
**City of Moraine
Montgomery County, Ohio**

Independent Auditors' Reports on
Compliance and Internal Controls
And Schedule of Expenditures of Federal Awards

December 31, 2011



Dave Yost • Auditor of State

Members of Council
City of Moraine
4200 Dryden Road
Moraine, Ohio 45439

We have reviewed the *Independent Auditor's Report* of the City of Moraine, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

September 13, 2012

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2012, wherein we noted the City implemented GASB Statement No. 54 and made adjustments to properly account for land held for resale during the year. 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

Management of the City is responsible for establishing and maintaining effective 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 audit 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 questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2011-001 to be a material weakness.

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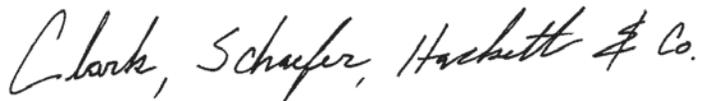
Compliance and Other Matters

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated June 25, 2012.

The City's response to the finding identified in our audit is described in the accompanying schedule of audit findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

A handwritten signature in cursive script that reads "Clark, Schaefer, Hachett & Co.".

Springfield, Ohio
June 25, 2012

**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, City Council
and City Manager
City of Moraine, Ohio

Compliance

We have audited the compliance of the City of Moraine, Ohio (the City) 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, 2011. 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 programs for the year ended December 31, 2011.

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.

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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 the 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 governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 25, 2012, which contained unqualified opinions on the basic financial statements and noted implementation of GASB 54 and adjustments necessary to properly report land held for resale. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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



Springfield, Ohio
June 25, 2012

City of Moraine, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Grant or Pass Through Number</u> | <u>Federal CFDA Number</u> | <u>Expenditures</u> |
|---|---|------------------------------------|---------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| <i>Passed through the Board of County Commissioners of Montgomery County:</i> | | | |
| Neighborhood Stabilization Program | B-08-UN-39-0006 | 14.264 | 75,000 |
| Community Development Block Grant | B-09-UC-39-0004 | 14.218 | <u>2,498</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>77,498</u> |
| <u>U.S. Department of Homeland Security</u> | | | |
| <i>Direct Award</i> | | | |
| Assistance to Firefighters Grant | EMW-2009-FO-08621 | 97.044 | 148,015 |
| Assistance to Firefighters Grant | EMW-2010-FO-09208 | 97.044 | <u>43,237</u> |
| Total U.S. Department of Justice | | | <u>191,252</u> |
| <u>U.S. Department of Agriculture</u> | | | |
| <i>Passed through the Ohio Department of Education</i> | | | |
| Child and Adult Care Food Program | N/A | 10.558 | 7,513 |
| Summer Food Service Program for Children | N/A | 10.559 | <u>12,890</u> |
| Total U.S. Department of Agriculture | | | <u>20,403</u> |
| <u>U.S. Department of Transportation</u> | | | |
| <i>Passed through the State of Ohio Governor's Highway Safety Office:</i> | | | |
| Highway Planning and Construction | 80231/85327 | 20.205 | 902,771 |
| ARRA - Highway Planning and Construction | 80231/85327 | 20.205 | <u>364,379</u> |
| Total Highway Planning and Construction | | | 1,267,150 |
| <i>Passed through the Greater Dayton Regional Transit Authority</i> | | | |
| Community Grants Program | N/A | 20.507 | <u>8,329</u> |
| Total U.S. Department of Transportation | | | <u>1,275,479</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 1,564,632</u> |

See accompanying notes to the schedule of expenditures of federal awards.

NOTE 1 – GENERAL:

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Moraine, Ohio (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the Schedule.

NOTE 2 – BASIS OF ACCOUNTING:

The schedule of expenditures of federal awards is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Section I – Summary of Auditors’ Results

Financial Statements

| | |
|--|-------------|
| Type of auditors’ report issued: | Unqualified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | Yes |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None noted |
| Noncompliance material to financial statements noted? | None noted |

Federal Awards

| | |
|--|-------------|
| Internal control over major programs: | |
| • Material weakness(es) identified? | None noted |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None noted |
| Type of auditors’ report issued on compliance for major programs: | Unqualified |
| Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133? | None noted |
| Identification of major programs: | |
| CFDA 20.205 – Highway Planning and Construction | |
| Dollar threshold to distinguish between Type A and Type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | No |

Section II – Financial Statement Findings

Finding 2011-001 – Recognition of Land Held for Resale

Several years ago, the City purchased various tracts of land and recorded the land purchased as additions to general capital assets. In 2011, the City sold 19 lots of the land to various developers. Research on the issue revealed the resolution passed by the City Council authorizing the purchase of this land indicated it has always been the City’s intention to sell the land for future development. As general capital assets are defined as assets that 1) are used in operations and 2) have an initial useful life in excess one year and the City never intended to utilize the land purchased in its operations, the land should have been initially recorded as land held for resale and reported as an asset in the appropriate fund on the governmental funds balance sheet. As a result, the beginning fund balance of the T.I.F. Fund required a restatement of beginning fund balance to recognize the asset (land held for resale). A restatement of fund balance is an indication of a deficiency in controls over financial reporting.

Management Response: The City recognizes the need to report the land as an asset of the T.I.F. Fund and has made the necessary adjustment. While it is difficult to determine why the decision to report as a component of general capital assets was made by prior the financial management, due to economic conditions relatively little activity had occurred until 2011.

Section III – Federal Awards Findings and Questioned Costs

None Noted

City of Moraine, Ohio
Schedule of Prior Year Audit Findings
December 31, 2011

No findings reported in prior year.



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success



**comprehensive annual
financial report**

for the year ended
December 31, 2011

CITY OF MORAINÉ, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

Issued by:
Finance Department

Jennifer A. Arp
Acting Finance Director

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INTRODUCTORY SECTION

CITY OF MORAIN, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED DECEMBER 31, 2011

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The logo of the City of Moraine, Ohio, is a circular seal. It features a central figure of a person holding a torch, surrounded by a blue and gold border. The text "CITY OF MORAIN, OHIO" is written around the top inner edge, and "PROGRESS THROUGH FAITH" is written around the bottom inner edge.

City of Moraine

Finance Department

June 25, 2012

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

The Comprehensive Annual Financial Report of the City of Moraine, Ohio, for the fiscal year ended December 31, 2011, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

City Profile

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

Five other local governmental entities overlap the City's boundaries: Montgomery County, West Carrollton City School District, Kettering City School District, Jefferson Township Local School District, and Miami Valley Regional Transit Authority. These

organizations do not meet the reporting entity criteria of governmental generally accepted accounting principles and, therefore, are not included in the City's financial report.

HISTORY AND BACKGROUND

Moraine is located in the heart of the Miami Valley, to the southwest of the Dayton, Ohio metropolitan area. Though the region has been predominantly dependent upon manufacturing, automobile manufacturing most recently, the area is now trending towards a diversification of industries. The City currently occupies a land area of approximately 9.5 square miles, maintains 54 miles of road and serves a population of 6,307.

In February 1953, residents voted to detach from the Village of Kettering and formed the Township of Moraine. The Township grew to Village status in July, 1957 and on May 12, 1965, had the distinction of attaining the status of a full-fledged City. The original City Charter was presented in 1966 and at that time a Home Rule Charter was adopted along with the Council-Manager form of city government. Under this form of government, policy-making and legislative authority are vested in an elected council consisting of the Mayor and six council members. Four of the council members are elected based upon geographic wards and the remaining two are elected on a non-partisan basis, meaning they represent the entire City rather than specific geographical areas within the City's boundaries. The Mayor is elected separately on a non-partisan basis. The Mayor and City Council are responsible for passing resolutions and ordinances, adopting and amending the capital and operating budgets and for appointing various committee members. The City Manager of Moraine is charged with carrying out the policies and ordinances of City Council, overseeing day-to-day operations of the City and for appointing the department heads, with general responsibilities for the Economic Development and Health, Safety and Culture components of the City's vision.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

This year marked a significant step forward in the City's long term financial recovery when the former General Motors Assembly plant was bought by the Industrial Realty Group (IRG). The City had been working diligently to ensure the building would be preserved to allow for more rapid repurposing of that entire site. With the presentation of IRG's conceptual plans for redevelopment, we are even more encouraged. The site currently has over 380 acres and over 4 million square feet of building space. There are also signs of growth in a variety of our businesses in town; Weiler Welding has purchased a site for its new headquarters, Global Gauge renovated and moved into its new offices, Kramer Graphics has expanded, and the Corporate Tower office building has attracted new tenants. We are looking forward to continued positive news in 2012.

Opening new roads to new successes was part of the mantra this year. In 2010, the Northlawn Bridge was closed for the safety of motorists; while City staff began working diligently to get the bridge rebuilt. In less than a year, the bridge was reopened with a ribbon cutting ceremony naming it in memory of the late Mayor Bob Rosencrans who had advocated state officials for funding reconstruction. Also, Federal, State and local officials held a ground breaking ceremony April 18, 2011, for the reconstruction of the I-75 interchange at Central Avenue/South Dixie Drive. The upgrades to this interchange will greatly benefit Moraine, as well as the surrounding communities. The City completed demolition of the Holman Street Church building. After meeting all of the regulatory requirements, it is finally down and no longer a blight on the neighborhood. The City staff recognized the many challenges presented by the deterioration of the building, and are glad to have it successfully removed.

The Oak Pointe neighborhood saw continued growth in 2011 as the City added Ryan Homes as a fifth home builder. Ryan Homes joins JD Enterprises, Shriner Building Company, Generations Construction and Duggan Homes as part of the Oak Pointe Homebuilders' Group.

Ryan Homes has completed a new model home on Oak Avenue, and offers a variety of home designs suited to the development. Since the completion of their model home, Ryan has built 18 additional homes, nearly tripling the size of the subdivision. With more homes under construction and more sales on the way, we look forward to working with Ryan Homes in 2011 and beyond.

The Parks and Recreation Department staff continue exploring ways to offer citizens more in leisure activities. During the year, ribbon cuttings were held at Ora Everetts Park and Lehigh Park to highlight the parks' new playground equipment. A new cardio theater was also added at the Payne Recreation Center. In 2011, the City was named one of 150 cities nationally designated as a "Playful City" by KaBOOM!, Inc. In addition, the Dr Pepper/Snapple Group and KaBOOM!, Inc. announced that our City was awarded a \$20,000 "Let's Play Playground Construction" grant for a new playground at Deer Meadow Park. As we began 2011, the City faced a projected \$6.7 million dollar deficit and knew that we would need to work creatively to continue providing our many superior services to citizens while finding ways to reduce expenses. Through the diligent efforts of all of our employees, we ended the year significantly under that projection and remain one of the best places to live in the Miami Valley. Continued meetings with the Citizen's Budget Advisory committee offer direct feedback from citizens on the efforts we are making in our operations. Moraine employees are the best employees in the region, and with their efforts and Council support, we expect to see even more positives in 2012.

Long Term Financial Planning

Financial planning for Moraine is a dynamic interactive effort of the community, small and large business and industry, social and cultural service organizations, and municipal government. These dynamics are best demonstrated by the willingness of Moraine residents to involve themselves to support both City service and long-term capital investment. The Citizen's Budgetary Advisory Committee met several times during the year with the City's management to participate in reviews of the City's finances and to provide direction as to residents' needs. Management will continue to meet with this committee throughout the upcoming years.

The current national economic downturn has had an impact on the City's income tax collections for 2011. However, as a result of stronger final quarter collections, the City was able to develop a budget for fiscal year 2012 that had a minimal effect on services to its citizens. The City's management continues to develop stronger performance management methods for reducing the budget and will continue this financial stewardship philosophy even once the revenue stream can adequately sustain the budget. All City employees have participated in a ten percent decrease in compensation since 2009 and have continued this into the 2011 budget year. The Finance Committee continues to meet on a quarterly basis to review the City's finances and to insure that the budget remains on target.

In 2011, the City signed 6 new union contracts that will run through 2014. All 6 bargaining units agreed to forego wage increases for the duration of the contracts. This wage increase freeze will also impact all non-union employees and run through the same period. The City wishes to thank all of the dedicated employees who have recognized the financial condition of the City and have generously agreed to participate in this wage freeze.

The City coordinates public improvements of all City related entities through adoption of a Capital Improvement Plan (CIP). The goal of the City is to improve service to the community by adopting a CIP that is compatible with the City's financial condition and will fund capital improvements at a realistic level. The CIP consist of a five-year plan of capital expenditures for all City projects. The CIP is prepared fully every two years and amended, as necessary, in other years. The amendment process ensures continuity in projects and funding.

In addition to the annual budget preparations and the Capital Improvement Fund budget preparations, the City Manager and Finance Director met with all of the department heads and completed a Long Range Financial Plan for the City. This was in turn presented to and reviewed by the City Council. The plan includes financial strategies with multiple scenarios as to the City's future revenues and how expenses should be allocated should the finances increase, maintain or decrease.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

Budgetary Controls

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

Awards and Acknowledgements

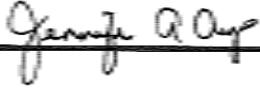
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Moraine for its comprehensive annual financial report for the year ended December 31, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an informative and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is applicable to one year only. The City of Moraine has received a Certificate of Achievement for the last 25 consecutive years (fiscal years ended 1986-2010). We believe our current report will also conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another Certificate.

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

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

Respectfully submitted,



Jennifer A. Arp
Acting Finance Director

CITY OF MORaine, OHIO

CITY COUNCIL

Elaine Allison, Mayor

Jim McGuire, Council Member (At Large)

Ora Allen, Council Member (At Large)

Dana Bonfield, Council Member (Ward 2)

Kimberly Misner, Council Member (Ward 3)

Jeanette Marcus, Council Member (Ward 4)

APPOINTED OFFICIALS

David Hicks, City Manager

Robert Portune, Law Director

Jennifer Arp, Finance Director

Stephen French, Clerk of Council

CITY OF MORAINE, OHIO

DEPARTMENT OF FINANCE STAFF

Jennifer A. Arp, Finance Director

Lora L. Marlett, Deputy Finance Director

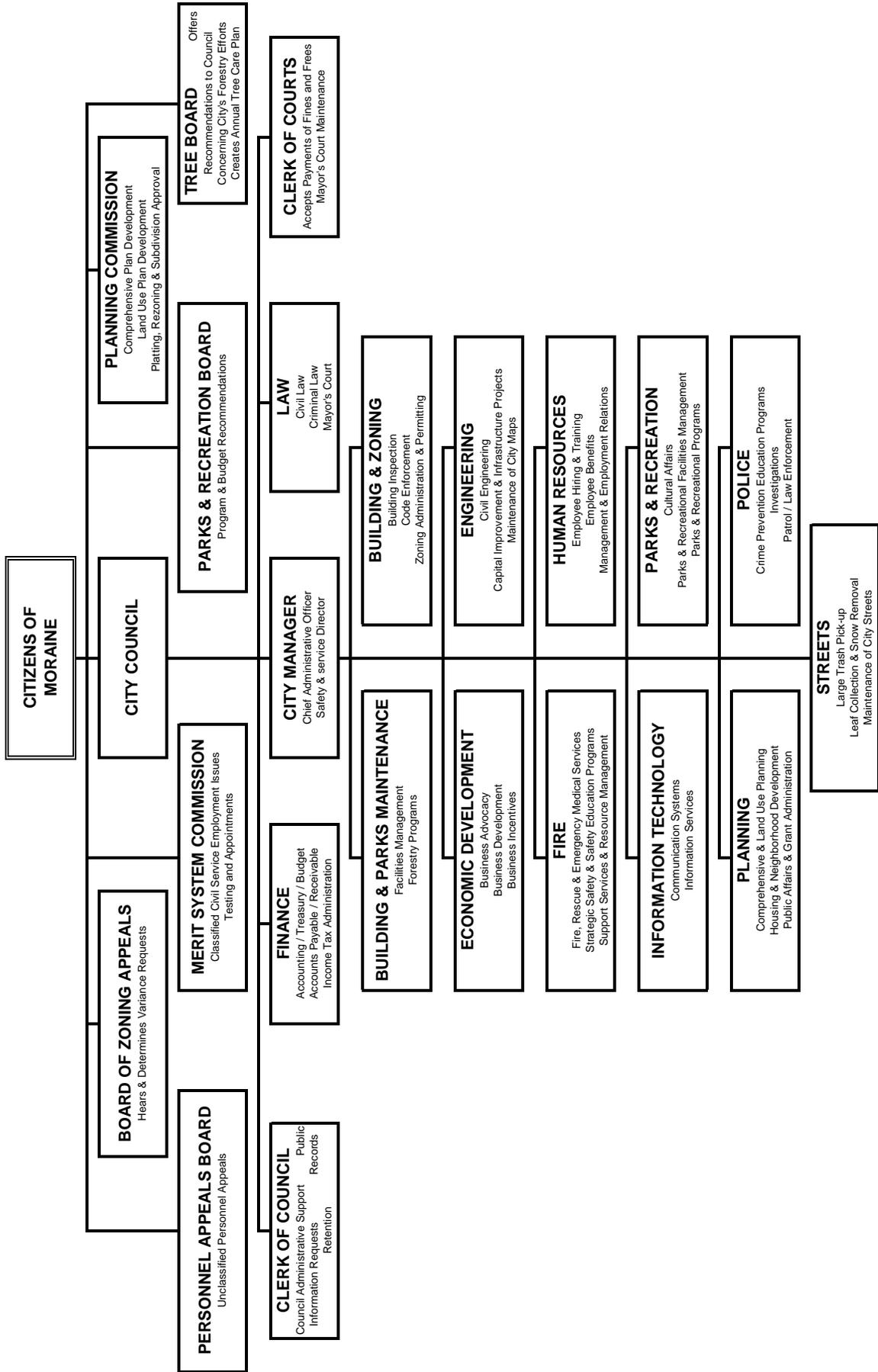
Emily S. Bair, Income Tax Administrator

Sherry L. Bosse, Financial Assistant

Paula G. Cox, Financial Assistant

Penny C. Tincher, Financial Assistant

Organization of the City of Moraine



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moraine
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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.



Linda C. Dandison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information the of City of Moraine, Ohio (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As noted in Note 18 to the basic financial statements, during 2011 the City implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as well as made adjustments to the beginning balance of the T.I.F. Fund to include land held for resale.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the budgetary comparison information on pages 45 through 52 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 basic 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic 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 them.

Clark, Schaefer, Hachett & Co.

Springfield, Ohio
June 25, 2012

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

The discussion and analysis of the City of Moraine, Ohio's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for the year ended December 31, 2011 are as follows:

- Total net assets decreased by \$3,516,971 which represents a 7.8% decrease from the beginning of 2011. A decrease of \$3,530,592 was reported in governmental activities and an increase of \$13,621 was reported in business-type activities.
- Total assets of governmental activities at December 31, 2011 decreased by \$3,728,182 from those reported one year prior due primarily to operating expenditures exceeding revenues which resulted in a decrease in cash. Long-term liabilities of the governmental activities decreased by approximately \$320,000 due to the debt service payment of general obligation bonds and capital leases.
- Overall, the net assets of the City's business-type activities increased by \$13,621. The increase was less than the increase in 2010 due to fewer investment earnings.
- The \$5,282,714 unassigned ending fund balance reported in the General Fund represents 42.7% of the total expenditures reported in the General Fund for 2011.
- During 2011, the City determined it owns land of value to private developers. As a result, the City intends to sell the land and recorded land held for resale in the T.I.F. fund with an approximate net realizable value of \$1,825,000 at year end.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Moraine, Ohio as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City, presenting both an aggregated view of the City's finances and a longer-term view of those statements. Major fund financial statements provide the next level of detail. For governmental funds, these financial 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.

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in 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 should 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 its capital assets. In the Statement of Net Assets and the Statement of Activities, the financial information of the City is divided into two kinds of activities:

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

Reporting the City's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about each major fund. The major funds of the City include the General, Economic Development, Capital Improvement, Street Construction and Maintenance and T.I.F. The City uses many funds to account for a multitude of financial transactions. However, the focus of the fund financial statements is on the City's most significant funds, and therefore only the major funds are presented in separate columns. All other funds are combined into one column for reporting purposes.

Governmental Funds

Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, 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 you determine whether there are more or fewer 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 recouping 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 MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

Fiduciary Funds

The financial activity of custodial funds, for which the City acts as the fiscal agent, is reported separately in the Statement of Assets and Liabilities. This financial activity is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes.

The City as a Whole

Recall that the Statement of Net Assets provides the perspective of the City as a whole. In the case of the City of Moraine, Ohio, assets exceeded liabilities by a total of \$41.5 million at December 31, 2011.

