0
Fund Balance End of Year	\$5,985	\$5,985	\$0

City of Trotwood, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2010

	West Third Street Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(23,334)	(23,334)	0
Fund Balance End of Year	(\$23,334)	(\$23,334)	\$0

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STATISTICAL SECTION



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, Ohio
 Net Assets by Component
 Last Eight Calendar Years (1)
 (accrual basis of accounting)
 Schedule I

	Calendar Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$2,223,206	\$1,676,251	\$4,160,573	\$36,682,729	\$38,871,297	\$38,614,884	\$39,438,652	\$40,915,075
Restricted	2,070,279	1,887,487	1,655,451	1,013,408	1,272,167	1,544,593	2,293,955	2,465,871
Unrestricted	2,911,362	3,632,843	4,256,902	5,600,934	3,017,751	2,388,264	2,822,983	3,890,365
Total governmental activities net assets	\$7,204,847	\$7,196,581	\$10,072,926	\$43,297,071	\$43,161,215	\$42,547,741	\$44,555,590	\$47,271,311
Business-type activities								
Invested in Capital Assets, Net of Related Debt	\$670,979	\$589,122	\$700,308	\$17,794,473	\$17,316,334	\$18,004,296	\$17,525,298	\$17,308,100
Unrestricted	164,558	244,501	109,298	988,899	1,339,867	1,502,010	1,887,258	3,266,183
Total business-type activities net assets	\$835,537	\$833,623	\$809,606	\$18,783,372	\$18,656,201	\$19,506,306	\$19,412,556	\$20,574,283
Total Primary Government								
Invested in Capital Assets, Net of Related Debt	\$2,894,185	\$2,265,373	\$4,860,881	\$54,477,202	\$56,187,631	\$56,619,180	\$56,963,950	\$58,223,175
Restricted	2,070,279	1,887,487	1,655,451	1,013,408	1,272,167	1,544,593	2,293,955	2,465,871
Unrestricted	3,075,920	3,877,344	4,366,200	6,589,833	4,357,618	3,890,274	4,710,241	7,156,548
Total primary government net assets	\$8,040,384	\$8,030,204	\$10,882,532	\$62,080,443	\$61,817,416	\$62,054,047	\$63,968,146	\$67,845,594

Source: City Records

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

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

	Calendar Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities:								
General Government	\$3,269,998	\$2,424,667	\$2,521,463	\$2,691,268	\$2,861,598	\$3,503,943	\$3,172,930	\$2,232,408
Public Safety	9,100,949	8,712,931	9,749,517	9,745,013	9,158,585	10,146,961	8,603,664	8,338,531
Leisure Time Activities	443,832	468,158	601,949	538,424	514,178	452,003	362,824	364,636
Community Development	1,379,794	2,478,991	2,258,759	2,043,598	1,288,856	1,604,067	600,620	885,151
Transportation & Street Repair	1,565,807	2,603,908	1,693,198	2,801,135	2,335,807	3,077,816	2,630,672	2,473,363
Interest and Fiscal Charges	236,000	264,371	333,652	551,113	833,690	780,516	629,723	603,972
Total Governmental Activities Expenses	15,996,380	16,953,026	17,158,538	18,370,551	16,992,714	19,565,306	16,000,433	14,898,061
Business-Type Activities:								
Water	1,077,621	1,050,022	1,078,263	1,222,874	1,659,355	1,417,933	1,576,732	1,032,248
Sewer	858,921	883,254	854,856	933,622	1,063,804	1,012,659	986,256	771,290
Refuse	1,057,825	986,635	1,122,749	1,155,773	1,280,068	1,448,058	1,493,178	1,075,134
Stormwater	0	2,570	18,514	508,984	612,570	777,578	603,839	817,277
Total Business-Type Activities Expenses	2,994,367	2,922,481	3,074,382	3,821,253	4,615,797	4,656,228	4,660,005	3,695,949
Total Primary Government Expenses	\$18,990,747	\$19,875,507	\$20,232,920	\$22,191,804	\$21,608,511	\$24,221,534	\$20,660,438	\$18,594,010
Program Revenues								
Governmental Activities:								
Charges for Services:								
General Government	\$332,856	\$248,314	\$357,370	\$276,140	\$374,435	\$459,251	\$688,724	\$320,538
Public Safety	615,507	1,002,634	1,051,086	1,241,261	1,299,752	1,370,157	1,421,970	1,313,859
Leisure Time Activities	13,372	20,444	20,709	5,024	28,049	27,070	25,242	26,048
Community Development	133,884	268,738	398,139	170,698	97,669	71,059	85,627	105,285
Transportation and Street Repair	21,832	19,084	17,104	19,147	0	36,736	19,219	13,620
Interest and Fiscal Charges	0	0	24,312	27,217	55,457	0	0	0
Operating Grants and Contributions	2,159,298	1,980,059	1,738,257	2,148,982	2,143,830	3,323,285	2,512,349	1,385,532
Capital Grants and Contributions	106,428	841,261	2,188,017	1,050,263	550,503	2,279,206	1,832,990	1,444,975
Total Governmental Activities Program Revenues	3,383,177	4,380,534	5,794,994	4,938,732	4,549,695	7,566,764	6,586,121	4,609,857
Business-Type Activities:								
Charges for Services:								
Water	972,345	922,730	922,392	1,490,307	1,753,586	1,593,335	1,407,494	1,473,421
Sewer	891,692	876,218	894,980	924,526	897,670	984,239	962,845	1,134,721
Refuse	1,125,001	834,199	1,067,735	1,415,993	1,165,640	1,474,799	1,513,051	1,297,453
Stormwater	0	0	0	116,724	664,582	766,726	701,665	869,985
Capital Grants and Contributions	0	0	180,257	0	0	0	0	0
Total Business-Type Activities Program Revenues	2,989,038	2,633,147	3,065,364	3,947,550	4,481,478	4,819,099	4,585,055	4,775,580
Total Primary Government Program Revenues	\$6,372,215	\$7,013,681	\$8,860,358	\$8,886,282	\$9,031,173	\$12,385,863	\$11,171,176	\$9,385,437

