

CITY OF TROTWOOD, OHIO

Single Audit Reports

December 31, 2005



**Auditor of State
Betty Montgomery**

Honorable Mayor and Members of City Council
City of Trotwood
3035 Olive Road
Trotwood, Ohio 45426

We have reviewed the *Report of Independent Accountants* of the City of Trotwood, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 15, 2006

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CITY OF TROTWOOD, OHIO

**SCHEDULE OF FEDERAL EXPENDITURES AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>Federal Grantor/Pass - Through Grantor, Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA</u>	<u>Receipts</u>	<u>Disbursements</u>
<u>United States Department of Justice- Office of Justice Program</u>				
Direct Funding				
Equitable Sharing Funds	0571200	16.XXX	\$54,307	\$53,430
Local Law Enforcement Block Grant	03-LB-BX-0838	16.592	0	18,851
Subtotal - Department of Justice			\$54,307	\$72,281
<u>United States Department of Homeland Security</u>				
Direct Funding				
Assistance to Firefighters Grant	EMW-2002-FG-10717	97.044	\$0	\$2,463
	EMW-2004-FG-19356		60,210	59,276
Total Assistance to Firefighters Grant			60,210	61,739
Passed Through Ohio Emergency Management Agency:				
FEMA Grant	FEMA-3198-EM-113-77504	97.036	37,129	37,129
FEMA Grant	FEMA-1580-DR-113-77504		2,461	0
Total FEMA Grant			39,590	37,129
Subtotal - Department of Homeland Security			\$99,800	\$98,868
<u>United States Department of Transportation</u>				
Passed Through Ohio Department of Public Safety:				
Traffic Enforcement Project	5058.0	20.601	\$20,658	\$20,658
Subtotal - Department of Transportation			\$20,658	\$20,658
<u>United States Department of HUD</u>				
Passed Through Montgomery County:				
Community Development Block Grant:				
NEP / Townview Phase II	B-01-UC-39-0004	14.218	\$160,573	\$138,653
NEP / Townview Phase III	B-03-UC-39-0004		50,810	56,106
West Third Street Phase I	B-02-UC-39-0004		0	1,500
West Third Street Phase II	B-04-UC-39-0004		52,700	41,800
Kon Tiki Demolition	B-04-UC-39-0004		121,003	120,200
Crown Pointe Demolition	B-03-UC-39-0004		0	415
West Third Street Landscaping	B-04-UC-39-0004		0	884
Subtotal - Department of HUD			\$385,086	\$359,558
TOTALS			\$559,851	\$551,365

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

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

May 22, 2006

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood, Ohio (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 22, 2006 in which we noted the City adopted Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2005-1 and 2005-2.

We noted certain matters that we reported to management of the City in a separate letter dated May 22, 2006.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Certified Public Accountants



May 22, 2006

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

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

Compliance

We have audited the compliance of the City of Trotwood, Ohio (the City), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

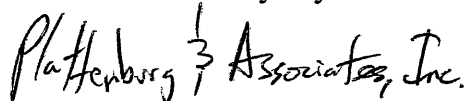
The management of the City, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2005, and have issued our report thereon dated May 22, 2006 in which we noted the City adopted Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. Our audit was performed 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Plattenburg & Associates, Inc.
Certified Public Accountants

CITY OF TROTWOOD, OHIO
December 31, 2005

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number 2005-001

Non Compliance Citation

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. At year-end, the City had appropriations exceeding estimated resources in the following funds:

Grants Fund	\$198,778
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The following funds had appropriations exceeding estimated resources during the year:

Grants Fund	\$198,778
Refuse Collection Fund	42,458

Recommendation

We recommend that the City comply with the Ohio Revised Code by more closely monitoring appropriations versus estimated resources and amending the budget as needed throughout the year.

Management Comments/Response

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

Finding Number 2005-002

Non Compliance Citation

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

Permissive Use Tax Fund	\$275,364
Grants Fund	400,008
West Third Street Improvement Fund	1,018,479

Recommendation

We recommend that the City comply with the Ohio Revised Code by monitoring cash balances so they do not become negative. This may be achieved by advancing funds to cover temporary shortages.