Table 1 provides a summary of the City's net assets for 2011 compared to 2010:

Table 1
Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|----------------|-------------------|-------------------|
| | Restated | | 2011 | 2010 | 2011 | 2010 |
| | 2011 | 2010 | | | | |
| Current and other assets | \$ 20,248,100 | 23,651,270 | 594,454 | 580,833 | 20,842,554 | 24,232,103 |
| Capital assets | 32,546,437 | 32,871,449 | - | - | 32,546,437 | 32,871,449 |
| Total assets | <u>52,794,537</u> | <u>56,522,719</u> | <u>594,454</u> | <u>580,833</u> | <u>53,388,991</u> | <u>57,103,552</u> |
| Long-term liabilities | 9,560,611 | 9,881,969 | - | - | 9,560,611 | 9,881,969 |
| Other liabilities | 2,363,323 | 2,239,555 | - | - | 2,363,323 | 2,239,555 |
| Total liabilities | <u>11,923,934</u> | <u>12,121,524</u> | <u>-</u> | <u>-</u> | <u>11,923,934</u> | <u>12,121,524</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 29,116,555 | 29,262,787 | - | - | 29,116,555 | 29,262,787 |
| Restricted for: | | | | | | |
| Capital Projects | 4,474,662 | 3,463,758 | - | - | 4,474,662 | 3,463,758 |
| Streets and Highways | 1,509,552 | 1,628,246 | - | - | 1,509,552 | 1,628,246 |
| Debt Service | 153,728 | 150,443 | - | - | 153,728 | 150,443 |
| Other Purposes | 430,845 | 753,968 | - | - | 430,845 | 753,968 |
| Unrestricted | <u>5,185,261</u> | <u>9,141,993</u> | <u>594,454</u> | <u>580,833</u> | <u>5,779,715</u> | <u>9,722,826</u> |
| Total net assets: | \$ <u>40,870,603</u> | <u>44,401,195</u> | <u>594,454</u> | <u>580,833</u> | <u>41,465,057</u> | <u>44,982,028</u> |

As displayed in Table 1, total governmental net assets of the City decreased by \$3,516,971 from 2010 to 2011. A significant decrease in cash was attributable to operating expenses exceeding revenues. Net assets invested in capital assets reported at December 31, 2011 decreased due to annual depreciation expense and debt service payments. During 2011 the City invested in several improvements in infrastructure.

Table 2 shows the changes in the governmental and business-type net assets for the year ended December 31, 2011 compared with the prior year.

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

Table 2
Changes in Net Assets

| | Governmental Activities | | Business- Type Activities | | Total | |
|------------------------------------|-------------------------|--------------------|------------------------------|---------------|--------------------|--------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,261,842 | 782,194 | - | - | 1,261,842 | 782,194 |
| Operating grants and contributions | 72,393 | 350,772 | - | - | 72,393 | 350,772 |
| Capital grants and contributions | 1,950,048 | 1,043,863 | - | - | 1,950,048 | 1,043,863 |
| Total program revenues | 3,284,283 | 2,176,829 | - | - | 3,284,283 | 2,176,829 |
| General revenues: | | | | | | |
| Income taxes | 9,541,527 | 9,852,558 | - | - | 9,541,527 | 9,852,558 |
| Property and other taxes | 650,580 | 586,979 | - | - | 650,580 | 586,979 |
| Payment in lieu of taxes | 43,041 | 41,288 | - | - | 43,041 | 41,288 |
| Shared revenues | 657,429 | 718,455 | - | - | 657,429 | 718,455 |
| Intergovernmental | 90,731 | 443,766 | - | - | 90,731 | 443,766 |
| Investment earnings | 236,870 | 409,605 | 13,621 | 18,152 | 250,491 | 427,757 |
| Miscellaneous | 530,165 | 577,082 | - | - | 530,165 | 577,082 |
| Total general revenues | 11,750,343 | 12,629,733 | 13,621 | 18,152 | 11,763,964 | 12,647,885 |
| Total revenues | 15,034,626 | 14,806,562 | 13,621 | 18,152 | 15,048,247 | 14,824,714 |
| Expenses: | | | | | | |
| General government | 3,277,192 | 4,079,039 | - | - | 3,277,192 | 4,079,039 |
| Public Safety | 8,852,361 | 8,730,333 | - | - | 8,852,361 | 8,730,333 |
| Highways & Streets | 3,638,054 | 3,658,041 | - | - | 3,638,054 | 3,658,041 |
| Sanitation | 284,131 | 345,969 | - | - | 284,131 | 345,969 |
| Culture & Recreation | 1,113,466 | 1,249,115 | - | - | 1,113,466 | 1,249,115 |
| Economic Development | 1,004,966 | 326,036 | - | - | 1,004,966 | 326,036 |
| Health & Welfare | 85,524 | 83,285 | - | - | 85,524 | 83,285 |
| Interest Expense | 309,524 | 89,794 | - | - | 309,524 | 89,794 |
| Total Expenses | 18,565,218 | 18,561,612 | - | - | 18,565,218 | 18,561,612 |
| Change in net assets | \$ (3,530,592) | (3,755,050) | 13,621 | 18,152 | (3,516,971) | (3,736,898) |

As noted in the table above, the City's municipal income tax revenue continues to decrease, however, the effect on total revenue was less in 2011 than in 2010 due to the City receiving increased capital grants as well as increased charges for services. The increase in capital grants was due to the City receiving more state and federal grant revenues for road improvements. Charges for services revenue increased due to increases in EMS billing revenue and increases in fines and permits revenue. The decrease in intergovernmental revenue is due to the discontinuation of the tangible personal property reimbursement from the State. The expense functions with the most significant changes from the prior year are general government and economic development. Expenses decreased in general government mainly due to the City cutting back on personnel for administrative departments. Increases in expenses for economic development is a result of the City recognizing declines in net realizable value and losses on the sale of land held for resale in 2011. 2011 was the first year the City recognized land held for resale.

CITY OF MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

Governmental Activities

Table 3 shows the percentage of total expenses each functional area comprises, the net cost of each functional area and the percentage of each functional area expenses financed with general revenue for 2011.

Table 3
Governmental Activities

| | Total Cost of Services | | Program Revenues | | Net Cost of Services | |
|------------------------|------------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General government | 3,277,192 | 4,079,039 | 671,401 | 521,842 | 2,605,791 | 3,557,197 |
| Public safety | 8,852,361 | 8,730,333 | 662,834 | 440,102 | 8,189,527 | 8,290,231 |
| Highways and streets | 3,638,054 | 3,658,041 | 1,950,048 | 1,029,822 | 1,688,006 | 2,628,219 |
| Sanitation | 284,131 | 345,969 | - | - | 284,131 | 345,969 |
| Culture and recreation | 1,113,466 | 1,249,115 | - | 22,897 | 1,113,466 | 1,226,218 |
| Economic development | 1,004,966 | 326,036 | - | 162,166 | 1,004,966 | 163,870 |
| All Others | 395,048 | 173,079 | - | - | 395,048 | 173,079 |
| | <u>\$ 18,565,218</u> | <u>\$ 18,561,612</u> | <u>\$ 3,284,283</u> | <u>\$ 2,176,829</u> | <u>\$ 15,280,935</u> | <u>\$ 16,384,783</u> |

As indicated by Table 3, the City is spending the majority of its resources on public safety, highways and streets and general government activities. While the operation of the police and fire departments is approximately \$8.9 million, approximately \$660,000 of program revenue is generated to cover department expenses. The remaining \$8.2 million of expenses must be covered by general revenues collected by the City, principally municipal income taxes and property taxes. General government functions, principally legislation and administration, comprise approximately \$3.3 million of the total governmental expenses. Court costs and fees generated by licenses and permits financed approximately \$670,000 of the general government functional expenses while the remaining \$2.6 million comes from general revenue sources. Operating and capital grants received from the State of Ohio and the federal government provided approximately \$2.0 million of funding for expenses related to highways and streets.

The City's Funds

Information about the City's major governmental funds begins after the Statement of Activities. These funds are reported using the modified accrual basis of accounting. Governmental funds had total revenues of \$15.1 million, expenditures of \$18.7 million, and net other financing uses of \$82,013. During 2011, the net change in fund balance of the governmental funds decreased by \$3.6 million to an ending total fund balance of \$14.1 million at year end. While capital assets are included in the statement of net assets, expenditures are recognized in the fund statements thereby reducing the amount of resources available for future spending. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's General Fund realized a decrease of \$3.1 million in fund balance during 2011. The General Fund is the primary fund that finances government services to citizens. The decrease in fund balance is a result of the City's operating expenditures exceeding revenues. In addition, Street Construction and Maintenance fund and other governmental funds required transfers from the General fund of \$2.1 million during 2011. At December 31, 2011 the ending unassigned fund balance of the General Fund was \$5.3 million or 43 percent of the total General Fund expenditures reported for 2011.

The City's other four major funds, the Economic Development, Capital Improvement, Street Construction and Maintenance and T.I.F. funds reported net change in fund balances of (\$171,373), \$1,010,905, \$(190,402) and \$(899,712), respectively. The decrease in the Economic Development Fund was due to decreased

CITY OF MORAINE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

intergovernmental revenues received for 2011 due to State fiscal conditions. The fund balance at December 31, 2011 was (\$175,841) This fund also has an outstanding interfund payable for a loan made in prior years. The increase in the Capital Improvement Fund is associated with an increase in grant revenues and a decrease in capital expenditures. The fund balance at December 31, 2011 is \$4,249,149. The Street Construction and Maintenance fund's decrease in fund balance is due mainly to the City beginning the Northlawn Bridge project in fiscal year 2011 and completion of the Kettering Boulevard project that began in fiscal year 2010. The decrease in the T.I.F. fund is due to recognizing a decrease in the net realizable value of land held for resale and losses on sales of this land in fiscal year 2011. All other governmental fund balances decreased by \$254,345 during 2011.

General Fund Budgeting Highlights

The City's budget is adopted on a fund basis. Before the budget is adopted, the City Manager and Finance Director review the budgets of each department within the General Fund with City Council. City Council then adopts the annual appropriations budget at the personal services, other operating expenditures, and capital expenditures level for each department within each fund (legal level of control). Management may reallocate appropriations below the legal level, but modifications must be approved by Council in advance.

General Fund revenues at the beginning of the year were estimated at \$11,597,931 with insignificant modifications to estimates throughout the year. Actual revenues for the year totaled \$11,285,504 with increases in charges for services and miscellaneous revenues. This can be attributed to an unexpected increase in charges for trash services and reimbursements received.

The expenditures including transfers for the General Fund were estimated to be \$18,648,533 at the beginning of the year and decreased to \$17,428,913 at the close of the year. Actual expenditures and transfers on the budget basis totaled \$14,455,749 which was \$2,973,164 less than final budgeted expenditures. This is attributed to management's efforts to control spending and reduced transfers throughout the year.

Budgetary fund balance at December 31, 2011 was \$4.1 million compared to the \$1.3 million anticipated in the final 2011 budget.

Capital Assets

At the end of fiscal year 2011, the City had a total of \$61.9 million invested in capital assets less accumulated depreciation of \$29.4 million resulting in total capital assets, net of accumulated depreciation of \$32.5 million.

The City continued its efforts to upgrade its capital assets during 2011. Additions were made to construction in progress for the Northlawn bridge project. Amounts were also moved from construction in progress to infrastructure for completion of the Kettering Boulevard road improvements.

CITY OF MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

Table 4 shows 2011 balances compared to those of 2010:

Table 4
Capital Assets at Year-End
(Net of Depreciation)

| | | Governmental Activities | |
|---------------------------|----|-------------------------|--------------------|
| | | 2011 | 2010 (Restated) |
| Land | \$ | 10,865,745 | 10,865,745 |
| Construction in progress | | 1,719,363 | 1,661,214 |
| Building and improvements | | 5,251,573 | 5,624,449 |
| Machinery and equipment | | 1,699,470 | 1,978,741 |
| Infrastructure | | 13,010,286 | 12,741,300 |
| Total | \$ | 32,546,437 | 32,871,449 |

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration

At December 31, 2011, the City had the following outstanding long-term obligations: \$5,775,000 of general obligation bonds, \$554,805 for two OPWC loans and capital leases in the amount of \$285,385.

At December 31, 2011, the City's overall legal debt margin was \$17.0 million and the unvoted debt margin was \$6.1 million. See Notes 10, 11, 12 and 13 of the notes to the basic financial statements for more detailed information on the debt obligations of the City.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, 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 questions about this report or need additional financial information contact the Finance Director at City of Moraine, Ohio, 4200 Dryden Road, Moraine, Ohio 45439.

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CITY OF MORAINE, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Equity in Pooled Cash and Investments | \$ 14,238,692 | \$ 588,607 | \$ 14,827,299 |
| Receivables: | | | |
| Income Tax | 1,589,558 | - | 1,589,558 |
| Property Tax | 600,351 | - | 600,351 |
| Payment in Lieu of Taxes | 427,500 | - | 427,500 |
| Accounts | 343,922 | - | 343,922 |
| Intergovernmental | 481,013 | - | 481,013 |
| Loans | 233,471 | 5,847 | 239,318 |
| Inventories | 257,861 | - | 257,861 |
| Prepays | 83,005 | - | 83,005 |
| Land Held for Resale | 1,825,000 | - | 1,825,000 |
| Deferred Charges | 167,727 | - | 167,727 |
| Non depreciable Assets | 12,585,108 | - | 12,585,108 |
| Depreciable Capital Assets, Net of Accumulated Depreciation | 19,961,329 | - | 19,961,329 |
| Total Assets | <u>52,794,537</u> | <u>594,454</u> | <u>53,388,991</u> |
| LIABILITIES | | | |
| Accounts Payable | 94,896 | - | 94,896 |
| Salaries and Benefits Payable | 888,932 | - | 888,932 |
| Matured Compensated Absences Payable | 286,701 | - | 286,701 |
| Accrued Interest Payable | 23,906 | - | 23,906 |
| Insurance Claims Payable | 53,087 | - | 53,087 |
| Unearned Revenue | 1,015,801 | - | 1,015,801 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 837,575 | - | 837,575 |
| Due In More Than One Year | 8,723,036 | - | 8,723,036 |
| Total Liabilities | <u>11,923,934</u> | <u>-</u> | <u>11,923,934</u> |
| NET ASSETS | | | |
| Invested in Capital Assets Net of Related Debt | 29,116,555 | - | 29,116,555 |
| Restricted for: | | | |
| Capital Projects | 4,474,662 | - | 4,474,662 |
| Streets and Highways | 1,509,552 | - | 1,509,552 |
| Debt Service | 153,728 | - | 153,728 |
| Other Purposes | 430,845 | - | 430,845 |
| Unrestricted | 5,185,261 | 594,454 | 5,779,715 |
| Total Net Assets | <u>\$ 40,870,603</u> | <u>\$ 594,454</u> | <u>\$ 41,465,057</u> |

See accompanying notes to the basic financial statements.

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CITY OF MORAIN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---------------------------------------|----------------------|-------------------------|---------------------------------------|-------------------------------------|--|-----------------------------|------------------------|
| | | Charges for services | Operating grants and contributions | Capital grants and contributions | Governmental Activities | Business-Type Activities | Total |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 3,277,192 | \$ 649,669 | \$ 21,732 | \$ - | \$ (2,605,791) | \$ - | \$ (2,605,791) |
| Public safety | 8,852,361 | 612,173 | 50,661 | - | (8,189,527) | - | (8,189,527) |
| Highways and streets | 3,638,054 | - | - | 1,950,048 | (1,688,006) | - | (1,688,006) |
| Sanitation | 284,131 | - | - | - | (284,131) | - | (284,131) |
| Culture and recreation | 1,113,466 | - | - | - | (1,113,466) | - | (1,113,466) |
| Economic development | 1,004,966 | - | - | - | (1,004,966) | - | (1,004,966) |
| Health and welfare | 85,524 | - | - | - | (85,524) | - | (85,524) |
| Debt service | | | | | | | |
| Interest Expense | 309,524 | - | - | - | (309,524) | - | (309,524) |
| Total Governmental Activities | \$ 18,565,218 | \$ 1,261,842 | \$ 72,393 | \$ 1,950,048 | \$ (15,280,935) | | \$ (15,280,935) |
| Business Type Activities | | | | | | | |
| Loan Program | - | - | - | - | - | - | - |
| Total Business Type Activities | - | - | - | - | - | - | - |
| Total Primary Government | \$ 18,565,218 | \$ 1,261,842 | \$ 72,393 | \$ 1,950,048 | \$ (15,280,935) | \$ - | \$ (15,280,935) |
| General Revenues | | | | | | | |
| Income tax | | | | | 9,541,527 | - | 9,541,527 |
| Property tax levied for | | | | | | | |
| General purposes | | | | | 421,393 | - | 421,393 |
| Police pensions | | | | | 89,564 | - | 89,564 |
| Fire pensions | | | | | 89,564 | - | 89,564 |
| Other taxes | | | | | 50,059 | - | 50,059 |
| Payments in lieu of taxes | | | | | 43,041 | - | 43,041 |
| Shared revenues (unrestricted) | | | | | 657,429 | - | 657,429 |
| Intergovernmental revenue | | | | | 90,731 | - | 90,731 |
| Miscellaneous receipts | | | | | 530,165 | - | 530,165 |
| Investment earnings | | | | | 236,870 | 13,621 | 250,491 |
| Total General Revenues | | | | | 11,750,343 | 13,621 | 11,763,964 |
| Change in Net Assets | | | | | (3,530,592) | 13,621 | (3,516,971) |
| Net Assets - Beginning | | | | | 44,401,195 | 580,833 | 44,982,028 |
| Net Assets - Ending | | | | | \$ 40,870,603 | \$ 594,454 | \$ 41,465,057 |

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

| | Major Governmental Funds | | | | | Other Governmental Funds | Total Governmental Funds |
|--|--------------------------|-------------------------|------------------------|---|---------------------|--------------------------------|--------------------------------|
| | General Fund | Economic Development | Capital Improvement | Street Construction and Maintenance | T.I.F. | | |
| ASSETS | | | | | | | |
| Equity in Pooled Cash and Investments | \$ 4,980,263 | \$ 435,688 | \$ 4,184,068 | \$ 448,401 | \$ 222,070 | \$ 1,704,453 | \$ 11,974,943 |
| Receivables: | | | | | | | |
| Income Tax | 1,430,602 | - | 158,956 | - | - | - | 1,589,558 |
| Property Tax | 475,669 | - | - | - | - | 124,682 | 600,351 |
| Payment in Lieu of Tax | - | - | - | - | 427,500 | - | 427,500 |
| Accounts | 342,517 | - | - | - | - | 1,405 | 343,922 |
| Intergovernmental | 165,868 | - | 114,616 | 173,801 | - | 26,728 | 481,013 |
| Loans | - | 233,471 | - | - | - | - | 233,471 |
| Due from Other Funds | 845,000 | - | - | - | - | - | 845,000 |
| Inventories | 5,314 | - | - | 104,037 | - | - | 109,351 |
| Prepays | 83,005 | - | - | - | - | - | 83,005 |
| Land Held for Resale | - | - | - | - | 1,825,000 | - | 1,825,000 |
| Total Assets | 8,328,238 | 669,159 | 4,457,640 | 726,239 | 2,474,570 | 1,857,268 | 18,513,114 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | 62,259 | - | 31,967 | 20 | - | - | 94,246 |
| Salaries and Benefits Payable | 505,494 | - | - | 90,922 | - | 275,371 | 871,787 |
| Matured Compensated Absences Payable | 218,949 | - | - | 67,752 | - | - | 286,701 |
| Due to Other Funds | - | 845,000 | - | - | - | - | 845,000 |
| Deferred Revenue | 1,476,045 | - | 176,524 | 145,014 | 427,500 | 137,446 | 2,362,529 |
| Total Liabilities | 2,262,747 | 845,000 | 208,491 | 303,708 | 427,500 | 412,817 | 4,460,263 |
| FUND BALANCES: | | | | | | | |
| Nonspendable | | | | | | | |
| Materials and Supplies Inventory | 5,314 | - | - | 104,037 | - | - | 109,351 |
| Prepaid Items | 83,005 | - | - | - | - | - | 83,005 |
| Land Held for Resale | - | - | - | - | 1,825,000 | - | 1,825,000 |
| Restricted for: | | | | | | | |
| Law Enforcement | - | - | - | - | - | 278,154 | 278,154 |
| Cemetery Services | - | - | - | - | - | 123,572 | 123,572 |
| Debt Service | - | - | - | - | - | 153,728 | 153,728 |
| Street Repair and Maintenance | - | - | - | 318,494 | - | 923,577 | 1,242,071 |
| Economic Development | - | - | - | - | 222,070 | - | 222,070 |
| Committed for: | | | | | | | |
| Capital Projects | - | - | 4,249,149 | - | - | - | 4,249,149 |
| Assigned to: | | | | | | | |
| Unpaid Obligations | 307,031 | - | - | - | - | - | 307,031 |
| Recreation Services | 387,427 | - | - | - | - | - | 387,427 |
| Unassigned | 5,282,714 | (175,841) | - | - | - | (34,580) | 5,072,293 |
| Total Fund Balance | 6,065,491 | (175,841) | 4,249,149 | 422,531 | 2,047,070 | 1,444,451 | 14,052,851 |
| Total Liabilities and Fund Balances | \$ 8,328,238 | \$ 669,159 | \$ 4,457,640 | \$ 726,239 | \$ 2,474,570 | \$ 1,857,268 | \$ 18,513,114 |