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

	Calendar Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue								
Governmental Activities	(\$12,613,203)	(\$12,572,492)	(\$11,363,544)	(\$13,431,819)	(\$12,443,019)	(\$11,998,542)	(\$9,414,312)	(\$10,288,204)
Business-Type Activities	(5,329)	(289,334)	(9,018)	126,297	(134,319)	162,871	(74,950)	1,079,631
Total Primary Government Net Expenses	(\$12,618,532)	(\$12,861,826)	(\$11,372,562)	(\$13,305,522)	(\$12,577,338)	(\$11,835,671)	(\$9,489,262)	(\$9,208,573)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Income Taxes	\$5,554,897	\$5,640,632	\$5,899,378	\$5,500,282	\$5,088,924	\$5,058,111	\$4,785,979	\$5,298,769
Property Taxes Levied for:								
General Purposes	1,766,275	1,752,966	1,831,789	1,741,372	1,860,377	1,846,296	1,896,060	1,629,886
Special Revenue Purposes	2,040,773	2,758,703	3,101,473	2,512,531	2,816,738	2,842,302	2,422,963	3,383,798
Debt Service Purposes	7,290	127,239	176,348	145,086	164,829	163,110	140,976	222,216
Grants and Entitlements not Restricted	2,490,076	1,567,345	1,630,941	1,245,265	1,615,694	1,421,021	1,328,460	1,883,135
Revenue in Lieu of Taxes	164,298	170,064	188,685	201,886	213,029	320,584	243,735	285,209
Unrestricted Contributions	5,355	0	0	0	0	0	0	0
Investment Earnings	47,089	43,794	103,728	300,610	261,499	78,738	5,950	2,765
Refunds & Reimbursements	41,490	0	344,726	0	0	0	0	0
Other Revenues	270,908	503,482	945,321	261,214	286,073	335,746	578,038	305,224
Transfers-Internal Activities	0	0	17,500	0	0	(680,840)	20,000	(7,077)
Total Governmental Activities	12,388,451	12,564,225	14,239,889	11,908,246	12,307,163	11,385,068	11,422,161	13,003,925
Business-type activities:								
Investment Earnings	1,121	1,258	2,471	3,063	7,086	6,362	1,166	867
Other Revenues	0	286,162	30	30	62	32	34	3,729
Transfers-Internal Activities	0	0	(17,500)	0	0	680,840	(20,000)	77,500
Total Business-Type Activities	1,121	287,420	(14,999)	3,093	7,148	687,234	(18,800)	82,096
Total Primary Government	\$12,389,572	\$12,851,645	\$14,224,890	\$11,911,339	\$12,314,311	\$12,072,302	\$11,403,361	\$13,086,021
Change in Net Assets								
Governmental Activities	(\$224,752)	(\$8,267)	\$2,876,345	(\$1,523,573)	(\$135,856)	(\$613,474)	\$2,007,849	\$2,715,721
Business-Type Activities	(4,208)	(1,914)	(24,017)	129,390	(127,171)	850,105	(93,750)	1,161,727
Total Primary Government	(\$228,960)	(\$10,181)	\$2,852,328	(\$1,394,183)	(\$263,027)	\$236,631	\$1,914,099	\$3,877,448

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

	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$195,608	\$149,930	\$144,489	\$129,249	\$375,847	\$197,716	\$160,153	\$32,781	\$170,941	\$323,338
Unreserved	1,994,702	1,280,850	1,497,790	1,350,792	1,995,065	2,156,943	1,890,919	899,472	768,523	1,860,427
Total General Fund	2,190,310	1,430,780	1,642,279	1,480,041	2,370,912	2,354,659	2,051,072	932,253	939,464	2,183,765
All Other Governmental Funds										
Reserved	823,701	1,434,091	387,496	1,510,001	1,570,182	3,319,992	356,958	621,121	2,712,223	2,492,175
Unreserved, Reported in:										
Special Revenue Funds	1,128,323	988,821	935,063	(102,390)	(105,092)	(482,482)	313,731	425,726	(1,373,686)	(1,172,862)
Debt Service Funds	2,440	8,589	53,108	78,043	104,474	144,237	67,189	75,507	68,819	4,656
Capital Projects Funds	(1,764,383)	(3,141,954)	(932,928)	(5,783,497)	(8,959,817)	(12,579,423)	(9,049,502)	(10,745,183)	(9,758,212)	(1,739,335)
Total all Other Governmental Funds	\$190,081	(\$710,453)	\$442,739	(\$4,297,843)	(\$7,390,253)	(\$9,597,676)	(\$8,311,624)	(\$9,622,829)	(\$8,350,856)	(\$415,366)