Management Comments/Response

The City will attempt to monitor cash balances more closely and advance funds when needed.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

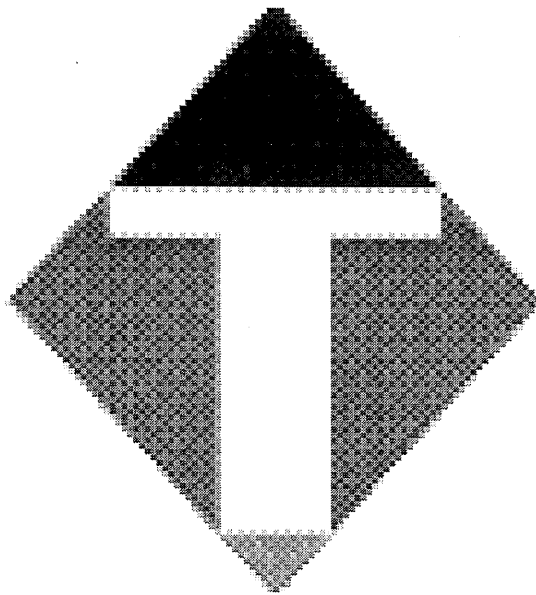
None noted.

**CITY OF TROTWOOD
DECEMBER 31, 2005**

**SCHEDULE OF PRIOR AUDIT AND QUESTIONED COSTS
OMB CIRCULAR A-133**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>If not fully corrected, Explain:</u>
2004-01	Ohio Revised Code Section 5705.41D states that no contracts or orders involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The City had certain expenditures not properly encumbered prior to incurring the obligation.	No	Citation is now located in the City's Management Letter.
2004-02	Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. The City had disbursements exceeding appropriations at the legal level of control.	No	Citation is now located in the City's Management Letter.
2004-03	Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. The City had appropriations exceeding estimated resources.	No	The Finance Director is attempting to send to the county budget commission modifications in resources more frequently.
2004-04	Ohio Revised Code Section 5705.10 provides that money paid into any fund shall be used only for purposes for which such fund is established. The City had funds with negative cash fund balances at year end.	No	The Finance Director is attempting to monitor cash balances by advancing funds to cover temporary shortages.

CITY OF TROTWOOD, OHIO



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

CITY OF TROTWOOD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2005

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

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**INTRODUCTORY
SECTION**

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May 22, 2006

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

We are pleased to present the comprehensive annual financial report of the City of Trotwood, Ohio, for the fiscal year ended December 31, 2005. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

THE REPORTING ENTITY AND ITS SERVICES

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

The City is a political subdivision of the State of Ohio, incorporated as a village in 1901 and as a city in 1971. It is a home rule municipal corporation under Article XVIII of the Ohio Constitution utilizing the council-manager form of government. Governing direction is provided by the home rule charter first adopted in 1964 and subsequently amended.

On January 1, 1996, the City merged with Madison Township more than tripling its population and land area. The resulting community is the fourth most populous city in Montgomery County with 27,420 residents and its land area (over 28 square miles) is surpassed only by the City of Dayton.

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

The City of Trotwood is a major suburb within a diversified metropolitan economy characterized by average unemployment, modest job growth and stable major employers. Nearby Wright Patterson Air Force Base employs approximately 22,000 making it the largest single-site employer in the State of Ohio. Delphi Automotive Systems employs more than 6,600 in its several area facilities. Companies such as Behr America, General Motors, NCR Corporation and LEXIS-NEXIS are included among the list of other top regional employers.

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

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

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

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

MAJOR INITIATIVES

The City of Trotwood undertook several remarkable initiatives in 2005 toward a variety of strategic goals. Advances were made to stimulate revitalization of the City's challenged commercial core. Two expiring property tax levies were renewed by the voters. Revenue raising initiatives for utility operations were approved. Improvements to several key arterial road segments were achieved with a substantial infusion of grant resources.

The New Town Center project, aiming to redevelop the former Salem Mall site and surrounding vicinity with new mixed uses, saw several milestones. In February the City entered into a pre-development agreement with a major national retail development firm, General Growth Properties, to refine the concept plan for the Mall site and to undertake marketing efforts for securing tenants. These efforts also included preparing a redesign for the arterial street network alignment adjacent to the site.

To advance the Mall site clearance process, the City awarded a contract to demolish the J. C. Penney anchor store utilizing a County economic development grant. These funds were also used to separate the Sears anchor, expected to remain, from the Mall corridors. The City negotiated with remaining internal tenants to conclude their occupancy and in April held an auction to dispose of furnishings and fixtures in the Mall's connecting corridors. In addition the City submitted an application to the State for a Clean Ohio Assistance Fund grant to support demolition of the remainder of the vacant Mall structure. Notification that the State would approve \$750,000 for this purpose was received in December.

Interest in the potential development of nearby property also intensified during 2005. Agents for Walmart expressed interest in building a Supercenter store in this vicinity if the City could facilitate assembly of an adequate size site. Over the course of several months, the City was able to get options on four parcels on the opposite side of Salem Avenue, including the site of an under-performing Toys R Us store, that met the criteria. These parcels were within the 280 acre TIF District created in late 2004 to provide support for the New Town Center vicinity development.