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2011

| | | |
|---|-------------|---------------|
| Total Governmental Fund Balances | | \$ 14,052,851 |
| <i>Amounts reported for governmental activities in the statement of net assets are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 32,546,437 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | | |
| Municipal income taxes | 619,079 | |
| Property and other taxes | 47,610 | |
| Shared taxes and grants | 438,874 | |
| Charges for services | 241,165 | |
| Total | | 1,346,728 |
| Internal service fund is used by management to charge the costs of providing insurance as well as central services to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets | | 2,300,385 |
| Some liabilities, including long-term debt obligations and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds: | | |
| Accrued interest payable | (23,906) | |
| Compensated absences payable | (2,817,256) | |
| General obligations bonds payable | (5,775,000) | |
| Premium on bonds | (87,173) | |
| Capital lease obligation | (285,385) | |
| OPWC loans payable | (554,805) | |
| Total | | (9,543,525) |
| Bond issuance costs are expenditures in the funds but are reported as deferred charges in the statement of net assets and amortized over the life of the bonds. | | 167,727 |
| Net Assets of Governmental Activities | | \$ 40,870,603 |

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Major Governmental Funds | | | | | Other Governmental Funds | Total Governmental Funds |
|--|--------------------------|-------------------------|------------------------|---|------------------|--------------------------------|--------------------------------|
| | General Fund | Economic Development | Capital Improvement | Street Construction and Maintenance | T.I.F. | | |
| REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| Income | \$ 8,699,957 | \$ - | \$ 999,522 | \$ - | \$ - | \$ - | \$ 9,699,479 |
| Property | 417,657 | - | - | - | - | 177,964 | 595,621 |
| Other | 50,059 | - | - | - | - | - | 50,059 |
| Payment in Lieu of Taxes | - | - | - | - | 43,041 | - | 43,041 |
| Shared Revenues | 226,636 | - | - | 377,477 | - | 51,745 | 655,858 |
| Licenses and Permits | 10,246 | - | - | - | - | 845 | 11,091 |
| Charges for Services | 779,610 | - | - | - | - | 2,500 | 782,110 |
| Fines | 327,188 | - | - | - | - | 16,100 | 343,288 |
| Investment Earnings | 192,042 | - | - | (1,113) | 6,511 | 39,430 | 236,870 |
| Rents and Royalties | 11,846 | - | - | - | - | - | 11,846 |
| Intergovernmental | 263,010 | - | 1,950,048 | - | - | 5,752 | 2,218,810 |
| Miscellaneous | 484,949 | - | 14,901 | - | - | 482 | 500,332 |
| Total Revenues | 11,463,200 | - | 2,964,471 | 376,364 | 49,552 | 294,818 | 15,148,405 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | 3,087,993 | - | 37,000 | - | 26,324 | 2,310 | 3,153,627 |
| Public Safety | 7,435,935 | - | - | - | - | 996,853 | 8,432,788 |
| Highways and streets | 420,371 | - | - | 2,216,766 | - | - | 2,637,137 |
| Sanitation | 284,131 | - | - | - | - | - | 284,131 |
| Economic development | 179,449 | 171,373 | - | - | 638,979 | - | 989,801 |
| Health and welfare | 78,621 | - | - | - | - | - | 78,621 |
| Culture and recreation | 886,368 | - | - | - | - | - | 886,368 |
| Debt service: | | | | | | | |
| Principal | - | - | 174,990 | - | 30,000 | - | 204,990 |
| Interest | - | - | 53,394 | - | 253,961 | - | 307,355 |
| Capital Outlays: | | | | | | | |
| Highways and streets | - | - | 1,568,610 | - | - | - | 1,568,610 |
| Public Safety | - | - | 119,572 | - | - | - | 119,572 |
| Total Expenditures | 12,372,868 | 171,373 | 1,953,566 | 2,216,766 | 949,264 | 999,163 | 18,663,000 |
| Excess (deficiency) of Revenues Over (under) Expenditures | (909,668) | (171,373) | 1,010,905 | (1,840,402) | (899,712) | (704,345) | (3,514,595) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | 1,650,000 | - | 450,000 | 2,100,000 |
| Transfers out | (2,200,000) | - | - | - | - | - | (2,200,000) |
| Proceeds from the sale of capital assets | 17,987 | - | - | - | - | - | 17,987 |
| Total Other Financing Sources (Uses) | (2,182,013) | - | - | 1,650,000 | - | 450,000 | (82,013) |
| Net Change in Fund Balance | (3,091,681) | (171,373) | 1,010,905 | (190,402) | (899,712) | (254,345) | (3,596,608) |
| Fund Balance - Beginning, restated | 9,157,172 | (4,468) | 3,238,244 | 612,933 | 2,946,782 | 1,698,796 | 17,649,459 |
| Fund Balance - Ending | \$ 6,065,491 | \$ (175,841) | \$ 4,249,149 | \$ 422,531 | \$ 2,047,070 | \$ 1,444,451 | \$ 14,052,851 |

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net Change in Fund Balance - Total Governmental Funds \$ (3,596,608)

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

| | | |
|----------------|-------------|-----------|
| Capital outlay | 1,685,932 | |
| Depreciation | (2,005,572) | |
| Total | | (319,640) |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

| | | |
|---|---------|---------|
| General Obligation Bond payment | 30,000 | |
| Amortization of premium and bond issuance costs | (3,503) | |
| Capital lease payment | 138,635 | |
| OPWC loan payment | 36,355 | |
| Total | | 201,487 |

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 195,882

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, rather these revenues are deferred. (131,766)

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

These activities consist of:

| | | |
|--|---------|---------|
| Decrease in accrued interest payable | 1,334 | |
| Decrease in compensated absences payable | 118,719 | |
| Total | | 120,053 |

Change in Net Assets of Governmental Activities \$ (3,530,592)

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

| | Enterprise Fund Moraine Loan Program | Internal Service Funds |
|--|--|---------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Equity in Pooled Cash and Investments | \$ 588,607 | \$ 2,263,749 |
| Receivables: | | |
| Loans (net of Allowance for uncollectible) | 5,847 | - |
| Inventories | - | 148,510 |
| Total Assets | 594,454 | 2,412,259 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | - | 650 |
| Salaries and Benefits Payable | - | 17,145 |
| Compensated Absences Payable | - | 5,700 |
| Insurance Claims Payable | - | 53,087 |
| Total Current Liabilities | - | 76,582 |
| LONG-TERM LIABILITIES | | |
| Compensated Absences Payable | - | 35,292 |
| Total Liabilities | - | 111,874 |
| NET ASSETS | | |
| Unrestricted | 594,454 | 2,300,385 |
| Total Net Assets | \$ 594,454 | \$ 2,300,385 |

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | <u>Enterprise Fund</u> | |
|-------------------------------------|------------------------|----------------------|
| | <u>Moraine Loan</u> | <u>Internal</u> |
| | <u>Program</u> | <u>Service Funds</u> |
| Operating Revenues | | |
| Charges for Services | \$ - | \$ 2,111,930 |
| Miscellaneous | - | 22,506 |
| Total Operating Revenues | <u>-</u> | <u>2,134,436</u> |
| Operating Expenses | | |
| Current: | | |
| Cost of Services | - | 2,065,626 |
| Depreciation | - | 5,372 |
| Total Operating Expenses | <u>-</u> | <u>2,070,998</u> |
| Operating Income | <u>-</u> | <u>63,438</u> |
| Non-Operating Revenues | | |
| Investment earnings | 13,621 | 32,444 |
| Total Non-Operating Revenues | <u>13,621</u> | <u>32,444</u> |
| Income Before Transfers | 13,621 | 95,882 |
| Transfers in | <u>-</u> | <u>100,000</u> |
| Change in Net Assets | 13,621 | 195,882 |
| Total Net Assets - Beginning | 580,833 | 2,104,503 |
| Total Net Assets - Ending | <u>\$ 594,454</u> | <u>\$ 2,300,385</u> |

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Enterprise Fund Moraine Loan Program | Internal Service Funds |
|--|--|---------------------------|
| Cash Flows From Operating Activities | | |
| Cash received for services | \$ - | \$ 2,111,930 |
| Miscellaneous receipts & reimbursements | - | 22,506 |
| Cash paid to suppliers for goods or services | - | (1,883,884) |
| Cash paid to employees for services | - | (234,469) |
| Net cash provided by operating activities | - | 16,083 |
| Cash Flows From Non-Capital Financing Activities | | |
| Transfers In | - | 100,000 |
| Net cash provided by non-capital financing activities | - | 100,000 |
| Cash Flows From Investing Activities | | |
| Investment earnings | 13,621 | 32,444 |
| Net cash provided by investing activities | 13,621 | 32,444 |
| Net Change | 13,621 | 148,527 |
| Equity in Pooled Cash and Investments Beginning of Year | 574,986 | 2,115,222 |
| Equity in Pooled Cash and Investments End of Year | \$ 588,607 | \$ 2,263,749 |
| Reconciliation of Operating Income to Net Cash | | |
| Provided by Operating Activities | | |
| Operating income | \$ - | \$ 63,438 |
| Adjustments to reconcile operating income (loss) | | |
| to net cash provided (used) by operating activities: | | |
| Depreciation expense | - | 5,372 |
| Increase in inventories | - | (11,489) |
| Decrease in accounts payable | - | (25,763) |
| Increase in salaries and benefits payable | - | 2,676 |
| Increase in compensated absences payable | - | 6,141 |
| Decrease in insurance claims payable | - | (24,292) |
| Net cash provided by operating activities | \$ - | \$ 16,083 |

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2011

| | | Agency Funds |
|---------------------------------------|-----------|---------------|
| ASSETS | | |
| Equity in Pooled Cash and Investments | \$ | 44,217 |
| Cash in Segregated Accounts | | 27,437 |
| Total Assets | \$ | 71,654 |
| | | |
| LIABILITIES | | |
| Deposits | \$ | 45,682 |
| Due to Other Governments | | 23,951 |
| Escrow Bonds and Deposits | | 2,021 |
| Total Liabilities | \$ | 71,654 |

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 – DESCRIPTION OF CITY AND REPORTING ENTITY:

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

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds and departments which provide the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Moraine have been prepared in conformity with generally accepted accounting principles (GAAP) 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 business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and to its proprietary funds. The most significant of the City’s accounting policies are described below.

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 that provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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 a 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. Revenues 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 governmental function or business-type activity 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. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

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

Governmental Funds

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

General Fund - This fund is the operating fund of the City and is used to account 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 general laws of Ohio and the Charter of the City.

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

Street Construction and Maintenance - This fund is used to account for revenues and expenditures associated with construction and maintenance of the City's transportation infrastructure.

T.I.F. Fund - This fund is used to account for revenues and expenditures associated with a redevelopment of an area financed by tax increment financing and economic development of other areas within the City.

CITY OF MORAINE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

Proprietary Fund Types

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's fiduciary funds include agency funds only and account for undistributed receipts of the Moraine Mayor's Court and miscellaneous deposits received by the City.

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 operations of the City are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances report 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

CITY OF MORAIN, OHIO
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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 fund net assets. The statement of revenues, expenses and 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 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; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and 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. The available period for the City is thirty-one days after year-end.

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income tax, state-levied locally shared taxes (including local government assistance, gasoline tax and vehicle license tax), EMS charges for services, court fines and forfeitures, and investment earnings.

Unearned/Deferred Revenue

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance 2012 operations, have been recorded as unearned revenues. Special assessment installments which are measurable, but not available at December 31 are recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue to indicate they are not available to liquidate liabilities of the current period.

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 recorded when the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

Equity in Pooled Cash and Investments

To improve cash management, cash received by the City is pooled. Money for all funds, except the Health Insurance Program Fund, is maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pooled bank account is presented as "equity in pooled cash and investments" on the financial statements.

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

During the year, the City's investments included STAROhio. STAROhio is an investment pool managed by the State of Ohio's Treasurer's Office, which allows governments within Ohio to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2011.

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

Interest income is distributed to the funds according to ordinance and statutory requirements. Interest revenue reported in the statement of activities for 2011 amounted to \$250,491.

Supplies Inventory

Inventory consists of expendable supplies held for consumption. Inventories are presented at cost on first-in, first-out basis and are expended/expensed when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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Land Held for Resale

The City owns property that it has determined holds value to private developers. As a result, the City intends to sell the land and has classified the land as land held for resale in the T.I.F. fund at the net realizable value, which approximates fair market value as determined by the City at year end.

Capital Assets

Capital assets, which include property, infrastructure, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets utilized by governmental activities 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 in the respective fund financial statements with the enterprise funds capital assets being reported in the business-type activities column of the government-wide statement of net assets.

The City defines capital assets as those with an individual cost of more than \$3,000 except for improvements to infrastructure, which is \$50,000. All capital assets are capitalized at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are recorded at their fair market values as of the date received. Interest on constructed capital assets within the business-type activities is capitalized. When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements. The City's infrastructure consists of bridges, culverts, curbs, storm sewers and streets.

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

| | |
|---------------------------|-------------|
| Land Improvements | 20-25 years |
| Building and Improvements | 20-40 years |
| Machinery and Equipment | 2-25 years |
| Infrastructure | 20-50 years |

Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued based on guidelines set forth in GASB Statement No. 16 "Accounting for Compensated Absences". The vesting method was implemented and states that the City will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

expected to become eligible in the future to receive such payments. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, a liability for the amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In proprietary funds the entire amount of compensated absences is reported as a fund liability.

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, and compensated absences that will be paid from the governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment from current and available resources. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

Fund Balance

The City reports classifications of fund equity based on the purpose for which resources were received and the level of constraint placed on the resources. Nonspendable fund balance indicates resources that cannot be spent because they are not in a spendable form. Resources that have purpose constraints placed upon them by laws, regulations, creditors, grantors, or other external parties are considered available only for the purpose for which they were received and are reported as a restricted fund balance. The City may limit the use of unreserved resources and they may be reported as committed or assigned fund balance depending on at what level of governance the constraints were placed. With an affirmative vote of its members (through resolution or ordinance), the City Council may create funds for which resources are committed to the established purpose of that fund. Through the City's purchasing policy the Council has given the Finance Director the authority to constrain monies for intended purposes, which are reported as assigned fund balances. All other funds in spendable form not restricted, committed or assigned are reported as an unassigned fund balance.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

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 enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include various grant and other special revenue funds. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. At December 31, 2011, none of the City's net assets were restricted by enabling legislation.

CITY OF MORAINE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide goods or services that are the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

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 expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without 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. Repayment from funds responsible for particular expenditures/expenses to funds that initially paid for them are not presented on the financial statements.

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.

Budgetary Process

All funds, except for agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriation ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation 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 the Council at the department level with a detail breakdown by personal services, operating and capital expenditures/expenses. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the department level within each fund. Administrative control is maintained through the establishment of more detailed line-item budgets.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. 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 amended certificate at the time final appropriations were adopted.

The appropriation ordinance is subject to amendment by Council 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 covers the entire year plus 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.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 3 – DEPOSITS AND INVESTMENTS:

Monies of substantially all funds of the City are maintained or invested in a common group of bank accounts and STAROhio. This is done in order to limit the risk associated with the investments while providing for a reasonable market rate of return. Interest income is distributed to the funds according to local ordinances and statutory requirements.

The provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code govern the investment and deposit of City monies. In accordance with these provisions, only financial institutions located in Ohio, as well as primary and regional securities dealers are eligible to hold public deposits. The provisions also permit the City to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAROhio), obligations of the United States government or certain agencies thereof, bankers acceptance notes, and commercial paper. The City may also enter into repurchase agreements with any eligible depository for a period not exceeding five years.

Public depositories must give security for all public funds on deposit. According to the City's Deposit and Investment Policy, these institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities, the face value of which is at least 105 percent of the total value of public monies on deposit at the institution.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. Protection of the City's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institution.

At year end, the carrying amount of the City's deposits was \$1,610,264 and the bank balance was \$1,992,733. Of the bank balance, \$1,008,713 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", \$984,020 of the City's bank balance was exposed to custodial risk and was collateralized with securities held by the pledging financial institution.

CITY OF MORAINE, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2011

Investments

At year-end, the City had the following investments:

| Investment Type | Rating | Fair Value | Maturity | | | | |
|--------------------------------|--------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | | 6 months or less | 7 to 12 months | 13 to 18 months | 19 to 24 months | Two to five years |
| Federal Home Loan Mortgage | AA+ | \$ 602,019 | \$ 55,406 | \$ 213,594 | \$ 105,493 | \$ 55,009 | \$ 172,517 |
| Federal National Mortgage | AA+ | 5,263,676 | 175,967 | 137,304 | - | 109,946 | 4,840,459 |
| Federal Farm Credit Bank Notes | AA+ | 130,200 | 65,047 | 65,153 | - | - | - |
| Federal Home Loan Bank Notes | AA+ | 1,079,385 | 334,195 | 629,189 | 116,001 | - | - |
| Negotiable CD's | N/A | 5,844,477 | 1,060,486 | 1,581,442 | 1,149,552 | 1,341,228 | 711,769 |
| STAR Ohio | AAAm | 322,349 | 322,349 | - | - | - | - |
| US Treasury Money Market | N/A | 46,583 | 46,583 | - | - | - | - |
| | | <u>\$ 13,288,689</u> | <u>\$ 2,060,033</u> | <u>\$ 2,626,682</u> | <u>\$ 1,371,046</u> | <u>\$ 1,506,183</u> | <u>\$ 5,724,745</u> |

Interest Rate Risk – The City’s investment policy addresses interest rate risk by directing management to attempt to match the term to maturity of the investments with anticipated cash flow requirements and investing active deposits necessary for operating funds primarily in short term demand accounts and money market accounts or similar investments.

Credit Risk – The City’s investment policy restricts investments in obligations of the United States Treasury and Federal Agencies to direct obligations of the issuing entity. The City’s policy requires commercial paper to have a credit rating in the highest classification established by at least two nationally recognized standard rating services and the aggregate value of the notes cannot exceed ten per cent of the outstanding commercial paper of the issuing corporation. Bankers acceptances are restricted to those insured by the federal deposit insurance corporation, are eligible for purchase by the Federal Reserve System and the obligations mature not later than one hundred eighty days after purchase. The City’s investment in STAR Ohio has an AAm credit rating, as provided by Standard & Poor’s.

Custodial Credit Risk – For an investment, 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. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The City’s investment policy addresses concentration of credit risk by limiting the portfolio holding of allowable investments to the following percentages:

| <u>Diversification of Instrument</u> | <u>Maximum Percent Allowed</u> |
|--|--------------------------------|
| U.S. Treasury Obligations | 100% |
| Authorized U.S. Federal Agency Securities and U.S. Government-sponsored Corporations | 100% |
| Nonnegotiable Certificates of Deposit | 100% |
| Authorized Bankers Acceptance | 25% |
| STAR Ohio | 100% |
| Prime Commercial Paper | 25% |

CITY OF MORAINE, OHIO
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The following table includes percentage of each investment type held by the City at December 31, 2011:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Percent of Total</u> |
|--------------------------------|----------------------|-------------------------|
| Federal Home Loan Mortgage | \$ 602,019 | 4.53% |
| Federal National Mortgage | 5,263,676 | 39.61% |
| Federal Farm Credit Bank Notes | 130,200 | 0.98% |
| Federal Home Loan Bank Notes | 1,079,385 | 8.12% |
| Negotiable CD's | 5,844,477 | 43.98% |
| STAR Ohio | 322,349 | 2.43% |
| US Treasury Money Market | 46,583 | 0.35% |
| | <u>\$ 13,288,689</u> | <u>100.00%</u> |

NOTE 4– RECEIVABLES:

Receivables at December 31, 2011 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues and special assessments.

Property Taxes

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. Real property and public utility taxes collected during 2011 were levied on December 31, 2010 on assessed values listed as of January 1, 2010, the lien date. One-half of these taxes are due February 15, 2011 with the remaining balance due on July 15, 2011. Property tax payments received during 2011 for tangible personal property (other than public utility property) is for 2011 taxes.

Assessed values of real property are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The most recent revaluation was completed in 2008.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business railroad property was eliminated in 2009 and the tax on telephone and telecommunications property was eliminated in calendar year 2011. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The full tax rate for all City operations for the year ended December 31, 2011 was \$2.5 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

| | |
|---|-----------------------|
| Real Property Tax Assessed Valuation | \$ 154,952,530 |
| Public Utility Real Property Assessed Valuation | 336,480 |
| Public Utility Personal Property Assessed Valuation | <u>61,613,620</u> |
| Total | <u>\$ 216,902,630</u> |

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The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Moraine. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2011, and for which there is an enforceable legal claim. At the fund level, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the full accrual basis, collectible delinquent property taxes have been recorded as revenue.

Income Tax

The City levies a municipal income tax of two percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current income tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City monthly. Corporation and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By ordinance, Council has allocated 10% of all income taxes to the Capital Improvement Fund to help annual capital improvements.

Loans Receivable

The City operates a long-term home improvement loan program as an enterprise fund. Loans receivable at December 31, 2011 were \$5,847.