Source: City Records

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

	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$7,217,614	\$8,896,998	\$9,281,384	\$10,115,617	\$10,740,107	\$10,062,944	\$10,036,000	\$9,442,375	\$9,296,348	\$10,236,302
Fines, Licenses & Permits	336,245	326,212	407,837	342,430	480,358	677,621	575,306	616,859	481,668	548,145
Charges for Services	930,892	1,198,249	974,728	1,152,644	1,351,932	1,091,174	1,194,610	1,291,014	1,709,363	1,169,280
Investment Earnings	266,207	89,372	47,090	43,794	103,728	160,367	261,499	78,737	5,950	2,765
Intergovernmental	3,388,698	3,000,994	3,783,903	4,073,076	4,719,916	4,591,098	4,410,278	6,765,127	5,719,250	4,973,269
Special Assessments	56,291	67,633	81,916	85,086	69,630	153,553	90,415	56,400	49,752	61,125
Revenue in Lieu of Taxes	0	0	0	0	0	0	213,029	320,584	243,735	266,986
Other Revenues	405,669	109,328	455,562	622,598	1,382,456	412,626	279,887	335,746	578,037	305,223
Total Revenues	\$12,601,616	\$13,688,786	\$15,032,420	\$16,435,245	\$18,848,127	\$17,149,383	\$17,061,024	\$18,906,842	\$18,084,103	\$17,563,095
Expenditures										
Current:										
General Government	\$2,023,525	\$2,264,896	\$2,405,893	\$2,312,200	\$2,373,557	\$2,592,549	\$2,818,858	\$2,768,203	\$2,985,350	\$2,146,466
Public Safety	7,442,020	7,777,073	8,391,237	8,302,497	9,485,513	8,624,274	9,147,913	9,656,271	8,233,223	8,060,103
Leisure Time Activities	523,486	472,069	386,804	390,252	540,983	476,915	463,841	396,378	295,161	328,681
Community Development	879,813	903,893	1,354,251	1,727,732	2,289,567	1,632,056	1,255,235	1,598,660	588,409	883,977
Transportation and Street Repair	1,087,664	1,079,879	1,250,411	2,334,873	1,568,494	1,089,451	1,423,293	1,775,955	1,062,396	1,721,843
Capital Outlay	1,563,347	2,740,330	2,222,513	5,778,866	4,858,385	4,175,627	4,827,180	3,508,994	2,505,113	3,596,228
Debt Service										
Principal	70,000	219,053	1,418,485	422,402	244,466	369,207	340,423	492,860	520,366	862,114
Interest	239,680	181,623	206,648	210,017	272,846	504,498	861,877	858,384	636,247	568,610
Other	2,456	0	0	0	0	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	0	0	0	0	0	240,650
Total Expenditures	\$13,831,991	\$15,638,816	\$17,636,242	\$21,478,839	\$21,633,811	\$19,464,577	\$21,138,620	\$21,055,705	\$16,826,265	\$18,408,672

Source: City Records

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

	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Excess of revenues over (under) expenditures	(\$1,230,375)	(\$1,950,030)	(\$2,603,822)	(\$5,043,594)	(\$2,785,684)	(\$2,315,194)	(\$4,077,596)	(\$2,148,863)	\$1,257,838	(\$845,577)
Other Financing Sources (Uses)										
Issuance of Notes and Bonds	\$4,240	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds From Sale of Capital Assets	51,225	21,211	2,953	65,389	61,774	7,858	1,633	399,679	1,346	74,838
Issuance of Long-Term Capital-Related Debt	0	0	3,790,000	0	0	0	5,015,000	0	0	8,000,000
Proceeds of Refunding Bonds	0	0	1,231,186	0	0	0	0	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	(1,231,186)	0	0	0	0	0	0	0
Premium on Bonds Sold	0	0	0	0	0	0	0	0	0	444,147
Inception of Capital Lease	262,201	268,782	155,763	37,400	471,298	108,696	119,328	0	0	1,583,883
Transfers In	495,085	912,500	618,600	664,100	62,500	25,000	551,000	386,750	531,000	22,500
Transfers (Out)	(495,085)	(912,500)	(618,600)	(664,100)	(45,000)	(25,000)	(551,000)	(1,067,590)	(511,000)	(100,000)
Total Other Financing Sources (Uses)	317,666	289,993	3,948,716	102,789	550,572	116,554	5,135,961	(281,161)	21,346	10,025,368
Net Change in Fund Balances	(\$912,709)	(\$1,660,037)	\$1,344,894	(\$4,940,805)	(\$2,235,112)	(\$2,198,640)	\$1,058,365	(\$2,430,024)	\$1,279,184	\$9,179,791
Debt service as a percentage of noncapital expenditures	2.5%	3.1%	9.7%	3.8%	3.3%	5.1%	7.5%	7.4%	7.7%	11.4%