In 2001, as an economic development tool, the City began offering business loans that would be forgiven if the business met certain employment and financial conditions over the life of the loan. The first such loan was made during 2001. The loans receivable in the Economic Development Fund at December 31, 2011 were as follows:

| | |
|------------------------------|--------------------------|
| Loans Receivable, 12/31/2010 | \$ 349,844 |
| New Loans | 55,000 |
| Forgiven Loans | <u>(171,373)</u> |
| Loans Receivable, 12/31/2011 | <u><u>\$ 233,471</u></u> |

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 5 – CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2011 was as follows:

| | (Restated) Balance <u>12/31/10</u> | <u>Increases</u> | <u>Decreases</u> | Balance <u>12/31/11</u> |
|--|--|----------------------|-----------------------|----------------------------|
| <i>Governmental Activities</i> | | | | |
| Non-depreciable capital assets: | | | | |
| Land | \$ 10,865,745 | \$ - | \$ - | \$ 10,865,745 |
| Construction in Progress | 1,661,214 | 1,307,013 | (1,248,864) | 1,719,363 |
| Non-depreciable capital assets: | <u>12,526,959</u> | <u>1,307,013</u> | <u>(1,248,864)</u> | <u>12,585,108</u> |
| Depreciable capital assets: | | | | |
| Buildings and improvements | 12,554,571 | - | - | 12,554,571 |
| Equipment | 9,541,660 | 156,535 | (37,330) | 9,660,865 |
| Infrastructure | 25,694,599 | 1,471,248 | - | 27,165,847 |
| Depreciable capital assets: | <u>47,790,830</u> | <u>1,627,783</u> | <u>(37,330)</u> | <u>49,381,283</u> |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (6,930,122) | (372,876) | - | (7,302,998) |
| Equipment | (7,562,919) | (435,806) | 37,330 | (7,961,395) |
| Infrastructure | (12,953,299) | (1,202,262) | - | (14,155,561) |
| Accumulated depreciation | <u>(27,446,340)</u> | <u>(2,010,944)</u> * | <u>37,330</u> | <u>(29,419,954)</u> |
| Depreciable capital assets, net | <u>20,344,490</u> | <u>(383,161)</u> | <u>-</u> | <u>19,961,329</u> |
| Governmental activities capital assets, net | <u>\$ 32,871,449</u> | <u>\$ 923,852</u> | <u>\$ (1,248,864)</u> | <u>\$ 32,546,437</u> |

During fiscal year 2011, the City determined it owns property that is of value to private developers. As a result, the City restated the beginning balance of land and reclassified the value of that land as land held for resale in the T.I.F. fund (See Note 18).

Prior to the start of the 2010 season, the City decided not to open its water park, Splash! Moraine due to budgetary constraints. While the City hopes to re-open the facility in the future, there is no current timetable to do so. No impairment loss is recognized since the City is still performing normal, routine maintenance to ensure the asset does not lose value, other than normal depreciation, over time. The carrying value of this asset as of December 31, 2011 is \$321,490, of which, \$309,131 and \$12,359 is related to buildings and equipment, respectively.

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Depreciation expense was charged to governmental functions as follows:

* - Depreciation expense was charged to governmental functions as follows:

| | |
|--|---------------------|
| General government | \$ 159,606 |
| Public Safety | 435,587 |
| Highways and Streets | 1,163,301 |
| Culture and Recreation | 232,638 |
| Health and Welfare | 6,497 |
| Economic Development | <u>13,315</u> |
| Total depreciation expense - governmental activities | <u>\$ 2,010,944</u> |

Capital assets of the Internal Service City Garage Fund include machinery and equipment with a cost of \$173,851 and accumulated depreciation of \$173,851.

NOTE 6 – DEFINED BENEFIT PENSION PLANS:

Both the Ohio Police and Fire Pension Fund and the Ohio Public Employees Retirement System are reported using GASB Statement No. 27 “Accounting for Pensions by State and Local Governmental Employers”. Substantially all City employees are covered by one of the two cost-sharing multiple-employer defined benefit pension plans, namely, the Police and Fire Pension Fund or the Ohio Public Employees Retirement System of Ohio (OPERS). Both funds provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans discussed above. Separate divisions for law enforcement and public safety divisions exist only within the Traditional Plan. The 2011 member contribution rates were 10% of their annual salary for members in state and local classifications. The

CITY OF MORAINE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

2011 employer contribution rate for state and local employers was 14% of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2011, 2010, and 2009 were \$770,793, \$758,793, and \$692,157, respectively; 89% has been contributed for 2011 and 100% for 2010 and 2009.

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 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 for the plan. That report may be obtained by writing to Ohio Police & Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the city is required to contribute 19.5% for police officers and 24% for firefighters. The City's contributions to the fund for police officers and firefighters for the years ending December 31, 2011, 2010 and 2009 were \$989,698, \$995,255 and \$985,847, respectively; 72% has been contributed for 2011 and 100% for 2010 and 2009.

NOTE 7 – POSTEMPLOYMENT BENEFITS

Statement 45 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting by Employers for Post-employment benefits other than Pension," establishes standards for disclosure information for postemployment benefits other than pension benefits. Both OPERS and OP&F have post-employment benefits that meet the definition as described in GASB Statement 45.

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit postemployment 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 postemployment health care coverage.

In order to qualify for postemployment health care 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 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. 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 2011, state and local employers contributed at a rate of 14% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. Active members do not make contributions to the OPEB Plan.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines 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 health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Actual employer contributions for 2011, 2010 and 2009 which were used to fund postemployment benefits were \$220,227, \$275,534 and \$289,494, respectively; 89% has been contributed for 2011 and 100% for 2010 and 2009.

The Health Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006-2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final increase in January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care 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 dependent.

OP&F provides access to post-retirement health care 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 Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care 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.

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 payroll of active pension 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 covered payroll for police employer units and 24.0% 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 an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Service Code 401(h)

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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.

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 the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care 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 City's actual contributions for 2011, 2010 and 2009 that were used to fund postemployment benefits were \$311,883, \$312,784, and \$307,446 for police and firefighters, respectively; 72% has been contributed for 2011 and 100% for 2010 and 2009.

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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.

NOTE 8 – OTHER EMPLOYEE BENEFITS:

Compensated Absences

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, the City accrues a liability for sick leave and vacation when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined.

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. At termination or retirement, employees are paid at their full rate for 100% of their unused vacation. The obligation for accrued unpaid vacation time for the City as a whole amounted to \$1,001,324 at December 31, 2011.

Accumulated Unpaid Sick Leave

City employees earn sick leave at varying rates based upon length of service and when the employee was hired. Employees who have completed ten to twenty years of service and were hired prior to April 11, 1993 and have a sick leave balance are able to receive payment upon retirement of one hour for each two hours accumulated. For service beyond twenty years an employee would receive payment for each hour accumulated in that time. Employees hired after April 11, 1993 that have completed ten to twenty years of service are able to receive payment upon retirement of one hour for each three hours up to a maximum of 720 hours. For service beyond twenty years an employee would receive payment upon retirement of one hour for every three accumulated up to a maximum of 960 hours. Individuals leaving the employment of the City prior to retirement or at retirement with less than ten years of service lose their accumulated sick leave. The obligation for accrued unpaid sick leave for the City as a whole amounted to \$1,828,112.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 9 – RISK MANAGEMENT:

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

PEP financial data as of December 31, 2011 and 2010 was as follows:

Casualty & Property Coverage

| | <u>2011</u> | <u>2010</u> |
|---------------------------|----------------------|----------------------|
| Assets | \$ 33,362,404 | \$ 34,952,010 |
| Liabilities | <u>(14,187,273)</u> | <u>(14,320,812)</u> |
| Net Assets - Unrestricted | <u>\$ 19,175,131</u> | <u>\$ 20,631,198</u> |

Unpaid claims to be billed were approximately \$12.1 million in 2011 and \$12.4 million in 2010.

The Pool's membership increased from 454 members in 2010 to 455 members in 2011.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2011 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. Coverage has not changed and losses have not exceeded coverage the last three years.

Health Insurance Coverage

The City provides health insurance coverage for its employees. This program is accounted for in the Internal Service Health Insurance Program Fund. This coverage is provided by the City self-funding a portion of the program with the balance of coverage provided by stop loss coverage through Anthem Insurance Company. The stop loss carrier provides coverage as follows: the City paid all claims up to \$60,000 through July 31, 2011 and paid all claims up to \$75,000 from August 1, 2011 through December 31, 2011 per individual or \$2,485,184 in aggregate during the contract year, which runs from August 1 through July 31 of each year. The City expects that all claims will be settled within one year.

Stop loss reimbursement for the past three years:

| | <u>2011</u> | | <u>2010</u> | | <u>2009</u> |
|----|-------------|----|-------------|----|-------------|
| \$ | 11,247 | \$ | 29,072 | \$ | 109,646 |

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Below is a claims history for the past three years:

| | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|---------------------------------|--------------------|--------------------|--------------------|
| Claims liability at January 1 | \$ 77,379 | \$ 90,380 | \$ 186,914 |
| Claims incurred | 1,454,203 | 1,423,012 | 1,294,234 |
| Claims paid | <u>(1,478,495)</u> | <u>(1,436,013)</u> | <u>(1,390,768)</u> |
| Claims liability at December 31 | <u>\$ 53,087</u> | <u>\$ 77,379</u> | <u>\$ 90,380</u> |

NOTE 10 - LONG-TERM OBLIGATIONS:

The changes in the City's long-term liabilities for the year ended December 31, 2011, were as follows.

| | Beginning | | | Ending | Due within |
|---|---------------------|-------------------|-------------------|---------------------|-------------------|
| | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> | <u>One Year</u> |
| <i>Governmental Activities:</i> | | | | | |
| Various Purpose Infrastructure & Improv bonds | \$ 5,805,000 | \$ - | \$ 30,000 | \$ 5,775,000 | \$ 40,000 |
| Premium on Bonds | 90,963 | - | 3,790 | 87,173 | - |
| Ohio Public Works Commission - 0% | 591,160 | - | 36,355 | 554,805 | 50,210 |
| Capital Lease Obligation | 424,020 | - | 138,635 | 285,385 | 141,302 |
| Compensated absences | <u>2,970,826</u> | <u>174,123</u> | <u>286,701</u> | <u>2,858,248</u> | <u>606,063</u> |
| Total Governmental Activities | <u>\$ 9,881,969</u> | <u>\$ 174,123</u> | <u>\$ 495,481</u> | <u>\$ 9,560,611</u> | <u>\$ 837,575</u> |

On January 7, 2010 the City issued \$5,805,000 in various purpose infrastructure and improvement general obligation bonds. These bonds were issued to retire outstanding notes of \$5,300,000 that were originally issued for the purpose of designing, engineering, constructing and improving new and existing infrastructure. The issue is made up of serial and term bonds with interest rates between 2% and 5%. The bonds will mature on December 1, 2034. A portion of the debt service on the bonds will be paid from service payments in lieu of taxes made by certain property owners in the area benefited by the project. In the event TIF payments are insufficient to cover debt service, the City is responsible for the debt service payments.

The City has received two separate loans from the Ohio Public Works Commission (OPWC) to finance various projects. In 1996, the City borrowed \$784,000 from OPWC for street improvements. During 2009, the City borrowed \$450,000 also for street improvements. Both loans are interest free.

The compensated absences are liquidated from the General Fund, Parks and Recreation Fund, and the Street Construction and Maintenance Fund.

CITY OF MORAINE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Principal and interest requirement to retire the City's future long-term debt funding requirements are as follows:

| | Governmental Activities | | |
|-----------|--|---------------------|-------------------|
| | Various Purpose Infrastructure and Improvement Bonds | | OPWC |
| | Principal | Interest | Principal |
| 2012 | \$ 40,000 | \$ 253,961 | \$ 50,210 |
| 2013 | 50,000 | 253,361 | 50,210 |
| 2014 | 60,000 | 252,561 | 50,210 |
| 2015 | 185,000 | 251,561 | 50,210 |
| 2016 | 190,000 | 250,061 | 50,210 |
| 2017-2021 | 1,060,000 | 1,118,205 | 112,500 |
| 2022-2026 | 1,335,000 | 844,155 | 112,500 |
| 2027-2031 | 1,665,000 | 514,345 | 78,755 |
| 2032-2034 | <u>1,190,000</u> | <u>114,475</u> | <u>-</u> |
| Total | <u>\$5,775,000</u> | <u>\$ 3,852,685</u> | <u>\$ 554,805</u> |

NOTE 11 – CONDUIT DEBT OBLIGATIONS:

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. The City, the State, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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

NOTE 12 – OTHER LONG-TERM OBLIGATION:

The City has agreed to make the Bond payments less all hook-up fees for a sewer trunk line that Montgomery County installed to benefit a new industrial park in the City limits. The bond payments are billed to the City each year less all hook-up fees. The 2011 payment was \$76,556 and included \$37,000 in principal and \$39,556 in interest. These payments are recorded as expenses in the year that they are paid and no asset or long term liability is being carried on the City's books. The sewer belongs to and is maintained by Montgomery County.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 13 – CAPITAL LEASE:

The City previously entered into a lease agreement as lessee with Kansas State Bank for a new fire truck for \$693,399. The accumulated depreciation on the fire truck as of December 31, 2011 is \$161,793 resulting in a book value of \$531,606. The lease will be repaid over five years and qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore has been recorded at the present value of the future minimum lease payments as of the date of inception.

This lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the governmental fund.

The following is a schedule of the future minimum lease payments for the capital leases, and the present value of the future minimum lease payments at December 31, 2011:

| Year Ending December 31, | |
|---|------------|
| 2012 | \$ 149,707 |
| 2013 | 146,888 |
| Total Minimum Lease Payments | 296,595 |
| Less: Amount representing interest | (11,210) |
| Present value of minimum lease payments | \$ 285,385 |

NOTE 14 – INTERFUND ACTIVITY

Interfund transfers for the year ended December 31, 2011, consisted of the following:

| Transfer to Fund | Transfer from Fund | Amount |
|-------------------------------------|--------------------|--------------|
| City Garage | General | \$ 100,000 |
| Street Construction and Maintenance | General | 1,650,000 |
| Other Governmental | General | 450,000 |
| | | \$ 2,200,000 |

Transfers are used to move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorization.

Due From/To Other Funds is recorded in the General Fund and Economic Development Fund for \$845,000. The outstanding balance between funds is the result of a working capital loan to the Economic Development Fund. None of the balance is scheduled to be collected in the subsequent year.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 15 – CONTINGENT LIABILITIES:

Litigation

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

Federal and State Grants

For the period January 1, 2011 to December 31, 2011, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 16 – COMPLIANCE AND ACCOUNTABILITY:

At December 31, 2011, the Economic Development Fund had a deficit fund balance of \$175,841 and the Fire Pension Fund had a deficit fund balance of \$34,580. The deficits occurred as a result of current year accruals being recognized and deficits do not exist on a cash basis. The General Fund provides transfers to cover fund deficit balances; however, this is done when cash is needed and not when accruals occur.

NOTE 17 – OTHER COMMITMENTS

At December 31, 2011, significant encumbrances outstanding in the General Fund and Capital Improvement fund were \$267,884 and \$118,903, respectively.

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT OF FUND BALANCE

For fiscal year 2011, the City implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” The implementation of this standard did not affect the calculation of the City’s fund balance but it shifts the focus of fund balance reporting from availability of fund resources to the extent to which the City is bound to honor constraints on the purpose for which amounts can be spent. This standard also clarified the definition of governmental fund types. Implementation of this standard had the following effect on the fund balance of major and nonmajor funds as previously reported.

| | General | Nonmajor Governmental |
|--|---------------------|--------------------------|
| Fund Balance at December 31, 2010 | \$ 8,727,510 | \$ 2,741,391 |
| Change in Fund Structure | 429,662 | (429,662) |
| Adjusted Fund Balance at December 31, 2010 | <u>\$ 9,157,172</u> | <u>\$ 2,311,729</u> |

CITY OF MORAINE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

During fiscal year 2011, the City determined it owns property that holds value to private developers. As a result, the City intends to sell the land and has classified the land as land held for resale in the T.I.F. fund. The change in classification of this land from non-depreciable assets of the City to land held for resale caused the fund balance in the T.I.F. fund to be restated as follows:

| | <u>T.I.F. Fund</u> |
|--|---------------------|
| Fund Balance at December 31, 2010 | \$ 44,482 |
| Land Held for Resale | <u>2,902,300</u> |
| Adjusted Fund Balance at December 31, 2010 | <u>\$ 2,946,782</u> |

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------|--------------------|-------------------|-------------------|--|
| REVENUES | | | | |
| Taxes: | | | | |
| Income | \$ 9,401,000 | \$ 9,401,000 | \$ 8,682,395 | \$ (718,605) |
| Property | 535,200 | 535,200 | 411,518 | (123,682) |
| Other | 15,000 | 15,000 | 50,059 | 35,059 |
| Shared Revenues | 391,831 | 300,400 | 254,946 | (45,454) |
| License and Permits | 11,000 | 11,000 | 10,424 | (576) |
| Charges for Services | 315,000 | 315,000 | 591,681 | 276,681 |
| Fines | 256,650 | 256,650 | 337,284 | 80,634 |
| Investment Earnings | 400,000 | 400,000 | 291,097 | (108,903) |
| Rents and Royalties | 12,000 | 12,000 | 12,446 | 446 |
| Intergovernmental | 141,850 | 141,850 | 169,282 | 27,432 |
| Miscellaneous | 118,400 | 118,400 | 474,372 | 355,972 |
| Total Revenues | <u>11,597,931</u> | <u>11,506,500</u> | <u>11,285,504</u> | <u>(220,996)</u> |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| Council: | | | | |
| Personnel services | 18,333 | 18,333 | 11,707 | 6,626 |
| General operating expenses | 15,763 | 15,763 | 13,135 | 2,628 |
| Total Council | <u>34,096</u> | <u>34,096</u> | <u>24,842</u> | <u>9,254</u> |
| Clerk of Council | | | | |
| Personnel services | 66,250 | 66,250 | 58,484 | 7,766 |
| General operating expenses | 4,367 | 4,367 | 4,234 | 133 |
| Total Clerk of Council | <u>70,617</u> | <u>70,617</u> | <u>62,718</u> | <u>7,899</u> |
| City Manager | | | | |
| Personnel services | 319,360 | 319,360 | 294,722 | 24,638 |
| General operating expenses | 38,564 | 38,564 | 21,226 | 17,338 |
| Total City Manager | <u>357,924</u> | <u>357,924</u> | <u>315,948</u> | <u>41,976</u> |
| Clerk of Courts | | | | |
| Personnel services | 141,430 | 141,430 | 120,380 | 21,050 |
| General operating expenses | 26,712 | 26,712 | 24,585 | 2,127 |
| Total Clerk of Courts | <u>168,142</u> | <u>168,142</u> | <u>144,965</u> | <u>23,177</u> |
| Law Director | | | | |
| General operating expenses | 219,588 | 219,588 | 127,685 | 91,903 |
| Total Law Director | <u>219,588</u> | <u>219,588</u> | <u>127,685</u> | <u>91,903</u> |

(continued)

CITY OF MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011
(continued)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-------------------------------------|--------------------|------------------|------------------|--|
| Merit Service | | | | |
| General operating expenses | 10,000 | 10,000 | - | 10,000 |
| Total Merit Service | <u>10,000</u> | <u>10,000</u> | <u>-</u> | <u>10,000</u> |
| Mayor | | | | |
| Personnel services | 12,742 | 12,742 | 12,082 | 660 |
| General operating expenses | 6,050 | 6,050 | 3,186 | 2,864 |
| Total Mayor | <u>18,792</u> | <u>18,792</u> | <u>15,268</u> | <u>3,524</u> |
| Finance | | | | |
| Personnel services | 554,945 | 554,945 | 398,157 | 156,788 |
| General operating expenses | 69,406 | 69,406 | 59,982 | 9,424 |
| Total Finance | <u>624,351</u> | <u>624,351</u> | <u>458,139</u> | <u>166,212</u> |
| Information Center | | | | |
| Personnel services | 114,060 | 114,060 | 102,795 | 11,265 |
| Total Information Center | <u>114,060</u> | <u>114,060</u> | <u>102,795</u> | <u>11,265</u> |
| Public Buildings | | | | |
| Personnel services | 790,201 | 790,201 | 677,169 | 113,032 |
| General operating expenses | 706,360 | 706,360 | 431,761 | 274,599 |
| Total Public Buildings | <u>1,496,561</u> | <u>1,496,561</u> | <u>1,108,930</u> | <u>387,631</u> |
| General Miscellaneous | | | | |
| Personnel services | 506,932 | 506,932 | 123,098 | 383,834 |
| General operating expenses | 552,557 | 552,557 | 462,423 | 90,134 |
| Total General Miscellaneous | <u>1,059,489</u> | <u>1,059,489</u> | <u>585,521</u> | <u>473,968</u> |
| Information Technology | | | | |
| Personnel services | 116,020 | 116,020 | 102,140 | 13,880 |
| General operating expenses | 189,157 | 189,157 | 175,715 | 13,442 |
| Total Information Technology | <u>305,177</u> | <u>305,177</u> | <u>277,855</u> | <u>27,322</u> |
| Human Resources | | | | |
| Personnel services | 2,000 | 2,000 | - | 2,000 |
| General operating expenses | 91,929 | 91,929 | 57,166 | 34,763 |
| Total Human Resources | <u>93,929</u> | <u>93,929</u> | <u>57,166</u> | <u>36,763</u> |
| TOTAL GENERAL GOVERNMENT | <u>4,572,726</u> | <u>4,572,726</u> | <u>3,281,832</u> | <u>1,290,894</u> |