Source: City Records

City of Trotwood, Ohio
 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
2001	\$256,864,550	\$41,837,819	\$298,702,369	\$853,435,340	15.14
2002	253,910,830	37,320,990	291,231,820	832,090,914	11.64
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
2007 (1)	329,508,630	21,887,257	351,395,887	1,054,046,213	17.39
2008 (1)	329,072,430	16,603,522	345,675,952	1,083,409,574	17.39
2009 (1)	327,506,030	10,757,430	338,263,460	975,075,555	16.65
2010 (1)	318,888,480	9,317,140	328,205,620	939,390,777	19.65

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. 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. 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, Ohio
Special Assessment Billings and Collections
Last Ten Calendar Years
Schedule 6

Calendar Year	Current Assessments Due	Current Assessment Collections	Percent of Current Assessments Collected	Delinquent Assessment Collections (2)	Total Assessment Collections	Ratio of Total Collections to Current	Outstanding Delinquent Assessments (1)	Ratio of Delinquent Assessments to Current Due
2001	238,955	N/A	N/A	N/A	237,249	99.29%	633,289	265.02%
2002	350,595	N/A	N/A	N/A	284,262	81.08%	708,533	202.09%
2003	366,845	N/A	N/A	N/A	366,845	100.00%	816,139	222.48%
2004	567,231	N/A	N/A	N/A	402,911	71.03%	745,556	131.44%
2005	491,739	479,111	97.43%	12,628	491,739	100.00%	424,402	86.31%
2006	728,663	532,532	73.08%	196,131	728,663	100.00%	421,174	57.80%
2007	523,130	408,702	78.13%	112,673	521,375	99.66%	429,156	82.04%
2008	748,345	569,480	76.10%	81,666	651,146	87.01%	590,314	78.88%
2009	1,150,732	768,811	66.81%	114,711	883,522	76.78%	929,888	80.81%
2010	920,708	717,180	77.89%	121,217	838,397	91.06%	1,376,386	149.49%

Source: County Auditor

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

(2) - Delinquent Collections by levy year are not available. Only Delinquent Collections by collection year are available and presented.

N/A - Information not available

City of Trotwood, Ohio
 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
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
2007	6.85	0.50	6.30	1.74	2.00	17.39	60.06	2.58	1.25	18.24
2008	6.85	0.50	6.30	1.74	2.00	17.39	60.06	2.58	1.25	20.24
2009	6.85	0.50	6.30	1.00	2.00	16.65	60.06	2.58	1.25	20.94
2010	6.85	0.50	8.30	2.00	2.00	19.65	60.06	2.58	1.75	20.94

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, Ohio
Principal Property Tax Payers
Current Year and Nine Years Ago
Schedule 8

2010		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Dayton Power & Light Company	\$7,970,770	2.43%
Dayton Healthcare	5,001,620	1.52%
Salem Square Improvement	4,337,890	1.32%
Corvus Trotwood LLC	4,136,500	1.26%
Woodland Hills Associates	2,842,400	0.87%
Shiloh Springs, LP	2,003,530	0.61%
Lowes Home Center, Inc.	1,957,620	0.60%
Fieldstone Limited	1,669,290	0.51%
Target Corporation	1,555,150	0.47%
Shiloh Apartments Limited	1,533,110	0.47%
Total Principal Property Tax Payers	\$33,007,880	10.06%

2001		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Dayton Power & Light Company	\$7,913,680	2.61%
Salem Retail LLC	4,693,500	1.55%
Bradley Operating Company	4,285,970	1.41%
Verizon (GTE)	3,770,360	1.24%
Castlebrook Capital Company	3,413,050	1.13%
Vectren	3,110,600	1.03%
Kmart Corporation	2,520,650	0.83%
Lowe's Companies, Inc.	2,281,510	0.75%
Fieldstone Limited	2,234,210	0.74%
Wal-Mart Stores, Inc.	1,883,530	0.62%
Total Principal Property Tax Payers	\$36,107,060	11.91%

Source: County Auditor

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

Calendar Year	Taxes Levied for the Calendar Year (1)	Collected within the Calendar Year of the Levy		Delinquent Levied in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
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%	124,475	4,352,675	100.00%
2004	5,140,731	4,956,250	96.41%	184,481	5,140,731	100.00%
2005	5,081,945	4,876,089	95.95%	205,856	5,081,945	100.00%
2006	5,037,263	4,900,563	97.29%	136,700	5,037,263	100.00%
2007	5,198,756	4,872,389	93.72%	326,367	5,198,756	100.00%
2008	5,001,771	4,793,181	95.83%	208,590	5,001,771	100.00%
2009	4,825,545	4,354,905	90.25%	397,166	4,752,071	98.48%
2010	5,798,953	5,458,123	94.12%	340,830	5,798,953	100.00%

Source: County Auditor

- (1) - Taxes levied and collected are presented on a cash basis.
- (2) - State reimbursements of rollback and homestead exemptions are included.