(continued)

CITY OF MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011
(continued)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|------------------|------------------|--|
| PUBLIC SAFETY | | | | |
| Police | | | | |
| Personnel services | 4,207,684 | 3,782,684 | 3,458,373 | 324,311 |
| General operating expenses | 585,004 | 592,821 | 533,863 | 58,958 |
| Total Police | <u>4,792,688</u> | <u>4,375,505</u> | <u>3,992,236</u> | <u>383,269</u> |
| Fire | | | | |
| Personnel services | 3,954,017 | 3,429,017 | 2,983,635 | 445,382 |
| General operating expenses | 449,127 | 446,127 | 306,459 | 139,668 |
| Total Fire | <u>4,403,144</u> | <u>3,875,144</u> | <u>3,290,094</u> | <u>585,050</u> |
| Civil Defense | | | | |
| General operating expenses | 11,650 | 11,650 | 12,621 | (971) |
| Total Civil Defense | <u>11,650</u> | <u>11,650</u> | <u>12,621</u> | <u>(971)</u> |
| TOTAL PUBLIC SAFETY | <u>9,207,482</u> | <u>8,262,299</u> | <u>7,294,951</u> | <u>967,348</u> |
| HIGHWAYS AND STREETS | | | | |
| Engineering | | | | |
| Personnel services | 155,900 | 155,900 | 131,260 | 24,640 |
| General operating expenses | 122,286 | 122,286 | 90,995 | 31,291 |
| Total Engineering | <u>278,186</u> | <u>278,186</u> | <u>222,255</u> | <u>55,931</u> |
| Street Lighting | | | | |
| General operating expenses | 301,640 | 301,640 | 240,039 | 61,601 |
| Total Street Lighting | <u>301,640</u> | <u>301,640</u> | <u>240,039</u> | <u>61,601</u> |
| TOTAL HIGHWAYS AND STREETS | <u>579,826</u> | <u>579,826</u> | <u>462,294</u> | <u>117,532</u> |
| SANITATION | | | | |
| Waste Collection | | | | |
| General operating expenses | 384,421 | 384,421 | 334,303 | 50,118 |
| Total Waste Collection | <u>384,421</u> | <u>384,421</u> | <u>334,303</u> | <u>50,118</u> |
| TOTAL SANITATION | <u>384,421</u> | <u>384,421</u> | <u>334,303</u> | <u>50,118</u> |
| HEALTH AND WELFARE | | | | |
| Health & Alcoholism | | | | |
| General operating expenses | 2,000 | 2,000 | 1,179 | 821 |
| Total Health & Alcoholism | <u>2,000</u> | <u>2,000</u> | <u>1,179</u> | <u>821</u> |
| Board of Zoning Appeals | | | | |
| General operating expenses | 832 | 832 | 441 | 391 |
| Total Board of Zoning Appeals | <u>832</u> | <u>832</u> | <u>441</u> | <u>391</u> |

(continued)

CITY OF MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011
(continued)

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------|--------------|--|
| Building Inspection | | | | |
| Personnel services | 69,385 | 69,385 | 64,388 | 4,997 |
| General operating expenses | 42,452 | 42,452 | 26,756 | 15,696 |
| Total Building Inspection | 111,837 | 111,837 | 91,144 | 20,693 |
| TOTAL HEALTH AND WELFARE | 114,669 | 114,669 | 92,764 | 21,905 |
| CULTURE-RECREATION | | | | |
| Senior Citizens | | | | |
| General operating expenses | 5,000 | 5,000 | 5,000 | - |
| Total Senior Citizens | 5,000 | 5,000 | 5,000 | - |
| TOTAL CULTURE-RECREATION | 5,000 | 5,000 | 5,000 | - |
| ECONOMIC DEVELOPMENT AND ASSISTANCE | | | | |
| Planning | | | | |
| Personnel services | 179,190 | 179,190 | 159,091 | 20,099 |
| General operating expenses | 39,483 | 39,483 | 22,041 | 17,442 |
| Total Planning | 218,673 | 218,673 | 181,132 | 37,541 |
| Planning Commission | | | | |
| General operating expenses | 5,736 | 5,736 | 3,473 | 2,263 |
| Total Planning Commission | 5,736 | 5,736 | 3,473 | 2,263 |
| TOTAL ECONOMIC DEVELOPMENT AND ASSISTANCE | 224,409 | 224,409 | 184,605 | 39,804 |
| TOTAL EXPENDITURES | 15,088,533 | 14,143,350 | 11,655,749 | 2,487,601 |
| Excess (deficiency) of revenues over (under) expenditures | (3,490,602) | (2,636,850) | (370,245) | 2,266,605 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (3,560,000) | (3,285,563) | (2,800,000) | 485,563 |
| Proceeds from the sale of capital assets | - | 25,000 | 17,987 | (7,013) |
| Total Other Financing Sources (Uses) | (3,560,000) | (3,260,563) | (2,782,013) | 478,550 |
| Net Change in Fund Balance | (7,050,602) | (5,897,413) | (3,152,258) | 2,745,155 |
| Fund Balance - Beginning | 6,932,979 | 6,932,979 | 6,932,979 | - |
| Encumbrances | 309,011 | 309,011 | 309,011 | - |
| Fund Balance - Ending | \$ 191,388 | \$ 1,344,577 | \$ 4,089,732 | \$ 2,745,155 |

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO
ECONOMIC DEVELOPMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|-------------------|-------------------|---|
| REVENUES | | | | |
| Intergovernmental | \$ 400,000 | \$ 400,000 | \$ - | \$ (400,000) |
| Total Revenues | <u>400,000</u> | <u>400,000</u> | <u>-</u> | <u>(400,000)</u> |
| EXPENDITURES | | | | |
| Economic Development | 892,500 | 392,500 | 88,962 | 303,538 |
| Total Expenditures | <u>892,500</u> | <u>392,500</u> | <u>88,962</u> | <u>303,538</u> |
| Net Change in Fund Balance | (492,500) | 7,500 | (88,962) | (96,462) |
| Fund Balance - Beginning | 469,650 | 469,650 | 469,650 | - |
| Encumbrances | 27,500 | 27,500 | 27,500 | - |
| Fund Balance - Ending | <u>\$ 4,650</u> | <u>\$ 504,650</u> | <u>\$ 408,188</u> | <u>\$ (96,462)</u> |

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO
STREET CONSTRUCTION AND MAINTENANCE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|--|
| REVENUES | | | | |
| Shared Revenues | \$ 400,000 | \$ 400,000 | \$ 378,488 | \$ (21,512) |
| Investment Earnings | 6,000 | 6,000 | 5,093 | (907) |
| Total Revenues | <u>406,000</u> | <u>406,000</u> | <u>383,581</u> | <u>(22,419)</u> |
| EXPENDITURES | | | | |
| Highways and Streets | | | | |
| Personnel Services | 2,040,867 | 2,040,867 | 1,792,568 | 248,299 |
| General Operating Expenses | 536,436 | 536,436 | 403,683 | 132,753 |
| Total Highways and Streets | <u>2,577,303</u> | <u>2,577,303</u> | <u>2,196,251</u> | <u>381,052</u> |
| Total Expenditures | <u>2,577,303</u> | <u>2,577,303</u> | <u>2,196,251</u> | <u>381,052</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,171,303)</u> | <u>(2,171,303)</u> | <u>(1,812,670)</u> | <u>358,633</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 1,700,000 | 1,700,000 | 1,650,000 | (50,000) |
| Total Other Financing Sources (Uses) | <u>1,700,000</u> | <u>1,700,000</u> | <u>1,650,000</u> | <u>(50,000)</u> |
| Net Change in Fund Balance | (471,303) | (471,303) | (162,670) | 308,633 |
| Fund Balance - Beginning | 578,121 | 578,121 | 578,121 | - |
| Encumbrances | 23,486 | 23,486 | 23,486 | - |
| Fund Balance - Ending | <u>\$ 130,304</u> | <u>\$ 130,304</u> | <u>\$ 438,937</u> | <u>\$ 308,633</u> |

See accompanying notes to the required supplementary information

CITY OF MORAIN, OHIO
T. I. F. FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|-------------------|---|
| REVENUES | | | | |
| Payments in lieu of taxes | \$ 245,000 | \$ 245,000 | \$ 43,041 | \$ (201,959) |
| Investment Earnings | 2,500 | 2,500 | 3,847 | 1,347 |
| Total Revenues | <u>247,500</u> | <u>247,500</u> | <u>46,888</u> | <u>(200,612)</u> |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| Engineer: | | | | |
| General operating expenses | 1,200 | 1,200 | 26,324 | (25,124) |
| Debt Service | | | | |
| Principal Retirement | 30,000 | 30,000 | 30,000 | - |
| Interest | 253,970 | 253,970 | 253,961 | 9 |
| Total Expenditures | <u>285,170</u> | <u>285,170</u> | <u>310,285</u> | <u>(25,115)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(37,670)</u> | <u>(37,670)</u> | <u>(263,397)</u> | <u>(225,727)</u> |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from the sale of capital assets | - | - | 438,321 | 438,321 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>438,321</u> | <u>438,321</u> |
| Net Change in Fund Balance | (37,670) | (37,670) | 174,924 | 212,594 |
| Fund Balance - Beginning | 43,501 | 43,501 | 43,501 | - |
| Fund Balance - Ending | <u>\$ 5,831</u> | <u>\$ 5,831</u> | <u>\$ 218,425</u> | <u>\$ 212,594</u> |

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO

Notes to Required Supplementary Information
For the Year Ended December 31, 2011

NOTE A-BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balances 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 Balance – Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and GAAP basis are as follows:

Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP Basis).

Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budgetary basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

Some funds are included in the General fund (GAAP basis), but have separate legally adopted budgets (budgetary basis).

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

| | Net Change in Fund Balance | | | |
|--------------------------|----------------------------|---------------------------------|--|--------------------|
| | <u>General</u> | <u>Economic Development</u> | <u>Street Construction and Maintenance</u> | <u>T.I.F. Fund</u> |
| GAAP Basis | \$ (3,091,681) | (171,373) | (190,402) | (899,712) |
| Revenue Accruals | 103,616 | - | 7,217 | (2,664) |
| Expenditure Accruals | 71,094 | 109,911 | 20,515 | 638,979 |
| Encumbrances | (267,884) | (27,500) | - | - |
| Other Financing Sources | - | - | - | 438,321 |
| Funds Budgeted Elsewhere | <u>32,597</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Budget Basis | \$ <u>(3,152,258)</u> | <u>(88,962)</u> | <u>(162,670)</u> | <u>174,924</u> |

**COMBINING FINANCIAL STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

CITY OF MORAIN, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

| | <u>Nonmajor Special Revenue Funds</u> | <u>Nonmajor Debt Service Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|---|---------------------------------------|--|
| ASSETS | | | |
| Equity in Pooled Cash and Investments | \$ 1,550,725 | \$ 153,728 | \$ 1,704,453 |
| Receivables: | | | |
| Property Tax | 124,682 | - | 124,682 |
| Accounts | 1,405 | - | 1,405 |
| Intergovernmental | 26,728 | - | 26,728 |
| Total Assets | <u>1,703,540</u> | <u>153,728</u> | <u>1,857,268</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Salaries and Benefits Payable | 275,371 | - | 275,371 |
| Deferred Revenue | 137,446 | - | 137,446 |
| Total Liabilities | <u>412,817</u> | <u>-</u> | <u>412,817</u> |
| FUND BALANCES | | | |
| Restricted for: | | | |
| Law Enforcement | 278,154 | - | 278,154 |
| Cemetery Services | 123,572 | - | 123,572 |
| Debt Service | - | 153,728 | 153,728 |
| Street Repair and Maintenance | 923,577 | - | 923,577 |
| Unassigned | (34,580) | - | (34,580) |
| Total Fund Balance | <u>1,290,723</u> | <u>153,728</u> | <u>1,444,451</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,703,540</u> | <u>\$ 153,728</u> | <u>\$ 1,857,268</u> |

CITY OF MORAIN, OHIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ended December 31, 2011

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Fund | Total Nonmajor Governmental Funds |
|--|-----------------------------------|-------------------------------|--------------------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ 177,964 | \$ - | \$ 177,964 |
| Shared Revenues | 51,745 | - | 51,745 |
| Licenses and Permits | 845 | - | 845 |
| Charges for Services | 2,500 | - | 2,500 |
| Fines | 16,100 | - | 16,100 |
| Investment Earnings | 36,145 | 3,285 | 39,430 |
| Intergovernmental | 5,752 | - | 5,752 |
| Miscellaneous | 482 | - | 482 |
| Total Revenues | 291,533 | 3,285 | 294,818 |
| EXPENDITURES | | | |
| General government | 2,310 | - | 2,310 |
| Public Safety | 996,853 | - | 996,853 |
| Total Expenditures | 999,163 | - | 999,163 |
| Excess (deficiency) of revenues over (under) expenditures | (707,630) | 3,285 | (704,345) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 450,000 | - | 450,000 |
| Net Change in Fund Balance | (257,630) | 3,285 | (254,345) |
| Fund Balance - Beginning, restated | 1,548,353 | 150,443 | 1,698,796 |
| Fund Balance - Ending | \$ 1,290,723 | \$ 153,728 | \$ 1,444,451 |

CITY OF MORAINE, OHIO
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 December 31, 2011

| | State Highway Improvement | Cemetery | Motor Vehicle License Tax | Enforcement and Education | Police Pension | Fire Pension | Federal Law Enforcement | State Law Enforcement | Drug Law Enforcement | Total Nonmajor Special Revenue Funds |
|--|---------------------------|-------------------|---------------------------|---------------------------|-------------------|-------------------|-------------------------|-----------------------|----------------------|--------------------------------------|
| ASSETS | | | | | | | | | | |
| Equity in Pooled Cash and Investments | \$ 751,827 | \$ 123,572 | \$ 167,909 | \$ 59,920 | \$ 129,799 | \$ 102,072 | \$ 73,451 | \$ 100,050 | \$ 42,125 | \$ 1,550,725 |
| Receivables: | | | | | | | | | | |
| Property Tax | - | - | - | - | 62,341 | 62,341 | - | - | - | 124,682 |
| Accounts | - | 1,405 | - | - | - | - | - | - | - | 1,405 |
| Intergovernmental | 14,093 | - | 9,749 | - | 1,443 | 1,443 | - | - | - | 26,728 |
| Total Assets | 765,920 | 124,977 | 177,658 | 59,920 | 193,583 | 165,856 | 73,451 | 100,050 | 42,125 | 1,703,540 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | | | |
| Salaries and Benefits Payable | - | - | - | - | 132,955 | 142,416 | - | - | - | 275,371 |
| Deferred Revenue | 11,759 | 1,405 | 8,242 | - | 58,020 | 58,020 | - | - | - | 137,446 |
| Total Current Liabilities | 11,759 | 1,405 | 8,242 | - | 190,975 | 200,436 | - | - | - | 412,817 |
| FUND BALANCES | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Law Enforcement | - | - | - | 59,920 | 2,608 | - | 73,451 | 100,050 | 42,125 | 278,154 |
| Cemetery Services | - | 123,572 | - | - | - | - | - | - | - | 123,572 |
| Street Repair and Maintenance | 754,161 | - | 169,416 | - | - | - | - | - | - | 923,577 |
| Unassigned | - | - | - | - | - | (34,580) | - | - | - | (34,580) |
| Total Fund Balance | 754,161 | 123,572 | 169,416 | 59,920 | 2,608 | (34,580) | 73,451 | 100,050 | 42,125 | 1,290,723 |
| Total Liabilities and Fund Balances | \$ 765,920 | \$ 124,977 | \$ 177,658 | \$ 59,920 | \$ 193,583 | \$ 165,856 | \$ 73,451 | \$ 100,050 | \$ 42,125 | \$ 1,703,540 |

CITY OF MORAINE, OHIO
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended December 31, 2011

| | State Highway Improvement | Cemetery | Motor Vehicle License Tax | Enforcement and Education | Police Pension | Fire Pension | Federal Law Enforcement | State Law Enforcement | Drug Law Enforcement | Total Nonmajor Special Revenue Funds |
|--|---------------------------|-------------------|---------------------------|---------------------------|------------------|--------------------|-------------------------|-----------------------|----------------------|--------------------------------------|
| REVENUES | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property | - | - | - | - | \$ 88,982 | \$ 88,982 | \$ - | \$ - | \$ - | \$ 177,964 |
| Shared Revenues | 30,606 | - | 21,139 | - | - | - | - | - | - | 51,745 |
| Licenses and Permits | - | - | - | 845 | - | - | - | - | - | 845 |
| Charges for Services | - | 2,500 | - | - | - | - | - | - | - | 2,500 |
| Fines | - | - | - | - | - | - | 6,945 | 9,155 | - | 16,100 |
| Investment Earnings | 16,250 | 2,630 | 3,713 | 1,282 | 3,855 | 3,788 | 1,531 | 2,196 | 900 | 36,145 |
| Intergovernmental | - | - | - | - | 2,876 | 2,876 | - | - | - | 5,752 |
| Miscellaneous | - | 482 | - | - | - | - | - | - | - | 482 |
| Total Revenues | 46,856 | 5,612 | 24,852 | 2,127 | 95,713 | 95,646 | 8,476 | 11,351 | 900 | 291,533 |
| EXPENDITURES | | | | | | | | | | |
| General government | - | 2,310 | - | - | - | - | - | - | - | 2,310 |
| Public Safety | - | - | - | 1,587 | 483,211 | 509,555 | 2,500 | - | - | 996,853 |
| Total Expenditures | - | 2,310 | - | 1,587 | 483,211 | 509,555 | 2,500 | - | - | 999,163 |
| Excess (deficiency) of Revenues Over (under) Expenditures | 46,856 | 3,302 | 24,852 | 540 | (387,498) | (413,909) | 5,976 | 11,351 | 900 | (707,630) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in | - | - | - | - | 225,000 | 225,000 | - | - | - | 450,000 |
| Net Change in Fund Balance | 46,856 | 3,302 | 24,852 | 540 | (162,498) | (188,909) | 5,976 | 11,351 | 900 | (257,630) |
| Fund Balance - Beginning, restated | 707,305 | 120,270 | 144,564 | 59,380 | 165,106 | 154,329 | 67,475 | 88,699 | 41,225 | 1,548,353 |
| Fund Balance - Ending | <u>\$ 754,161</u> | <u>\$ 123,572</u> | <u>\$ 169,416</u> | <u>\$ 59,920</u> | <u>\$ 2,608</u> | <u>\$ (34,580)</u> | <u>\$ 73,451</u> | <u>\$ 100,050</u> | <u>\$ 42,125</u> | <u>\$ 1,290,723</u> |

CITY OF MORAIN, OHIO
STATE HIGHWAY IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|--------------------|-------------------|-------------------|--|
| REVENUES | | | | |
| Shared Revenues | \$ 18,500 | \$ 18,500 | \$ 30,688 | \$ 12,188 |
| Investment Earnings | 20,000 | 20,000 | 19,454 | (546) |
| Total Revenues | <u>38,500</u> | <u>38,500</u> | <u>50,142</u> | <u>11,642</u> |
| Net Change in Fund Balance | 38,500 | 38,500 | 50,142 | 11,642 |
| Fund Balance - Beginning | 689,343 | 689,343 | 689,343 | - |
| Fund Balance - Ending | <u>\$ 727,843</u> | <u>\$ 727,843</u> | <u>\$ 739,485</u> | <u>\$ 11,642</u> |

CITY OF MORAIN, OHIO

CEMETER, FUND

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|----------------------------|---------------------|-------------------|---|
| REVENUES | | | | |
| Charges for Services | \$ 4,000 | \$ 4,000 | \$ 2,600 | \$ (1,400) |
| Investment Earnings | 2,700 | 2,700 | 3,254 | 554 |
| Miscellaneous | 3,000 | 3,000 | 382 | (2,618) |
| Total Revenues | <u>9,700</u> | <u>9,700</u> | <u>6,236</u> | <u>(3,464)</u> |
| | | | | |
| EXPENDITURES | | | | |
| General Government | <u>15,822</u> | <u>15,822</u> | <u>2,310</u> | <u>13,512</u> |
| Total Expenditures | <u>15,822</u> | <u>15,822</u> | <u>2,310</u> | <u>13,512</u> |
| | | | | |
| Net Change in Fund Balance | (6,122) | (6,122) | 3,926 | 10,048 |
| | | | | |
| Fund Balance - Beginning | 111,546 | 111,546 | 111,546 | - |
| Encumbrances | 8,072 | 8,072 | 8,072 | - |
| Fund Balance - Ending | <u>\$ 113,496</u> | <u>\$ 113,496</u> | <u>\$ 123,544</u> | <u>\$ 10,048</u> |

CITY OF MORAIN, OHIO
MOTOR VEHICLE LICENSE TAX FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|-------------------|-------------------|--|
| REVENUES | | | | |
| Shared Revenues | \$ 21,000 | \$ 21,000 | \$ 20,954 | \$ (46) |
| Investment Earnings | 3,000 | 3,000 | 4,116 | 1,116 |
| Total Revenues | <u>24,000</u> | <u>24,000</u> | <u>25,070</u> | <u>1,070</u> |
| EXPENDITURES | | | | |
| Highways and Streets | 8,000 | 8,000 | - | 8,000 |
| Total Expenditures | <u>8,000</u> | <u>8,000</u> | <u>-</u> | <u>8,000</u> |
| Net Change in Fund Balance | 16,000 | 16,000 | 25,070 | 9,070 |
| Fund Balance - Beginning | 140,083 | 140,083 | 140,083 | - |
| Fund Balance - Ending | <u>\$ 156,083</u> | <u>\$ 156,083</u> | <u>\$ 165,153</u> | <u>\$ 9,070</u> |

CITY OF MORAIN, OHIO
ENFORCEMENT AND EDUCATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|------------------|------------------|--|
| REVENUES | | | | |
| License and Permits | \$ 1,200 | \$ 1,200 | \$ 845 | \$ (355) |
| Investment Earnings | 1,000 | 1,000 | 1,616 | 616 |
| Total Revenues | <u>2,200</u> | <u>2,200</u> | <u>2,461</u> | <u>261</u> |
| EXPENDITURES | | | | |
| Public Safety | 10,000 | 10,000 | 2,000 | 8,000 |
| Total Expenditures | <u>10,000</u> | <u>10,000</u> | <u>2,000</u> | <u>8,000</u> |
| Net Change in Fund Balance | (7,800) | (7,800) | 461 | 8,261 |
| Fund Balance - Beginning | 58,427 | 58,427 | 58,427 | - |
| Fund Balance - Ending | <u>\$ 50,627</u> | <u>\$ 50,627</u> | <u>\$ 58,888</u> | <u>\$ 8,261</u> |

CITY OF MORAIN, OHIO

POLICE PENSION FUND

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Non-GAAP Basis)

For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 61,817 | \$ 63,891 | \$ 62,763 | \$ (1,128) |
| Intergovernmental | 29,600 | 29,600 | 23,330 | (6,270) |
| Investment Earnings | 2,000 | 2,000 | 6,288 | 4,288 |
| Total Revenues | <u>93,417</u> | <u>95,491</u> | <u>92,381</u> | <u>(3,110)</u> |
| EXPENDITURES | | | | |
| Public Safety | | | | |
| Personnel | 500,000 | 500,000 | 473,454 | 26,546 |
| General operating expense | 1,000 | 1,000 | 1,033 | (33) |
| Total Public Safety | <u>501,000</u> | <u>501,000</u> | <u>474,487</u> | <u>26,513</u> |
| Total Expenditures | <u>501,000</u> | <u>501,000</u> | <u>474,487</u> | <u>26,513</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(407,583)</u> | <u>(405,509)</u> | <u>(382,106)</u> | <u>23,403</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 405,000 | 405,000 | 225,000 | (180,000) |
| Total Other Financing Sources (Uses) | <u>405,000</u> | <u>405,000</u> | <u>225,000</u> | <u>(180,000)</u> |
| Net Change in Fund Balance | (2,583) | (509) | (157,106) | (156,597) |
| Fund Balance - Beginning | 282,957 | 282,957 | 282,957 | - |
| Fund Balance - Ending | <u>\$ 280,374</u> | <u>\$ 282,448</u> | <u>\$ 125,851</u> | <u>\$ (156,597)</u> |

CITY OF MORaine, OHIO
FIRE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|------------------|---|
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 61,817 | \$ 63,891 | \$ 62,763 | \$ (1,128) |
| Intergovernmental | 29,600 | 29,600 | 23,330 | (6,270) |
| Investment Earnings | 2,000 | 2,000 | 6,426 | 4,426 |
| Total Revenues | <u>93,417</u> | <u>95,491</u> | <u>92,519</u> | <u>(2,972)</u> |
| EXPENDITURES | | | | |
| Public Safety: | | | | |
| Personnel | 540,000 | 540,000 | 500,120 | 39,880 |
| General operating expense | 1,500 | 1,500 | 1,033 | 467 |
| Total Public Safety | <u>541,500</u> | <u>541,500</u> | <u>501,153</u> | <u>40,347</u> |
| Total Expenditures | <u>541,500</u> | <u>541,500</u> | <u>501,153</u> | <u>40,347</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(448,083)</u> | <u>(446,009)</u> | <u>(408,634)</u> | <u>37,375</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 455,000 | 455,000 | 225,000 | (230,000) |
| Total Other Financing Sources (Uses) | <u>455,000</u> | <u>455,000</u> | <u>225,000</u> | <u>(230,000)</u> |
| Net Change in Fund Balance | 6,917 | 8,991 | (183,634) | (192,625) |
| Fund Balance - Beginning | 281,985 | 281,985 | 281,985 | - |
| Fund Balance - Ending | <u>\$ 288,902</u> | <u>\$ 290,976</u> | <u>\$ 98,351</u> | <u>\$ (192,625)</u> |

CITY OF MORaine, OHIO
FEDERAL LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|------------------|------------------|---|
| REVENUES | | | | |
| Investment Earnings | \$ 1,000 | \$ 1,000 | \$ 1,813 | \$ 813 |
| Fines | - | - | 6,945 | 6,945 |
| Total Revenues | <u>1,000</u> | <u>1,000</u> | <u>8,758</u> | <u>7,758</u> |
| EXPENDITURES | | | | |
| Public Safety: | | | | |
| General operating expense | - | 2,500 | 2,500 | - |
| Total Expenditures | <u>-</u> | <u>2,500</u> | <u>2,500</u> | <u>-</u> |
| Net Change in Fund Balance | 1,000 | (1,500) | 6,258 | 7,758 |
| Fund Balance - Beginning | 65,987 | 65,987 | 65,987 | - |
| Fund Balance - Ending | <u>\$ 66,987</u> | <u>\$ 64,487</u> | <u>\$ 72,245</u> | <u>\$ 7,758</u> |

CITY OF MORaine, OHIO
STATE LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|--------------------|------------------|------------------|---|
| REVENUES | | | | |
| Investment Earnings | \$ 2,000 | \$ 2,000 | \$ 2,510 | \$ 510 |
| Fines | - | - | 9,155 | 9,155 |
| Total Revenues | <u>2,000</u> | <u>2,000</u> | <u>11,665</u> | <u>9,665</u> |
| Net Change in Fund Balance | 2,000 | 2,000 | 11,665 | 9,665 |
| Fund Balance - Beginning | 86,743 | 86,743 | 86,743 | - |
| Fund Balance - Ending | <u>\$ 88,743</u> | <u>\$ 88,743</u> | <u>\$ 98,408</u> | <u>\$ 9,665</u> |

CITY OF MORAIN, OHIO
DRUG LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|------------------|------------------|---|
| REVENUES | | | | |
| Investment Earnings | \$ 750 | \$ 750 | \$ 1,118 | \$ 368 |
| Total Revenues | <u>750</u> | <u>750</u> | <u>1,118</u> | <u>368</u> |
| EXPENDITURES | | | | |
| Public Safety | 5,000 | 5,000 | - | 5,000 |
| Total Expenditures | <u>5,000</u> | <u>5,000</u> | <u>-</u> | <u>5,000</u> |
| Net Change in Fund Balance | (4,250) | (4,250) | 1,118 | 5,368 |
| Fund Balance - Beginning | 40,316 | 40,316 | 40,316 | - |
| Fund Balance - Ending | <u>\$ 36,066</u> | <u>\$ 36,066</u> | <u>\$ 41,434</u> | <u>\$ 5,368</u> |

CITY OF MORAIN, OHIO
PARKS AND RECREATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|--|
| REVENUES | | | | |
| Taxes | | | | |
| Charges for Services | \$ 205,850 | \$ 205,850 | \$ 222,129 | \$ 16,279 |
| Investment Earnings | 12,000 | 12,000 | 6,087 | (5,913) |
| Intergovernmental | 25,000 | 25,000 | 53,096 | 28,096 |
| Total Revenues | <u>242,850</u> | <u>242,850</u> | <u>281,312</u> | <u>38,462</u> |
| EXPENDITURES | | | | |
| Culture-Recreation | | | | |
| Civic Center | | | | |
| Personnel services | 230,429 | 230,429 | 219,228 | 11,201 |
| General operating expenses | 78,336 | 78,336 | 49,703 | 28,633 |
| Total Civic Center | <u>308,765</u> | <u>308,765</u> | <u>268,931</u> | <u>39,834</u> |
| Parks & Recreation Programs | | | | |
| General operating expenses | 66,907 | 66,907 | 34,540 | 32,367 |
| Total Parks & Recreation Programs | <u>66,907</u> | <u>66,907</u> | <u>34,540</u> | <u>32,367</u> |
| Water Park | | | | |
| Personnel services | 15,000 | 15,000 | - | 15,000 |
| General operating expenses | 66,637 | 66,637 | - | 66,637 |
| Total Water Park | <u>81,637</u> | <u>81,637</u> | <u>-</u> | <u>81,637</u> |
| Recreational Center | | | | |
| Personnel services | 523,224 | 523,224 | 456,642 | 66,582 |
| General operating expenses | 214,910 | 214,910 | 153,796 | 61,114 |
| Total Recreational Center | <u>738,134</u> | <u>738,134</u> | <u>610,438</u> | <u>127,696</u> |
| Total Culture-Recreation | <u>1,195,443</u> | <u>1,195,443</u> | <u>913,909</u> | <u>281,534</u> |
| Total Expenditures | <u>1,195,443</u> | <u>1,195,443</u> | <u>913,909</u> | <u>281,534</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(952,593)</u> | <u>(952,593)</u> | <u>(632,597)</u> | <u>319,996</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,000,000 | 1,000,000 | 600,000 | (400,000) |
| Total Other Financing Sources (Uses) | <u>1,000,000</u> | <u>1,000,000</u> | <u>600,000</u> | <u>(400,000)</u> |
| Net Change in Fund Balance | 47,407 | 47,407 | (32,597) | (80,004) |
| Fund Balance - Beginning | 248,871 | 248,871 | 248,871 | - |
| Encumbrances | 125,661 | 125,661 | 125,661 | - |
| Fund Balance - Ending | <u>\$ 421,939</u> | <u>\$ 421,939</u> | <u>\$ 341,935</u> | <u>\$ (80,004)</u> |

CITY OF MORAIN, OHIO
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|-------------------|-------------------|---|
| REVENUES | | | | |
| Investment Earnings | \$ 2,800 | \$ 2,800 | \$ 4,080 | \$ 1,280 |
| Total Revenues | <u>2,800</u> | <u>2,800</u> | <u>4,080</u> | <u>1,280</u> |
| Net Change in Fund Balance | 2,800 | 2,800 | 4,080 | 1,280 |
| Fund Balance - Beginning | 147,124 | 147,124 | 147,124 | - |
| Fund Balance - Ending | <u>\$ 149,924</u> | <u>\$ 149,924</u> | <u>\$ 151,204</u> | <u>\$ 1,280</u> |

CITY OF MORAINÉ, OHIO
CAPITAL IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2011

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|---------------------|---------------------|---------------------|---|
| REVENUES | | | | |
| Taxes: | | | | |
| Income | \$ 1,000,000 | \$ 1,000,000 | \$ 997,570 | \$ (2,430) |
| Intergovernmental | 1,408,000 | 1,408,000 | 1,950,048 | 542,048 |
| Miscellaneous | 55,000 | 55,000 | 14,901 | (40,099) |
| Total Revenues | <u>2,463,000</u> | <u>2,463,000</u> | <u>2,962,519</u> | <u>499,519</u> |
| EXPENDITURES | | | | |
| Capital Outlays: | | | | |
| General Government | 158,191 | 232,335 | 160,638 | 71,697 |
| Public Safety | 62,135 | 178,234 | 124,405 | 53,829 |
| Highways and Streets | 2,217,991 | 2,217,991 | 1,715,006 | 502,985 |
| Debt Service: | | | | |
| Principal | 227,311 | 227,311 | 204,445 | 22,866 |
| Interest | 15,000 | 15,000 | 13,838 | 1,162 |
| Total Expenditures | <u>2,680,628</u> | <u>2,870,871</u> | <u>2,218,332</u> | <u>652,539</u> |
| Net Change in Fund Balance | (217,628) | (407,871) | 744,187 | 1,152,058 |
| Fund Balance - Beginning | 1,121,792 | 1,121,792 | 1,121,792 | - |
| Encumbrances | 2,193,551 | 2,193,551 | 2,193,551 | - |
| Fund Balance - Ending | <u>\$ 3,097,715</u> | <u>\$ 2,907,472</u> | <u>\$ 4,059,530</u> | <u>\$ 1,152,058</u> |

CITY OF MORAIN, OHIO
Combining Statement of Net Assets
Internal Service Funds
December 31, 2011

| | <u>City Garage</u> | <u>Insurance Reserve</u> | <u>Health Insurance</u> | <u>Total Internal Service Funds</u> |
|---------------------------------------|--------------------|--------------------------|-------------------------|-------------------------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Equity in Pooled Cash and Investments | \$ 283,478 | \$ 1,514,046 | \$ 466,225 | \$ 2,263,749 |
| Inventories | 148,510 | - | - | 148,510 |
| Total Assets | <u>431,988</u> | <u>1,514,046</u> | <u>466,225</u> | <u>2,412,259</u> |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts Payable | - | 650 | - | 650 |
| Salaries and Benefits Payable | 17,145 | - | - | 17,145 |
| Compensated Absences Payable | 5,700 | - | - | 5,700 |
| Insurance Claims Payable | - | - | 53,087 | 53,087 |
| Total Current Liabilities | <u>22,845</u> | <u>-</u> | <u>53,087</u> | <u>76,582</u> |
| LONG-TERM LIABILITIES | | | | |
| Compensated Absences Payable | 35,292 | - | - | 35,292 |
| Total Liabilities | <u>58,137</u> | <u>650</u> | <u>53,087</u> | <u>111,874</u> |
| NET ASSETS | | | | |
| Unreserved | 373,851 | 1,513,396 | 413,138 | 2,300,385 |
| Total Net Assets | <u>\$ 373,851</u> | <u>\$ 1,513,396</u> | <u>\$ 413,138</u> | <u>\$ 2,300,385</u> |

CITY OF MORAIN, OHIO
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended December 31, 2011

| | City Garage | Insurance Reserve | Health Insurance | Total Internal Service Funds |
|-------------------------------------|-----------------------|-------------------------|-----------------------|---------------------------------|
| Operating Revenues | | | | |
| Charges for Services | 603,280 | - | 1,508,650 | 2,111,930 |
| Miscellaneous | - | 22,506 | - | 22,506 |
| Total Operating Revenues | <u>603,280</u> | <u>22,506</u> | <u>1,508,650</u> | <u>2,134,436</u> |
| Operating Expenses | | | | |
| Current: | | | | |
| Cost of Services | 575,798 | 35,625 | 1,454,203 | 2,065,626 |
| Depreciation | 5,372 | - | - | 5,372 |
| Total Operating Expenses | <u>581,170</u> | <u>35,625</u> | <u>1,454,203</u> | <u>2,070,998</u> |
| Operating Income (Loss) | <u>22,110</u> | <u>(13,119)</u> | <u>54,447</u> | <u>63,438</u> |
| Non-operating Revenues | | | | |
| Investment Earnings | - | 32,272 | 172 | 32,444 |
| Total Non-operating Revenues | <u>-</u> | <u>32,272</u> | <u>172</u> | <u>32,444</u> |
| Income Before Transfers | 22,110 | 19,153 | 54,619 | 95,882 |
| Transfers in | <u>100,000</u> | <u>-</u> | <u>-</u> | <u>100,000</u> |
| Change in Net Assets | 122,110 | 19,153 | 54,619 | 195,882 |
| Total Net Assets - Beginning | 251,741 | 1,494,243 | 358,519 | 2,104,503 |
| Total Net Assets - Ending | <u><u>373,851</u></u> | <u><u>1,513,396</u></u> | <u><u>413,138</u></u> | <u><u>2,300,385</u></u> |

CITY OF MORAIN, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011

| | City Garage | Insurance Reserve | Health Insurance Program | Totals |
|--|-------------------|----------------------|--------------------------------|---------------------|
| Cash Flows From Operating Activities | | | | |
| Cash received for inter fund services | \$ 603,280 | \$ - | \$ 1,508,650 | \$ 2,111,930 |
| Miscellaneous | - | 22,506 | - | 22,506 |
| Cash paid to suppliers for goods or services/claims paid | (369,037) | (36,352) | (1,478,495) | (1,883,884) |
| Cash paid to employees for services | (234,469) | - | - | (234,469) |
| Net cash provided (used) by operating activities | <u>(226)</u> | <u>(13,846)</u> | <u>30,155</u> | <u>16,083</u> |
| Cash Flows From Non-Capital Financing Activities | | | | |
| Transfers In | 100,000 | - | - | 100,000 |
| Net cash provided by non-capital financing activities | <u>100,000</u> | <u>-</u> | <u>-</u> | <u>100,000</u> |
| Cash Flows From Investing Activities | | | | |
| Investment earnings | - | 32,272 | 172 | 32,444 |
| Net Cash provided by investing activities | <u>-</u> | <u>32,272</u> | <u>172</u> | <u>32,444</u> |
| Net Change | 99,774 | 18,426 | 30,327 | 148,527 |
| Equity in Pooled Cash and Investments Beginning of Year | 183,704 | 1,495,620 | 435,898 | 2,115,222 |
| Equity in Pooled Cash and Investments End of Year | <u>\$ 283,478</u> | <u>\$ 1,514,046</u> | <u>\$ 466,225</u> | <u>\$ 2,263,749</u> |
| Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities | | | | |
| Operating income (loss) | \$ 22,110 | \$ (13,119) | \$ 54,447 | \$ 63,438 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 5,372 | - | - | 5,372 |
| (Increase) in inventories | (11,489) | - | - | (11,489) |
| Increase (Decrease) in accounts payable | (25,036) | (727) | - | (25,763) |
| Increase (Decrease) in salaries and benefits payable | 2,676 | - | - | 2,676 |
| Increase in compensated absences payable | 6,141 | - | - | 6,141 |
| (Decrease) in insurance claims payable | - | - | (24,292) | (24,292) |
| Net cash provided (used) by operating activities | <u>\$ (226)</u> | <u>\$ (13,846)</u> | <u>\$ 30,155</u> | <u>\$ 16,083</u> |

CITY OF MORAIN, OHIO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011

| | Balance December 31, 2010 | Additions | Deductions | Balance December 31, 2011 |
|---------------------------------------|---------------------------------|-------------------|---------------------|---------------------------------|
| Miscellaneous Agency Fund | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments | \$ 38,545 | \$ 15,787 | \$ (10,115) | \$ 44,217 |
| Total Assets | <u>38,545</u> | <u>15,787</u> | <u>(10,115)</u> | <u>44,217</u> |
| Liabilities | | | | |
| Deposits | 38,545 | 15,787 | (10,115) | 44,217 |
| Total Liabilities | <u>38,545</u> | <u>15,787</u> | <u>(10,115)</u> | <u>44,217</u> |
| Mayor's Court | | | | |
| Assets | | | | |
| Cash in Segregated Accounts | 20,629 | 445,688 | (438,880) | 27,437 |
| Total Assets | <u>20,629</u> | <u>445,688</u> | <u>(438,880)</u> | <u>27,437</u> |
| Liabilities | | | | |
| Due to Other Governments | 17,143 | 23,951 | (17,143) | 23,951 |
| Deposits | 1,465 | - | - | 1,465 |
| Escrow Bonds | 2,021 | 421,737 | (421,737) | 2,021 |
| Total Liabilities | <u>20,629</u> | <u>445,688</u> | <u>(438,880)</u> | <u>27,437</u> |
| Totals - All Agency Funds | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Investments | 38,545 | 15,787 | (10,115) | 44,217 |
| Cash in Segregated Accounts | 20,629 | 445,688 | (438,880) | 27,437 |
| Total Assets | <u>59,174</u> | <u>461,475</u> | <u>(448,995)</u> | <u>71,654</u> |
| Liabilities | | | | |
| Deposits | 40,010 | 15,787 | (10,115) | 45,682 |
| Due to Other Governments | 17,143 | 23,951 | (17,143) | 23,951 |
| Escrow Bonds | 2,021 | 421,737 | (421,737) | 2,021 |
| Total Liabilities | <u>\$ 59,174</u> | <u>\$ 461,475</u> | <u>\$ (448,995)</u> | <u>\$ 71,654</u> |

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 (Tables 1-4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules can be found on pages 75 to 79.