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

Calendar Year	Tax Rate	Withholding Collections	Non-Withholding Collections	Gross Collections	Refunds	Net Collections
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
2007	2.25%	4,261,915	996,216	5,258,131	101,262	5,156,869
2008	2.25%	3,900,691	1,038,996	4,939,687	106,836	4,832,851
2009	2.25%	3,849,645	1,058,833	4,908,478	87,154	4,821,324
2010	2.25%	3,982,157	1,209,641	5,191,798	65,756	5,126,042

Source: City of Dayton, Ohio; Division of Revenue and Taxation; and
City of Trotwood Income Tax 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, Ohio
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				
2001	\$645,000	\$2,000,000	\$690,000	\$413,526	\$50,475	\$300,000	\$119,778	\$4,218,779	0.03%	\$141	
2002	610,000	3,355,000	655,000	522,326	46,077	275,000	74,800	5,538,203	0.03%	182	
2003 (1)	3,790,000	1,885,000	0	524,604	43,828	250,000	35,101	6,528,533	0.04%	212	
2004	3,645,000	5,945,000	0	284,602	36,876	225,000	22,003	10,158,481	0.06%	320	
2005	3,490,000	8,730,000	0	666,434	32,066	200,000	11,303	13,129,803	0.07%	404	
2006	3,330,000	12,085,000	0	570,923	27,111	175,000	0	16,188,034	0.09%	471	
2007	8,170,000	8,710,000	0	519,828	22,007	150,000	0	17,571,835	0.09%	498	
2008	7,850,000	10,060,000	0	346,968	16,748	125,000	0	18,398,716	0.10%	514	
2009	7,490,000	10,060,000	0	186,602	14,059	100,000	0	17,850,661	0.09%	500	
2010	15,125,000	1,905,000	0	1,273,371	8,560	0	0	18,311,931	N/A	N/A	

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, Ohio
Ratios of General Bonded Debt Outstanding
Last Ten Calendar Years
Schedule 13

Calendar Year	General Bonded Debt Outstanding General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
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
2007	8,170,000	0.78%	298
2008	7,850,000	0.72%	286
2009	7,490,000	0.77%	273
2010	15,125,000	1.61%	552

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, Ohio
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2010
 Schedule 14

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Trotwood
Montgomery County	\$6,230,980	3.22%	\$200,638
Dayton City School District	206,125,000	3.03%	6,245,588
Trotwood-Madison City School District	30,584,987	93.99%	28,746,829
Brookville Local School District	20,069,978	0.59%	118,413
New Lebanon Local School District	3,135,000	2.17%	68,030
Miami Valley Career Center Joint Vocational School District	6,655,000	3.95%	262,873
Miami Valley Regional Transit Authority Miscellaneous	1,795,000	3.22%	57,799
Subtotal Overlapping Debt	274,595,945		35,700,170
City of Trotwood - Direct Debt	12,500,000	100.00%	12,500,000
Total Direct and Overlapping Debt	\$287,095,945		\$48,200,170

Source: Ohio Municipal Advisory Council

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

Legal Debt Margin Calculation for Calendar Year 2010

Assessed Value	\$328,205,620	\$328,205,620
Statutory Legal Debt Limitation (1)	10.5%	5.5%
Total Debt Limitation	34,461,590	18,051,309
Debt Applicable to Limit:		
Gross Indebtedness	13,296,931	13,296,931
Less: Debt Retirement Fund Balance	4,656	4,656
Total Net Debt Applicable to Limit	13,292,275	13,292,275
Legal Debt Margin	\$21,169,315	\$4,759,034

	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Debt Limit (1)										
Debt Limit (10.5%)	\$31,363,749	\$30,579,341	\$34,142,405	\$33,826,877	\$33,630,023	\$36,289,521	\$36,896,568	\$36,295,975	\$35,517,663	\$34,461,590
Total Net Debt Applicable to Limit	3,635,000	4,895,000	5,925,000	9,815,000	12,420,000	15,944,512	12,489,646	13,308,209	12,766,842	13,292,275
Legal Debt Margin	\$27,728,749	\$25,684,341	\$28,217,405	\$24,011,877	\$21,210,023	\$20,345,009	\$24,406,922	\$22,987,766	\$22,750,821	\$21,169,315

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.6%	16.0%	17.4%	29.0%	36.9%	43.9%	33.9%	36.7%	35.9%	38.6%
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	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$16,428,630	\$16,017,750	\$17,884,117	\$17,718,841	\$17,615,726	\$19,008,797	\$19,326,774	\$19,012,177	\$18,604,490	\$18,051,309
Total Net Debt Applicable to Limit	3,635,000	4,895,000	5,925,000	9,815,000	12,420,000	15,944,512	12,489,646	13,308,209	12,766,842	13,292,275
Legal Debt Margin	\$12,793,630	\$11,122,750	\$11,959,117	\$7,903,841	\$5,195,726	\$3,064,285	\$6,837,128	\$5,703,968	\$5,837,648	\$4,759,034

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.1%	30.6%	33.1%	55.4%	70.5%	85.9%	64.6%	70.0%	68.6%	73.6%
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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, Ohio
Pledged-Revenue Coverage
Last Ten Calendar Years
Schedule 16

Calendar Year	Special Assessment Bonds			
	Special Assessment Collections (2)	Debt Service		Coverage
		Principal	Interest	
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
2007	0	0	0	0.0000
2008	0	0	0	0.0000
2009	0	0	0	0.0000
2010	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, Ohio
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)
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	17,717,911	32,520	6.40%
2006	27,420	18,606,241	34,387	6.00%
2007	27,420	18,996,515	35,301	6.20%
2008	27,420	19,161,715	35,823	7.40%
2009	27,420	18,995,875	35,669	11.40%
2010	27,420	N/A	N/A	10.10%