Revenue Capacity (Tables 5-10)

These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, income and property taxes. These schedules can be found on pages 80 to 85.

Debt Capacity (Tables 11-13)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt as well as the City's ability to issue additional debt in the future. These schedules can be found on pages 86 to 88.

Demographic and Economic Information (Tables 14-15)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. These schedules can be found on pages 89 and 90.

Operating Information (Tables 16-18)

These schedules contain information about the City's operation and resources to help the reader understand how the City's financial information relates to the services proved and activities performed. These schedules can be found on pages 91 to 93.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information begin with that fiscal year.

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CITY OF MORAINE, OHIO
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)
(reported in thousands)

TABLE 1

| | Fiscal Year | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010*</u> | <u>2011</u> |
| Governmental activities | | | | | | | | | |
| Invested in capital assets, | | | | | | | | | |
| net of related debt | \$ 15,469 | \$ 16,173 | \$ 23,959 | \$ 23,020 | \$ 26,274 | \$ 27,966 | \$ 30,033 | \$ 29,263 | \$ 29,117 |
| Restricted for: | | | | | | | | | |
| Debt service | 141 | 141 | 121 | 124 | 131 | 138 | 147 | 150 | 154 |
| Special revenue | 2,056 | 1,094 | 764 | 1,976 | 2,188 | 1,765 | 1,999 | 2,382 | 1,940 |
| Capital projects | 5,713 | 6,026 | 3,491 | 4,054 | 3,756 | 3,048 | 2,848 | 3,464 | 4,475 |
| Unrestricted | 14,413 | 14,454 | 15,701 | 17,862 | 17,780 | 15,422 | 13,129 | 9,142 | 5,185 |
| Total government activities net assets | <u>37,792</u> | <u>37,888</u> | <u>44,036</u> | <u>47,036</u> | <u>50,129</u> | <u>48,339</u> | <u>48,156</u> | <u>44,401</u> | <u>40,871</u> |
| Business-type activities | | | | | | | | | |
| Unrestricted | 446 | 456 | 460 | 475 | 500 | 529 | 563 | 581 | 594 |
| Total business-type activities net assets | <u>446</u> | <u>456</u> | <u>460</u> | <u>475</u> | <u>500</u> | <u>529</u> | <u>563</u> | <u>581</u> | <u>594</u> |
| Primary government | | | | | | | | | |
| Invested in capital assets, | | | | | | | | | |
| net of related debt | 15,469 | 16,173 | 23,959 | 23,020 | 26,274 | 27,966 | 30,033 | 29,263 | 29,117 |
| Restricted | 7,910 | 7,261 | 4,376 | 6,154 | 6,075 | 4,951 | 4,994 | 5,996 | 6,569 |
| Unrestricted | 14,859 | 14,910 | 16,161 | 18,337 | 18,280 | 15,951 | 13,692 | 9,723 | 5,779 |
| Total primary government net assets | <u>\$ 38,238</u> | <u>\$ 38,344</u> | <u>\$ 44,496</u> | <u>\$ 47,511</u> | <u>\$ 50,629</u> | <u>\$ 48,868</u> | <u>\$ 48,719</u> | <u>\$ 44,982</u> | <u>\$ 41,465</u> |

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

* - Restated

CITY OF MORAINE, OHIO
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(reported in thousands)

TABLE 2

| | Fiscal Year | | | | | | | | |
|---|-------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Expenses | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government | \$ 5,189 | \$ 4,658 | \$ 4,845 | \$ 4,953 | \$ 5,112 | \$ 5,230 | \$ 4,523 | \$ 4,079 | \$ 3,277 |
| Public safety | 8,338 | 8,836 | 9,521 | 9,460 | 9,513 | 9,689 | 9,456 | 8,731 | 8,852 |
| Highways and streets | 2,337 | 2,956 | 3,391 | 3,345 | 3,761 | 2,790 | 879 | 3,658 | 3,638 |
| Sanitation | 327 | 266 | 256 | 305 | 339 | 347 | 419 | 346 | 284 |
| Culture and recreation | 3,004 | 2,892 | 3,188 | 2,882 | 2,745 | 2,935 | 2,312 | 1,249 | 1,113 |
| Economic development | 175 | 316 | 541 | 998 | 283 | 677 | 935 | 326 | 1,005 |
| Health and welfare | 157 | 163 | 159 | 133 | 144 | 95 | 93 | 83 | 86 |
| Interest on long term debt | 5 | 4 | 2 | 165 | 268 | 321 | 221 | 90 | 310 |
| Total governmental activities expenses | 19,532 | 20,091 | 21,903 | 22,241 | 22,165 | 22,084 | 18,838 | 18,562 | 18,565 |
| Total primary government expenses | 19,532 | 20,091 | 21,903 | 22,241 | 22,165 | 22,084 | 18,838 | 18,562 | 18,565 |
| Program Revenues | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| General government | 336 | 299 | 263 | 328 | 285 | 248 | 452 | 410 | 650 |
| Public safety | 3 | 5 | 9 | 18 | 46 | 39 | 31 | 372 | 612 |
| Highways and streets | 1 | | 41 | | 33 | 1 | 194 | - | - |
| Culture and recreation | 755 | 721 | 868 | 790 | 813 | 794 | 723 | - | - |
| Health and welfare | 79 | 87 | 112 | 71 | 39 | 58 | 56 | - | - |
| Operating grants and contributions | 81 | 607 | 247 | 233 | 382 | 286 | 200 | 351 | 72 |
| Capital grants and contributions | 647 | 234 | 449 | 1,487 | 809 | 337 | 784 | 1,044 | 1,950 |
| Total governmental activities program revenues | 1,902 | 1,953 | 1,989 | 2,927 | 2,407 | 1,763 | 2,440 | 2,177 | 3,284 |
| Business-type activities: | | | | | | | | | |
| Loan program charges for services | 5 | 3 | 2 | 1 | 1 | 1 | - | - | - |
| Investment earnings | (2) | 7 | 3 | 13 | 24 | 28 | 33 | 18 | 14 |
| Total business-type activities program revenues | 3 | 10 | 5 | 14 | 25 | 29 | 33 | 18 | 14 |
| Total primary government program revenues | 1,905 | 1,963 | 1,994 | 2,941 | 2,432 | 1,792 | 2,473 | 2,195 | 3,298 |

CITY OF MORAINE, OHIO
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(reported in thousands)

TABLE 2 (continued)

| | Fiscal Year | | | | | | | | |
|---|-----------------|-------------------|-----------------|-----------------|-----------------|-------------------|-----------------|-------------------|-------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Net (Expense)/Revenue | | | | | | | | | |
| Governmental activities | (17,630) | (18,138) | (19,914) | (19,314) | (19,758) | (20,321) | (16,398) | (16,385) | (15,281) |
| Business-type activities | 3 | 10 | 5 | 14 | 25 | 29 | 33 | 18 | - |
| Total primary government net expense | <u>(17,627)</u> | <u>(18,128)</u> | <u>(19,909)</u> | <u>(19,300)</u> | <u>(19,733)</u> | <u>(20,292)</u> | <u>(16,365)</u> | <u>(16,367)</u> | <u>(15,281)</u> |
| General Revenues and Other Changes in Net Assets | | | | | | | | | |
| Taxes | | | | | | | | | |
| Income tax | 15,424 | 14,509 | 18,712 | 19,867 | 19,618 | 15,333 | 11,817 | 9,853 | 9,542 |
| Property taxes, levied for | | | | | | | | | |
| Property taxes, levied for | | | | | | | | | |
| General purposes | 526 | 446 | 512 | 545 | 619 | 567 | 345 | 388 | 421 |
| Police pensions | 87 | 93 | 85 | 81 | 70 | 65 | 64 | 90 | 89 |
| Fire pensions | 87 | 93 | 85 | 81 | 70 | 65 | 64 | 90 | 89 |
| Other taxes | 104 | 92 | 98 | 103 | 82 | 66 | 11 | 18 | 50 |
| Payments in lieu of taxes | - | - | - | - | - | - | - | 41 | 43 |
| Shared revenues | 737 | 830 | 774 | 775 | 871 | 1,078 | 713 | 719 | 657 |
| Intergovernmental | - | - | - | - | - | - | 260 | 444 | 92 |
| Special assessments | 18 | 16 | - | - | - | - | - | - | - |
| Rents and royalties | 12 | 65 | 35 | - | - | - | - | - | - |
| Miscellaneous | 105 | 127 | 261 | 232 | 233 | 105 | 1,967 | 577 | 530 |
| Investment earnings | (55) | 352 | 188 | 494 | 1,221 | 1,255 | 961 | 410 | 237 |
| Gain on the sale of capital assets | 65 | 25 | 29 | 137 | 67 | (2) | 13 | - | - |
| | <u>17,110</u> | <u>16,648</u> | <u>20,779</u> | <u>22,315</u> | <u>22,851</u> | <u>18,532</u> | <u>16,215</u> | <u>12,630</u> | <u>11,750</u> |
| Change in Net Assets | | | | | | | | | |
| Governmental activities | (520) | (1,490) | 865 | 3,001 | 3,093 | (1,789) | (183) | (3,755) | (3,531) |
| Business-type activities | 3 | 10 | 5 | 14 | 25 | 29 | 33 | 18 | 14 |
| Total primary government | <u>\$ (517)</u> | <u>\$ (1,480)</u> | <u>\$ 870</u> | <u>\$ 3,015</u> | <u>\$ 3,118</u> | <u>\$ (1,760)</u> | <u>\$ (150)</u> | <u>\$ (3,737)</u> | <u>\$ (3,517)</u> |

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

TABLE 3

CITY OF MORAINE, OHIO
Governmental Fund Balances
Last Ten Fiscal Years
(modified accrual basis of accounting)
(reported in thousands)

| | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| General Fund | | | | | | | | | | |
| Reserved | \$ 344 | \$ 272 | \$ 316 | \$ 428 | \$ 375 | \$ 393 | \$ 1,321 | \$ 1,230 | \$ 1,120 | \$ 88 |
| Unreserved | 13,943 | 12,301 | 11,959 | 14,749 | 17,139 | 16,495 | 13,045 | 11,551 | 7,608 | 694 |
| Nonspendable | | | | | | | | | | \$ 88 |
| Assigned | | | | | | | | | | 694 |
| Unassigned | | | | | | | | | | 5,283 |
| Total general fund | 14,287 | 12,573 | 12,275 | 15,177 | 17,514 | 16,888 | 14,366 | 12,781 | 8,728 | 6,065 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | 1,945 | 1,374 | 915 | 1,650 | 2,832 | 1,825 | 2,418 | 6,465 | 2,725 | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 1,808 | 1,801 | 1,330 | 764 | 1,976 | 2,188 | (3,268) | (4,022) | 2,016 | |
| Capital projects fund | 4,348 | 4,632 | 6,026 | 2,419 | 2,103 | 2,620 | 1,435 | 2,642 | 1,128 | |
| Debt service fund | | 141 | 141 | 121 | 125 | 131 | 138 | 147 | 150 | |
| Nonspendable | | | | | | | | | | 1,928 |
| Restricted | | | | | | | | | | 2,020 |
| Committed | | | | | | | | | | 4,249 |
| Unassigned | | | | | | | | | | (210) |
| Total all other governmental funds | \$ 8,101 | \$ 7,948 | \$ 8,412 | \$ 4,954 | \$ 7,036 | \$ 6,764 | \$ 723 | \$ 5,232 | \$ 6,019 | \$ 7,987 |

CITY OF MORAINE, OHIO
Changes in Governmental Fund Balances
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

TABLE 4

| | Fiscal Year | | | | | | | | | |
|---|-------------|------------|-----------|-----------|-----------|-----------|------------|-----------|------------|------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| REVENUES | | | | | | | | | | |
| Income Taxes | \$ 15,612 | \$ 15,610 | \$ 14,614 | \$ 19,129 | \$ 20,328 | \$ 19,244 | \$ 15,382 | \$ 11,657 | \$ 9,760 | \$ 9,699 |
| Property Taxes | - | 699 | 632 | 682 | 723 | 772 | 697 | 474 | 526 | 596 |
| Other Taxes | 602 | 104 | 92 | 98 | 86 | 69 | 66 | 11 | 2 | 50 |
| Payment in lieu of taxes | - | - | - | - | - | - | - | - | 41 | 43 |
| Shared Revenues | 789 | 775 | 973 | 875 | 929 | 1,022 | 1,270 | 852 | 708 | 656 |
| Special Assessments | 20 | 18 | 16 | - | - | - | - | - | - | - |
| License and Permits | | 42 | 61 | 97 | 35 | 98 | 41 | 232 | 15 | 11 |
| Charges for Services | 970 | 800 | 757 | 945 | 855 | 842 | 866 | 948 | 575 | 782 |
| Fines | 370 | 333 | 286 | 251 | 279 | 240 | 214 | 257 | 75 | 343 |
| Investment Earnings | 532 | (55) | 352 | 188 | 494 | 1,221 | 1,255 | 960 | 410 | 237 |
| Contributions and Donations | | 2 | 2 | 3 | 26 | 32 | 22 | 9 | 23 | - |
| Rents and Royalties | | 12 | 65 | 35 | 38 | 36 | 19 | 18 | 20 | 12 |
| Intergovernmental | 31 | 728 | 701 | 557 | 1,561 | 1,024 | 451 | 1,107 | 1,565 | 2,219 |
| Miscellaneous | 735 | 103 | 136 | 261 | 232 | 233 | 105 | 1,966 | 509 | 500 |
| Total Revenues | 19,661 | 19,171 | 18,687 | 23,121 | 25,586 | 24,833 | 20,388 | 18,491 | 14,229 | 15,148 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 4,153 | 4,132 | 4,148 | 4,322 | 4,565 | 4,859 | 4,893 | 4,290 | 3,868 | 3,154 |
| Public Safety | 7,434 | 7,746 | 8,081 | 8,610 | 9,064 | 9,509 | 9,092 | 8,860 | 8,311 | 8,433 |
| Highways & Streets | 1,912 | 2,132 | 2,077 | 2,238 | 2,748 | 2,399 | 2,559 | 2,371 | 2,319 | 2,637 |
| Sanitation | - | 327 | 266 | 256 | 305 | 340 | 347 | 419 | 346 | 284 |
| Economic Development | 159 | 158 | 284 | 400 | 511 | 3,132 | 639 | 944 | 299 | 990 |
| Health and Welfare | 611 | 151 | 162 | 159 | 133 | 133 | 85 | 86 | 76 | 79 |
| Culture and Recreation | 2,796 | 2,672 | 2,601 | 2,706 | 2,389 | 2,593 | 2,567 | 2,108 | 1,000 | 886 |
| Capital Improvements | 1,423 | 3,888 | 5,634 | 3,882 | 2,144 | 2,645 | 4,315 | 1,890 | 1,712 | 1,688 |
| Debt Service: | | | | | | | | | | |
| Principal | 43 | 103 | 837 | 4,691 | 4,249 | 169 | 5,068 | 161 | 5,475 | 205 |
| Interest & Fiscal Charges | 7 | 5 | 3 | 121 | 165 | 205 | 301 | 227 | 248 | 307 |
| Total Expenditures | 18,538 | 21,314 | 24,093 | 27,385 | 26,273 | 25,984 | 29,866 | 21,356 | 23,654 | 18,663 |
| Excess (deficiency) of revenues over expenditures | 1,123 | (2,143) | (5,406) | (4,264) | (687) | (1,151) | (9,478) | (2,865) | (9,425) | (3,515) |
| OTHER FINANCIAL SOURCES (USES) | | | | | | | | | | |
| General long-term debt issued | | | | | | | | | | |
| Transfers In | 3,933 | 4,050 | 3,300 | 3,699 | 4,462 | 6,025 | 5,125 | 3,150 | 2,805 | 2,100 |
| Transfers Out | (4,318) | (4,435) | (3,450) | (3,699) | (4,462) | (6,025) | (5,125) | (3,150) | (2,805) | (2,200) |
| Proceeds from capital leases | | 193 | | | 80 | | 693 | 450 | 94 | - |
| Proceeds from the sale of assets | 60 | 75 | 31 | 29 | 146 | 253 | 220 | 41 | 260 | 18 |
| Total Other Financing Sources (Uses) | (325) | 206 | 5,431 | 3,729 | 5,226 | 253 | 913 | 5,791 | 6,159 | (82) |
| Net Change in Fund Balance | \$ 798 | \$ (1,937) | \$ 25 | \$ (535) | \$ 4,539 | \$ (898) | \$ (8,565) | \$ 2,926 | \$ (3,266) | \$ (3,597) |
| Debt service as a percentage of noncapital expenditures | 0.28% | 0.60% | 4.67% | 19.95% | 17.82% | 1.77% | 21.14% | 2.28% | 25.09% | 3.02% |

CITY OF MORAINE, OHIO
General Governmental Tax Revenues by Source ⁽¹⁾
Last Ten Fiscal Years
(accrual basis of accounting) ⁽²⁾

TABLE 5

| Fiscal Year | Municipal Income Taxes | Other Local Taxes | State Shared Taxes and Permits | Total |
|----------------|------------------------------|-------------------------|--------------------------------------|--------------|
| 2002 | 13,272,808 | 601,889 | 788,633 | \$14,663,330 |
| 2003 | 15,424,540 | 803,868 | 737,456 | \$16,965,864 |
| 2004 | 14,508,566 | 723,595 | 829,436 | \$16,061,597 |
| 2005 | 18,711,202 ⁽³⁾ | 779,864 | 774,274 | \$20,265,340 |
| 2006 | 19,866,552 | 810,408 | 775,190 | \$21,452,150 |
| 2007 | 19,617,652 | 840,936 | 870,654 | \$21,329,242 |
| 2008 | 15,332,598 | 696,967 | 1,077,507 | \$17,107,072 |
| 2009 | 11,817,442 | 473,697 | 712,879 | \$13,004,018 |
| 2010 | 9,852,558 | 568,599 | 718,455 | \$11,139,612 |
| 2011 | 9,541,527 | 600,521 | 657,429 | \$10,799,477 |

Source: City of Moraine, Department of Finance

(1) Prior to 2003, these figures include General and Special Revenue Funds only.

(2) Figures reported prior to 2003 are reported on a cash basis of accounting.

(3) Income tax rate increased 1/2% to 2% in 2005

CITY OF MORAIN, OHIO
Income Tax Revenues (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)

TABLE 6

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|---------------------------|
| 2002 | 15,611,943 |
| 2003 | 15,610,407 |
| 2004 | 14,614,100 |
| 2005 | 19,128,239 ⁽²⁾ |
| 2006 | 20,328,322 |
| 2007 | 19,244,218 |
| 2008 | 15,382,323 |
| 2009 | 11,657,120 |
| 2010 | 9,760,045 |
| 2011 | 9,699,479 |

Source: City of Moraine, Department of Finance

(1) Includes all governmental fund types.

(2) Income tax rate increased 1/2% to 2% in 2005

Principal Income Tax Payers
Current Year and Nine Years Ago
(cash basis of accounting)

| <u>2002</u> | | | <u>2011</u> | | |
|-------------|------------------------------|------------------|-------------|--------------------------------|--|
| <u>Rank</u> | <u>Name</u> | <u>2011 Rank</u> | <u>Rank</u> | <u>Name</u> | |
| 1 | General Motors Corporation | - | 1 | Dmax | |
| 2 (1) | Delphi Automotive | - | 2 | Dayton Power and Light | |
| 3 | Dmax | 1 | 3 | Win Wholesale | |
| 4 | A T & T Resources | - | 4 | Lastar Inc | |
| 5 (1) | Delphi Automotive Systems HR | - | 5 | Compunet Clinical Laboratories | |
| 6 | Elder Beerman | - | 6 | Berry Network | |
| 7 | Dayton Power and Light | 2 | 7 | The Berry Co. | |
| 8 | Reynolds and Reynolds | - | 8 | City of Moraine | |
| 9 | City of Moraine | 8 | 9 | BWI North America | |
| 10 | Montgomery Co. | - | 10 | Walmart | |

Source: City of Moraine, Department of Finance

(1) Delphi is a spinoff of General Motors Corporation

Note: Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of the withholding by taxpayer. The City chose not to disclose percentages and number of filers by income level because the City does not require all taxpayers to file a return, therefore it does not have, or can it obtain, this type of information.