- 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 EconomicAccounts
 - (4) - Ohio Department of Job and Family Services for Montgomery County

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

City of Trotwood, Ohio
Major Employers (1)
Current Fiscal Year and Prior Fiscal Year (2)
Schedule 18

2010	
Major Employers (3)	Type (4)
Behr Dayton Thermal Products, LLC	Mfg
Dayton City Schools	Govt
DPL, Inc./Dayton Power & Light Co.	Util
DMAX Ltd.	Mfg
Kettering Medical Center	Health
NCR Corp.	Mfg
Premier Health Partners, Inc.	Health
Reed Elsevier LexisNexis	Pub
Reynolds & Reynolds Co., Inc.	Mfg
University of Dayton	Edu
U.S. Federal Government	Govt

2009	
Major Employers (3)	Type (4)
Behr Dayton Thermal Products, LLC	Mfg
Dayton City Board of Education	Govt
DPL, Inc./Dayton Power & Light Co.	Util
General Motors Corp.	Mfg
Kettering Medical Center	Health
NCR Corp.	Mfg
Premier Health Partners, Inc.	Health
Reed Elsevier LexisNexis	Pub
Reynolds & Reynolds Co., Inc.	Mfg
University of Dayton	Edu
U.S. Federal Government	Govt

Source: Ohio Department of Development

- (1) - For all of Montgomery County
- (2) - Only current fiscal year and prior fiscal year information available
- (3) - In alphabetical order only
- (4) - Number of employees and percentage of population employed not available

City of Trotwood, Ohio
 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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
City Administration	5.0	5.0	4.7	4.0	4.0	4.0	4.0	4.0	3.0	3.0
City Council	1.0	1.3	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works Administration	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Buildings and Grounds	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.0	0.0
Finance	6.0	7.8	7.2	8.0	9.3	9.4	9.4	8.7	8.0	8.0
Fleet Maintenance	3.0	3.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Public Safety										
Police										
Officers	53.0	53.0	54.0	51.0	49.0	47.0	45.3	41.3	34.0	33.0
Non-Sworn	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.5	3.0	4.0
Fire	48.8	53.3	52.3	54.9	54.9	45.6	42.7	47.5	47.2	42.0
Leisure Time Activities										
Cemeteries	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Parks and recreation	5.5	6.0	7.5	7.2	5.4	5.4	6.9	3.9	4.2	3.3
Community Development										
Planning and Zoning	6.5	6.5	6.0	6.0	6.0	4.3	4.0	3.3	3.0	3.0
Building Inspection/Code Enforcement	3.5	4.0	4.0	1.3	1.3	1.3	4.3	2.8	3.0	3.0
Economic Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic Utility Service										
Water	2.5	2.3	2.7	2.7	2.7	2.7	2.7	2.7	2.7	1.7
Sanitary Sewers	2.5	2.3	2.7	2.7	2.7	2.7	2.7	2.7	2.7	1.7
Refuse Collection	0.0	0.0	0.0	0.0	0.5	0.8	0.8	0.8	0.8	0.8
Transportation and Street Repair	9.7	11.3	11.7	10.4	9.0	9.6	7.7	6.9	6.9	6.5
Total	155.9	165.7	166.1	161.2	157.7	145.7	143.4	136.4	125.4	116.9

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

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

Function/Program	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Building permits issued	181	354	399	154	239	71	40	41	43	37
Zoning permits issued	N/A	N/A	N/A	N/A	106	116	108	95	126	99
Checks issued	3,500	4,086	3,761	3,983	3,775	3,544	3,431	3,411	3,122	2,835
Ordinances adopted	51	28	31	30	45	39	30	48	29	15
Resolutions adopted	85	78	109	117	95	94	75	94	91	88
Police										
Calls for service	33,507	36,338	36,108	36,782	35,143	32,049	34,982	35,227	33,161	31,617
Cases assigned	N/A	N/A	N/A	1,303	1,094	1,078	1,408	1,219	854	1,255
Suspects charged	N/A	N/A	N/A	359	406	314	421	306	274	260
Percent cases closed by arrest	N/A	N/A	N/A	28%	37%	29%	30%	25%	32%	21%
Traffic accidents	N/A	N/A	N/A	N/A	544	479	389	406	401	364
Traffic stops	N/A	N/A	N/A	4,047	3,744	2,779	4,463	3,903	4,306	3,236
Fire										
Calls for service	858	669	860	962	1,050	1,054	1,181	1,405	1,052	1,362
Average response time (minutes)	6.2	4.5	4.5	6.6	6.3	7.3	7.5	7.3	6.9	6.3
Average calls per day	2.4	1.8	2.4	2.6	2.9	2.9	3.2	3.8	2.8	3.7
Average call duration (minutes)	N/A	N/A	N/A	62	60	96.5	94.3	98.4	76.2	68.0
EMS										
Calls for service	3,792	3,651	3,966	3,739	3,789	3,743	4,202	4,361	3,864	4,200
Average response time (minutes)	6.2	4.5	4.5	6.0	6.0	6.2	6.1	6.3	6.2	6.6
Average calls per day	10.4	10.0	10.9	10.2	10.4	10.3	11.5	12.5	10.5	11.5
Average call duration (minutes)	64	64	62	62	60	60	62	60	58	71

Source: Various City Departments

N/A - Information not available

City of Trotwood, Ohio
 Operating Indicators by Function/Program
 Last Ten Calendar Years
 Schedule 20 (Continued)

Function/Program	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Works										
Street resurfacing (square yards)	N/A	N/A	N/A	N/A	N/A	47,585	50,022	50,000	0	123,200
Potholes repaired	N/A	N/A	N/A	N/A	N/A	1,500	3,800	7,200	8,000	9,000
Street cleaning (lane miles)	N/A	N/A	N/A	N/A	N/A	1,640	1,640	500	480	500
Street striping (miles)	N/A	N/A	N/A	N/A	N/A	12	20	10	20	10
Parks and recreation										
Shelter rentals	N/A	N/A	N/A	N/A	64	63	80	102	80	37
Pavilion rentals	N/A	N/A	N/A	N/A	23	11	21	16	9	2
Water										
Water main breaks	N/A	N/A	N/A	N/A	N/A	17	13	15	13	15
Wastewater										
Sewer main cleaning (miles)	N/A	N/A	N/A	N/A	N/A	9.5	10.0	12.0	10.0	12.0

Source: Various City Departments

N/A - Information not available

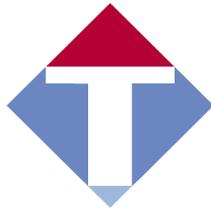
City of Trotwood, Ohio
 Capital Asset Statistics by Function/Program
 Last Ten Calendar Years
 Schedule 21

Function/Program	Calendar Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	4	4	3	3	3	3	3	3	3	3
Public Works										
Streets (lane-miles)	362	362	362	362	362	362	362	411	411	411
Streetlights	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285
Traffic signaled intersections	41	41	41	41	41	41	41	41	41	41
Parks and Recreation										
Community centers	1	1	1	0	0	0	0	0	0	0
Number of Parks	10	10	7	9	7	7	7	7	7	7
Acreage	152	152	152	169	150	150	150	150	150	150
Swimming pools	1	1	1	0	0	0	0	0	0	0
Utilities										
Water Mains (miles)	38	38	38	38	38	38	38	38	38	38
Fire hydrants	1,096	1,096	1,096	1,096	1,096	1,096	1,096	1,096	1,096	1,096
Storm Sewers (miles)	39	39	39	39	39	39	39	40	40	40
Sanitary Sewers (miles)	31	31	31	31	31	31	31	32	32	32

Source: Various City Departments

N/A - Information not available

CITY OF TROTWOOD, OHIO



Single Audit Reports

December 31, 2010

PLATTENBURG
Certified Public Accountants

CITY OF TROTWOOD, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor/Pass - Through Grantor, Program Title	Pass Through Entity Number	CFDA	Disbursements
<u>United States Department of HUD</u>			
Passed Through Montgomery County			
Community Development Block Grant:			
Emergency Home Repair Assistance	17-1051	14.239	\$13,855
NSP Demolition		14.264	27,000
NSP 2		14.264	54,067
Main and Salem	<i>ARRA</i>	14.253	<u>108,841</u>
Subtotal - Department of HUD			<u>203,763</u>
<u>United States Department of Justice-</u>			
<u>Office of Justice Program</u>			
Equitable Sharing Funds		16.XXX	8,049
Passed through the Ohio Department of Public Safety-			
Office of Criminal Justice Services			
Justice Assistance Grant	2008-JG-A02-6642	16.738	8,365
Direct award			
COPS <i>ARRA</i>	<i>ARRA</i> 2009RKWX0684	16.710	<u>101,443</u>
Subtotal - Department of Justice			<u>117,857</u>
<u>United States Department of Transportation</u>			
Passed Through Ohio Department of Public Safety:			
MOT Shiloh Springs/Salem Ave	PID 77845	20.205	<u>298,545</u>
Subtotal - Department of Transportation			<u>298,545</u>
<u>United States Department of Homeland Security</u>			
Passed through FEMA			
Assistance to Firefighters	EMW-2009-FO-07557	97.044	<u>248,791</u>
Subtotal - Department of Homeland Security			<u>248,791</u>
TOTALS			<u><u>\$868,956</u></u>

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

Honorable Mayor and Members of City Council
City of Trotwood, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 31, 2011. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as findings 2010-1 and 2010-2.

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 and questioned costs as findings 2010-3, 2010-4 and 2010-5.

We noted certain matters that we reported to management of the City in a separate letter dated August 31, 2011.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
August 31, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members of City Council
City of Trotwood, Ohio

Compliance

We have audited the City of Trotwood' (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. 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 of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 City as of and for the year ended December 31, 2010, and have issued our report thereon dated August 31, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Auditor of State, the City Council, 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.
August 31, 2011

CITY OF TROTWOOD, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

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>	Yes
<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 Highway Planning & Construction CFDA #97.044 Assistance to Firefighters
<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

2010–1 Finding Type —Material Weakness–Material Misstatements in Financial Statements

During the course of our audit, material misstatements were identified requiring audit adjustments to the financial statements. The material misstatements were not prevented, or detected and corrected as the result of improper operation of controls and therefore constitute a material weakness in internal control related to financial reporting.