CITY OF MORAINE, OHIO
Assessed Value and Estimated Actual Value of Property
Last Ten Fiscal Years

| <u>Fiscal</u> | <u>Agricultural</u> | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Total Taxable Assessed</u> | <u>Total Direct Tax</u> | <u>Estimated Actual Taxable</u> | <u>Taxable Assessed Value as a Percentage of</u> |
|---------------|---------------------|--------------------|-------------------|-------------------|-------------------------------|-------------------------|---------------------------------|--|
| 2002 | 929,410 | 42,544,330 | 48,892,150 | 51,310,370 | 143,676,260 | 2.50 | 410,503,600 | 0.35 |
| 2003 | 1,005,570 | 42,919,710 | 46,188,040 | 45,961,020 | 136,074,340 | 2.50 | 388,783,829 | 0.35 |
| 2004 | 1,090,890 | 42,924,680 | 51,816,170 | 47,588,840 | 143,420,580 | 2.50 | 409,773,086 | 0.35 |
| 2005 | 1,011,590 | 48,710,040 | 53,443,470 | 43,938,250 | 147,103,350 | 2.50 | 420,295,286 | 0.35 |
| 2006 | 1,047,510 | 48,894,860 | 55,008,990 | 44,009,840 | 148,961,200 | 2.50 | 425,603,429 | 0.35 |
| 2007 | 1,040,330 | 49,019,710 | 55,504,680 | 43,628,350 | 149,193,070 | 2.50 | 426,265,914 | 0.35 |
| 2008 | 1,237,860 | 52,743,290 | 53,981,150 | 42,698,100 | 151,250,300 | 2.50 | 432,143,714 | 0.35 |
| 2009 | 1,207,550 | 52,349,240 | 55,915,630 | 42,568,540 | 152,040,960 | 2.50 | 434,402,743 | 0.35 |
| 2010 | 1,334,070 | 52,112,240 | 59,096,180 | 42,410,040 | 154,952,530 | 2.50 | 442,721,514 | 0.35 |
| 2011 | 1,485,130 | 49,529,340 | 53,772,660 | 40,605,060 | 145,392,190 | 2.50 | 415,406,257 | 0.35 |

Source: Montgomery County Auditor's Office

CITY OF MORAINE, OHIO
Property Tax Rates- Direct and Overlapping Governments (Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| MUNICIPAL UNITS: | | | | | | | | | | |
| General Fund | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| Police Pension Fund | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Fire Pension Fund | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Total Municipal Rates | <u>2.5</u> |
| COUNTY UNITS: | | | | | | | | | | |
| General Fund | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 | 1.7 |
| Mental Retardation D & D | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Conservancy Tax | | | | | | | | | | |
| Human Services Levy A | 5.21 | 5.21 | 5.21 | 5.21 | 5.21 | 5.21 | 7.21 | 7.21 | 7.21 | 7.21 |
| Human Services Levy B | 5.03 | 5.03 | 6.03 | 6.03 | 6.03 | 6.03 | 6.03 | 6.03 | 6.03 | 6.03 |
| Total County Rates | <u>12.94</u> | <u>12.94</u> | <u>13.94</u> | <u>13.94</u> | <u>13.94</u> | <u>13.94</u> | <u>15.94</u> | <u>15.94</u> | <u>15.94</u> | <u>15.94</u> |
| OTHER UNITS: | | | | | | | | | | |
| Montgomery County Community College | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 3.2 | 3.2 | 3.2 |
| Montgomery County Park District | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| Dayton - Montgomery Library | 0.26 | 0.26 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.75 | 1.75 | 1.75 |
| SCHOOL DISTRICT: | | | | | | | | | | |
| Kettering / Moraine Community | 56.3 | 60.9 | 67.8 | 67.8 | 67.8 | 67.8 | 71.3 | 73.1 | 78 | 78 |
| West Carrollton Community | 59.67 | 65.55 | 65.55 | 65.55 | 65.55 | 65.55 | 72.05 | 72.05 | 72.05 | 72.05 |
| Jefferson Local School | 61.9 | 61.9 | 61.9 | 61.9 | 61.9 | 61.9 | 61.9 | 66.9 | 66.9 | 66.9 |
| Joint Vocational School | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 | 2.58 |

Source: Montgomery County Auditor's Office

CITY OF MORaine, OHIO
Principal Property Tax Payers
Current Year and Nine Years Ago

TABLE 9

| | | <u>Calendar Year 2011</u> | | |
|------------------------------|---------------------------|------------------------------|-------------|---|
| <u>Taxpayer</u> | <u>Nature of Business</u> | <u>Taxable Valuation</u> | <u>Rank</u> | <u>Percentage of Total City Taxable Valuation</u> |
| Dayton Power & Light Company | Gas and Electric Utility | 59,517,960 | 1 | 40.94% |
| IRG Moraine LLC | Manufacturer | 9,594,710 | 2 | 6.60% |
| Vectren Energy | Utility | 6,145,950 | 3 | 4.23% |
| Dovetree Apartments | Real Estate | 3,801,440 | 4 | 2.61% |
| Walmart Stores | Retail Sales | 3,279,060 | 5 | 2.26% |
| 3601 Dryden LLC | Retail Sales | 2,485,220 | 6 | 1.71% |
| Dryden Service Center | Retail Sales | 1,835,030 | 7 | 1.26% |
| PDQ Bell Plaza LLC | Retail Sales | 1,822,210 | 8 | 1.25% |
| Woodbine Partners LTD | Retail Sales | 1,748,930 | 9 | 1.20% |
| Stag II Moriane LLC | Retail Sales | 1,273,850 | 10 | 0.88% |
| | Subtotal | <u>91,504,360</u> | | <u>62.94%</u> |
| | All Others | <u>53,887,830</u> | | <u>37.06%</u> |
| | Total | <u><u>\$ 145,392,190</u></u> | | <u><u>100.00%</u></u> |

| | | <u>Calendar Year 2002</u> | | |
|-------------------------------|---------------------------|-----------------------------------|-------------|--|
| <u>Taxpayer</u> | <u>Nature of Business</u> | <u>Taxable Assessed Valuation</u> | <u>Rank</u> | <u>Percentage of Total City Taxable Assessed Valuation</u> |
| Dayton Power & Light Company | Gas and Electric Utility | \$39,675,730 | 1 | 31.31% |
| General Motors Corporation | Automotive Manufacturer | 20,880,450 | 2 | 16.48% |
| Kettering Dayton Operations | Manufacturer | 3,966,360 | 3 | 3.13% |
| Cooper Tire Company | Tires | 2,790,930 | 4 | 2.20% |
| Moraine Village | | 2,735,440 | 5 | 2.16% |
| Danis Properties | Real Estate | 2,243,080 | 6 | 1.77% |
| Barbara Benz Trust | Automotive Parts Plant | 1,773,680 | 7 | 1.40% |
| Lance Shaner Hotel | Hotel | 1,488,480 | 8 | 1.17% |
| Nursing Home Purchasing, Inc. | Health Care | 1,488,190 | 9 | 1.17% |
| S & G Investments | Real Estate | 1,346,340 | 10 | 1.06% |
| | Subtotal | <u>78,388,680</u> | | <u>61.86%</u> |
| | All Others | <u>48,338,920</u> | | <u>38.14%</u> |
| | Total | <u><u>\$ 126,727,600</u></u> | | <u><u>100.00%</u></u> |

Source: Montgomery County Auditor's Office

CITY OF MORaine, OHIO
Property Taxes Levied and Collected
Last Ten Fiscal Years

| <u>TAX YEAR</u> | <u>YEAR</u> | <u>TOTAL LEVIED</u> | <u>TOTAL COLLECTED</u> | <u>PERCENTAGE COLLECTED</u> | <u>DELINQUENT COLLECTIONS</u> | <u>TOTAL COLLECTIONS</u> | <u>TOTAL COLLECTIONS AS LEVIED</u> | <u>PERCENTAGE LEVIED</u> | <u>OUTSTANDING TAXES</u> | <u>OUTSTANDING DELINQUENT TAXES AS PERCENTAGE LEVIED</u> |
|-----------------|-------------|-------------------------|----------------------------|---------------------------------|-----------------------------------|------------------------------|--|------------------------------|------------------------------|--|
| 2001/2002 | 2002 | 702,168 | 659,482 | 94% | 17,413 | 676,895 | 96% | 96% | 39,328 | 6% |
| 2002/2003 | 2003 | 704,496 | 667,730 | 95% | 20,189 | 687,919 | 98% | 98% | 44,630 | 6% |
| 2003/2004 | 2004 | 676,191 | 656,554 | 97% | 7,553 | 664,107 | 98% | 98% | 94,508 | 14% |
| 2004/2005 | 2005 | 688,522 | 643,426 | 93% | 32,657 | 676,083 | 98% | 98% | 85,108 | 12% |
| 2005/2006 | 2006 | 634,977 | 601,054 | 95% | 34,215 | 635,269 | 100% | 100% | 96,769 | 15% |
| 2006/2007 | 2007 | 588,657 | 567,763 | 96% | 69,988 | 637,751 | 108% | 108% | 39,375 | 7% |
| 2007/2008 | 2008 | 551,362 | 512,629 | 93% | 13,459 | 526,088 | 95% | 95% | 41,536 | 8% |
| 2008/2009 | 2009 | 502,096 | 481,108 | 96% | 18,004 | 499,112 | 99% | 99% | 49,320 | 10% |
| 2009/2010 | 2010 | 515,207 | 516,538 | 100% | 17,152 | 533,690 | 104% | 104% | 53,901 | 10% |
| 2010/2011 | 2011 | 536,361 | 503,251 | 94% | 23,254 | 526,505 | 98% | 98% | 47,609 | 9% |

Source: Montgomery County Auditor's Office

(1) Total property tax collections exceed 100% of amount levied due to payment of delinquent taxes. This amount does not include penalties and interest.

TABLE 11

City of Moraine, Ohio
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

| Fiscal Year | Special Assessment Bonds | BAN and OPWC Note | Various Purpose Bonds | Capital Leases | Total Primary Government | Personal Income (thousands of dollars) | Percentage Personal Income | Per Capita |
|-------------|--------------------------|-------------------|-----------------------|----------------|--------------------------|--|----------------------------|------------|
| 2002 | 65,000 | - | - | - | 65,000 | 116,421,360 | 0.06% | 36 |
| 2003 | 50,000 | - | - | 193,109 | 243,109 | 116,421,360 | 0.21% | 508 |
| 2004 | 35,000 | - | - | 228,421 | 263,421 | 116,421,360 | 0.23% | 596 |
| 2005 | 20,000 | - | - | 127,507 | 147,507 | 116,421,360 | 0.13% | 187 |
| 2006 | - | 2,700,000 | - | 26,594 | 2,726,594 | 116,421,360 | 2.34% | 63,857 |
| 2007 | - | 5,000,000 | - | - | 5,000,000 | 116,421,360 | 4.29% | 214,737 |
| 2008 | - | 5,300,000 | - | 693,399 | 5,993,399 | 110,327,680 | 5.43% | 325,583 |
| 2009 | - | 5,300,000 | - | 560,008 | 5,860,008 | 110,327,680 | 5.31% | 311,252 |
| 2010 | - | 591,160 | 5,805,000 | 424,020 | 6,820,180 | 110,327,680 | 6.18% | 421,606 |
| 2011 | - | 554,805 | 5,775,000 | 285,385 | 6,615,190 | 110,327,680 | 6.00% | 396,643 |

CITY OF MORaine, OHIO
Computation of Direct and Overlapping Debt
December 31, 2011

| Jurisdiction | Net Outstanding Debt | Percentage Applicable to City (1) | Amount Applicable to City of Moraine, Ohio |
|--|----------------------------|---|---|
| <i>DIRECT DEBT</i> | | | |
| CITY OF MORaine | \$ 6,615,190 | 100.00% | \$ 6,615,190 |
| <i>OVERLAPPING</i> | | | |
| MONTGOMERY COUNTY | 37,111,573 | 4.12% | 1,528,997 |
| WEST CARROLLTON CITY SCHOOL DISTRICT | 3,730,930 | 78.68% | 2,935,496 |
| KETTERING CITY SCHOOL DISTRICT | 95,499,520 | 18.14% | 17,323,613 |
| GREATER DAYTON REGIONAL TRANSIT AUTHORITY | 920,000 | 4.12% | 37,904 |
| <i>TOTAL OVERLAPPING DEBT</i> | <u>137,262,023</u> | | <u>21,826,010</u> |
| TOTAL | <u>\$ 143,877,213</u> | | <u>\$ 28,441,200</u> |

Source: Individual Jurisdictions

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

CITY OF MORAINE, OHIO
Legal Debt Margin Information
Last Ten Fiscal Years
 (amounts expressed in thousands)

| | Fiscal Year | | | | | | | | | |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Debt Limit | \$29,491 | \$29,771 | \$27,366 | \$29,105 | \$26,669 | \$24,936 | \$23,370 | \$21,885 | \$16,270 | \$15,266 |
| Legal Debt Margin | <u>29,491</u> | <u>29,771</u> | <u>27,366</u> | <u>29,105</u> | <u>26,669</u> | <u>24,936</u> | <u>23,370</u> | <u>21,885</u> | <u>10,465</u> | <u>9,491</u> |

Total net debt applicable to the limit
 as a percentage of debt limit

- - - - - 5,805 5,775

Legal Debt Margin Calculation for Fiscal Year 2011

| | |
|---|----------------|
| Total Assessed Value | 145,392 |
| Debt limit (10.5% of total assessed value) | 15,266 |
| Debt applicable to limit: | |
| General Obligation Bonds | 5,775 |
| Less: Amount reserved for repayment of general obligation debt | - |
| Total net debt applicable to limit | <u>5,775</u> |
| Legal debt margin | <u>\$9,491</u> |

CITY OF MORAINÉ, OHIO
Demographic and Economic Statistics
Last Ten Calendar Years

TABLE 14

| Calendar Year | (1) Population | (1) Personal Income <small>(thousands of dollars)</small> | (1) Per Capita Personal Income | (1) Median Age | (2) Unemployment Rate |
|--------------------------|---------------------------|---|---|-------------------------------|--------------------------------------|
| 2002 | 6,897 | 116,421 | 16,880 | 32.5 | 5.6% |
| 2003 | 6,897 | 116,421 | 16,880 | 32.5 | 6.3% |
| 2004 | 6,897 | 116,421 | 16,880 | 32.5 | 6.2% |
| 2005 | 6,897 | 116,421 | 16,880 | 32.5 | 5.8% |
| 2006 | 6,897 | 116,421 | 16,880 | 32.5 | 5.9% |
| 2007 | 6,897 | 116,421 | 16,880 | 32.5 | 6.2% |
| 2008 | 6,536 | 110,328 | 16,880 | 32.5 | 8.5% |
| 2009 | 6,536 | 110,328 | 16,880 | 32.5 | 11.8% |
| 2010 | 6,307 | 106,462 | 16,880 | 37.0 | 9.8% |
| 2011 | 6,307 | 106,462 | 16,880 | 37.0 | 8.2% |

Sources:

(1) 2000 and 2010 United States Census Bureau.

(2) Bureau of Unemployment - rates are not available for the City of Moraine. The rates shown are for Montgomery County

CITY OF MORAINE, OHIO
Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | | | | | | |
|-------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| General government | | | | | | | | | | |
| Clerk of Council | 1 | 1 | 2 | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| City Manager | 7 | 8 | 8 | 6 | 8 | 8 | 8 | 8 | 7 | 7 |
| Clerk of Courts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Law | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Finance | 8 | 9 | 9 | 7 | 8 | 8 | 8 | 7 | 6 | 6 |
| Public Buildings | 27 | 27 | 26 | 22 | 21 | 23 | 22 | 21 | 21 | 12 (1) |
| Public Safety | | | | | | | | | | |
| Police | 43 | 65 | 44 | 44 | 64 | 48 | 48 | 45 | 44 | 49 |
| Fire | 53 | 56 | 47 | 49 | 50 | 52 | 51 | 46 | 45 | 36 |
| Other | | | | | | | | | | |
| Highways and Streets | 19 | 19 | 18 | 18 | 18 | 18 | 19 | 18 | 18 | 26 (1) |
| Community Development | 5 | 8 | 7 | 6 | 6 | 6 | 6 | 6 | 6 | 5 |
| Recreation and Culture | 66 | 64 | 63 | 61 | 58 | 57 | 54 | 42 | 39 | 22 |
| Garage | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Total | 235 | 263 | 230 | 223 | 240 | 227 | 223 | 200 | 193 | 170 |

Source: City of Moraine, Department of Finance

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation, holiday, sick leave and comp time). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080. However, due to the calendar in Fiscal Year 2004, full-time employees worked 2,120. Therefore, full-time equivalent employment is calculated for 2004 by dividing total labor hours by 2,120. In Fiscal Year 2010, full-time employees worked 1,872 hours annually. Therefore, full-time employment for 2010 is calculated by dividing total labor hours by 1,872.

(1) During 2011, 6 public buildings employees were transferred to the highways and streets department

CITY OF MORAINE, OHIO
Operating Indicators by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|---------|---------|-----------------------|---------|---------|---------|--------|------------------|---------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Police | | | | | | | | | | |
| Warrants served | 483 | N/A | 975 | 1,653 | 1,594 | 1,345 | 1,347 | N/A | 1,128 | 1,266 |
| Felony arrests | 239 | 239 | 236 | 249 | N/A | N/A | 120 | N/A | 92 | 131 |
| Arrests made | 1,753 | 1,842 | 907 | 1,184 | 1,593 | 1,292 | 1,198 | N/A | 1,702 | 778 |
| Traffic citations issued | 5,125 | 4,665 | 3,645 | 3,323 | 3,314 | 2,808 | 2,398 | N/A | 1,568 | 3,205 |
| Miles Patrolled | 384,302 | 350,265 | N/A | 426,785 | 364,544 | 375,637 | 294,281 | N/A | 237,841 | 272,940 |
| Fire | | | | | | | | | | |
| Fire calls | 136 | 159 | 209 | 115 | 117 | 118 | 133 | 100 | 112 | 92 |
| EMS calls | 1,897 | 1,664 | 1,764 | 1,875 | 1,769 | 1,708 | 1,755 | 1,357 | 1,567 | 1,619 |
| Fire Inspections | 821 | 809 | 1,314 | 950 | 955 | 929 | 909 | 976 | 961 | 1,043 |
| Child Safety Seat Inspections | 240 | 347 | 129 | 75 | 59 | 51 | 48 | 60 | 31 | 20 |
| Highways and Streets | | | | | | | | | | |
| Gallons of street paint used | 9,560 | 2,750 | 1,830 | 10,080 | 1,880 | 1,880 | 1,456 | 1,750 | 1,040 | 865 |
| Tons of snow melting salt used | 1,744 | N/A | 1,071 | 451 | 797 | 797 | 1,000 | 1,200 | 1,200 | 953 |
| Community Development | | | | | | | | | | |
| Building Inspections | 310 | 808 | 476 | 344 | 360 | 236 | 245 | 328 | 177 | 481 |
| Residential Building Permits Issued | 78 | 67 | 84 | 49 | 57 | 84 | 74 | 65 | 75 | 103 |
| Commercial Building Permits Issued | 189 | 171 | 175 | 138 | 126 | 105 | 96 | 108 | 95 | 105 |
| Culture and Recreation | | | | | | | | | | |
| Payne Recreation Center Attendance | 150,000 | 170,000 | 150,000 | 110,000 | 100,000 | 90,605 | 89,590 | 82,467 | 138,939 | 175,000 |
| Splash! Moraine Attendance | 95,763 | 64,605 | 61,166 | 79,718 | 65,685 | 64,333 | 62,703 | 56,092 | - ⁽⁴⁾ | - |
| Civic Center Attendance (estimated) | 47,667 | 48,207 | 33,150 | 29,000 | 20,000 | 25,979 | 43,686 | 40,992 | 31,061 | 55,000 |
| Natorium Attendance | 55,395 | 23,950 | 26,095 | 14,732 ⁽³⁾ | | | | | | |
| Youth and Day Camps Attendance | 57 | 1,234 | 1,068 | 1,454 | 1,606 | 1,013 | 1,098 | 885 | 752 | 824 |

(1) Payne Recreation Center opened on October 16, 2000.

(2) Due to construction of the Payne Recreation Center and Splash! Moraine, the Natatorium was only open during late November through December.

(3) The Natatorium ceased operation September 2005.

(4) Splash! Moraine ceased operation September 2009.

(N/A) Not Available

Source - Various City of Moraine departments

CITY OF MORaine, OHIO
Capital Assets by Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Public Safety | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 31 | 31 | 31 | 23 | 28 | 28 | 28 | 28 | 28 | 24 |
| Fire: | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| Emergency Response Vehicles | 11 | 11 | 11 | 10 | 10 | 10 | 10 | 10 | 10 | 12 (1) |
| Highways and Streets | | | | | | | | | | |
| Miles of Streets (Center Line Miles) | 275.65 | 275.65 | 275.65 | 276.65 | 276.65 | 276.65 | 276.65 | 276.65 | 276.65 | 276.65 |
| Number of Streetlights (Non-special assessment) | 1,315 | 1,315 | 1,315 | 1,313 | 1,313 | 1,313 | 1,313 | 1,226 | 1,226 | 1,356 |
| Culture and Recreation | | | | | | | | | | |
| Parks | 14 | 14 | 14 | 14 | 14 | 13 | 13 | 13 | 13 | 13 |
| Civic Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recreation Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Swimming Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water Parks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Source - Various City of Moraine Departments

(1) 2 Deputy Chief vehicles have been reclassified as emergency response vehicles due to manning reductions. No new vehicles have been acquired.

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Dave Yost • Auditor of State

CITY OF MORaine

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 25, 2012**