The material misstatements related to the following:

- Payments made directly to contractors by various state agencies on behalf of the City were not recorded resulting in understatement of capital outlay, intergovernmental revenue, program revenue- capital grants and capital assets.
- Completed construction was not reclassified from construction in progress to buildings and improvements.
- Intergovernmental receivable detail was calculated incorrectly resulting in erroneous entries to record corresponding financial statement amounts for intergovernmental receivables/revenues.
- Utility accounts receivable/revenue detail was calculated incorrectly resulting in erroneous entries to record corresponding financial statement amounts for utility receivables/revenues.
- Internal service charges were not billed or accrued for the year ended December 31, 2010 resulting in understatement of interfund receivables and charges for services.

Generally these conditions are caused by a failure to review and update controls on a regular basis, poor communication of control requirements and inadequate training of personnel. The effect of the above issues is the existence of a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Recommendation

Consider reviewing and updating the design and operation of the City's controls over financial reporting, not only related to detail accounting records, but also identify other areas that could be improved as well.

Management Response/Corrective Action Plan

The City plans additional upgrades to the design and operation of the controls over financial reporting.

2010-2 Finding Type —Material Weakness—Controls Related to Financial Reporting

During the course of our audit, certain control deficiencies were identified that related to various procedures. Although no material misstatements were noted as a result of these deficiencies, they represent a combination of deficiencies such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

The following deficiencies were the result of improper operation of controls and related to:

- A significant number of unsigned payroll timesheets were noted. Failure to document approval could lead to unauthorized payroll transactions and increases the likelihood of material misstatements due to fraud or error.
- The interest allocation calculation was incorrect due to erroneous spreadsheet formulas. Incorrect allocations result in incorrect unexpended fund balances for multiple funds.

- Cash was not reconciled for several months during the year and remained unreconciled as of year end. Although the amount of the unidentified variance does not represent a material misstatement, failure to reconcile cash increases the likelihood of unrecorded transactions as well as material misstatements due to fraud or error.
- Certain lockbox receipts subsequent to year end have not been entered into the City's cash receipts system. These transactions effect the current year end revenue accruals as subsequent receipts must be analyzed to determine the period in which they were earned. Failure to enter lockbox receipts into the City's cash receipts system increases the likelihood of unrecorded transactions as well as material misstatements due to fraud or error.

The effect of the above issues is the existence of a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Recommendation

See recommendation for finding 2010-1.

Management Comments/Response

Planned improvements in the design and operation of controls are expected to result in more effectively preventing, detecting and correcting misstatements.

Finding 2010-3 Finding Type —Material Noncompliance—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: Street Construction Maintenance & Repair Fund and Salem Mall Tax Increment Fund.

Recommendation

The City should comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring monthly activity and amending appropriations throughout the fiscal year.

Management Comments/Response

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

Finding 2010-4 Finding Type —Material Noncompliance—Cash Management

Ohio Revised Code 5705.10 prohibits negative budgetary basis actual ending fund balances. At year end the City had several funds with negative Non-GAAP budgetary basis ending cash fund balances: Park Acquisition & Development Fund, West Third Street Improvement Fund, Refuse Fund and Internal Service.

Recommendation

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

Management Comments/Response

The Park Acquisition & Development Fund and West Third Street Improvement Fund have had negative balances for several years and did not have any revenue or expenditure activity in the current year. The negative balance of the Refuse Fund was remedied subsequent to year end by significant collections. The Acquisition & Development Fund, West Third Street Improvement Fund and Internal Service Fund City will require action by Council to advance cash to these funds.

Finding 2010-5 Finding Type —Material Noncompliance—Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 requires appropriations to be limited by estimated resources. Upon review of appropriations and estimated resources, it was noted that appropriations exceeded estimated resources during the year for the Sewer Fund.

Recommendation

We recommend that the City comply with the Ohio Revised Code by limiting appropriations by estimated resources.

Management Comments/Response

The City will limit appropriations by estimated resources.

Section III – Federal Award Findings and Questioned Costs

None

**CITY OF TROTWOOD
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2010**

Summary of Prior Audit Findings and Questioned Costs:

2009-01 - Financial Report Filing Requirements

OMB Circular A-133 requires entities with more than \$500,000 in federal awards expenditures to file a single audit report package containing the City's audited financial statements within nine months of fiscal year end. The City was not able to meet that deadline.

Status: Not corrected – see Finding 2010-6

2009-02 – Budgetary

Ohio Revised Code Sec. 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. The City had expenditures exceeding appropriations.

Status: Not corrected – see Finding 2010-3

2009-03 – Cash Management

Ohio Revised Code 5705.10 prohibits negative budgetary basis actual ending fund balances. The City had funds with negative budgetary cash fund balances at year end.

Status: Not corrected – see Finding 2010-4

2009-4 – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 requires appropriations to be limited by estimated resources. The City had funds for which appropriations exceeded estimated resources during the year.

Status: Not corrected – see Finding 2010-5



Dave Yost • 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
DECEMBER 15, 2011**