To provide interim financing for the November closing on the purchase of the properties, the City issued a \$2,450,000 bond anticipation note. At the end of 2005 the City was advised it was the recipient of a Congressional earmark for \$750,000 in U.S. Army Corps of Engineers funding for stream relocation on the site. The City was also awarded a \$136,000 County economic development grant for demolition of the Toys R Us building.

Furthering the theme of creating redevelopment sites through the demolition of obsolete buildings in the Salem Avenue corridor, also in 2005 the City contracted for demolishing the former Kon Tiki movie theater structure on a site at the southern entrance to the community which was donated to the City in 2003. Community Development Block Grant (CDBG) funds awarded by Montgomery County were used for this demolition. These funds were also used to redesign site drainage in order to prepare for a potential new medical office development.

The City relies on several voter-approved property tax levies which periodically expire to support its essential services. Two street repair levies last approved for three years in 2002 were scheduled to expire in 2005 unless the voters approved their extension. These levies, one for 1.0 mills and one for 0.74 mills, together furnished approximately \$370,000 annually for street maintenance activities. City Council submitted separate ballot questions for the renewal of each levy for another three years, and the Trotwood electorate gave their approval to both questions at the November 8 election, thus assuring the availability of this important funding source for another three years.

City Council approved in September a new Stormwater Management Code. The enacting ordinance creates a storm sewer district and a Stormwater Management Enterprise Fund to receive authorized storm water drainage charges for financing capital improvements and maintenance costs. These charges, based on the contribution to runoff by each parcel in the City, will provide a new revenue source that takes a municipal utility approach for dealing with this underserved community need.

In December the City adopted increases to its water and sewer rates. The increases average about 82% for water consumption and 15% percent for sewer consumption, with the cumulative effect of approximately 50% on the combined bill. The actual percentage increase varies by level of consumption since the format of the rate structure was also modified to match changes by the City of Dayton. While the water rate increase was particularly high, it was in fact absolutely required to cover the steep water increases enacted earlier in the year by the City of Dayton and imposed on Trotwood.

Significant infrastructure improvements involving various major streets were completed in 2005. All were primarily funded through external grants.

The Salem Avenue Phase I project, which is one of five phases planned to address the entire roadway from the north to south corporation limits, was completed. This reconstruction of the northernmost 0.6 miles of the Salem corridor was a \$1,332,000 project. The City's contribution was \$197,000 with most of the remainder coming from an Ohio Public Works Commission (OPWC) infrastructure grant.

The Union Road street improvement project was also completed. This project accomplished the reconstruction and widening of the entire road frontage of the new high school campus and provided turn lanes for a cost of \$476,000, including a \$189,000 OPWC grant. The balance of funding came from a School District contribution to the City.

The West Third Street Phase I improvement project that began in 2004 was completed in 2005. Phase I addressed the portion on the City's southern boundary street with Jefferson Township from the Trotwood Connector to Holler Road. The existing roadway was completely reconstructed, widened to three lanes, and curbs, gutters and sidewalks were installed. The City's share of the \$1,612,000 project was \$196,000. OPWC furnished a \$908,000 grant and the Ohio Department of Transportation supplied \$323,000 from urban paving funds. Montgomery County and Jefferson Township also pledged funds to the project.

CASH MANAGEMENT

Temporarily idle cash during the year was invested in overnight repurchase agreements and the State Treasurer's investment pool (STAR Ohio). Total interest earned by the City in 2005 amounted to \$106,199.

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

RISK MANAGEMENT

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

OTHER INFORMATION

Independent Audit. The State of Ohio requires an annual audit by either the Auditor of State or by an independent accounting firm. The basic financial statements of the City of Trotwood, Ohio for the fiscal year ended December 31, 2005 have been audited by Plattenburg and Associates Inc. Their unqualified opinion has been included in this report.

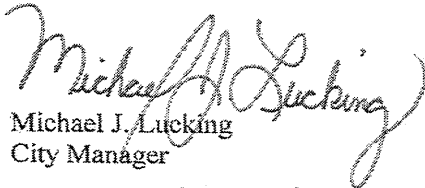
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Trotwood for its comprehensive annual financial report for the fiscal year ended December 31, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Finally, special acknowledgement is given to the Mayor and City Council for their continuing support and commitment to responsible fiscal reporting.

Respectfully submitted,


Michael J. Lucking
City Manager


Jon W. Stoops
Finance Director

CITY OF TROTWOOD, OHIO
List of Elected and Appointed Officials
December 31, 2005

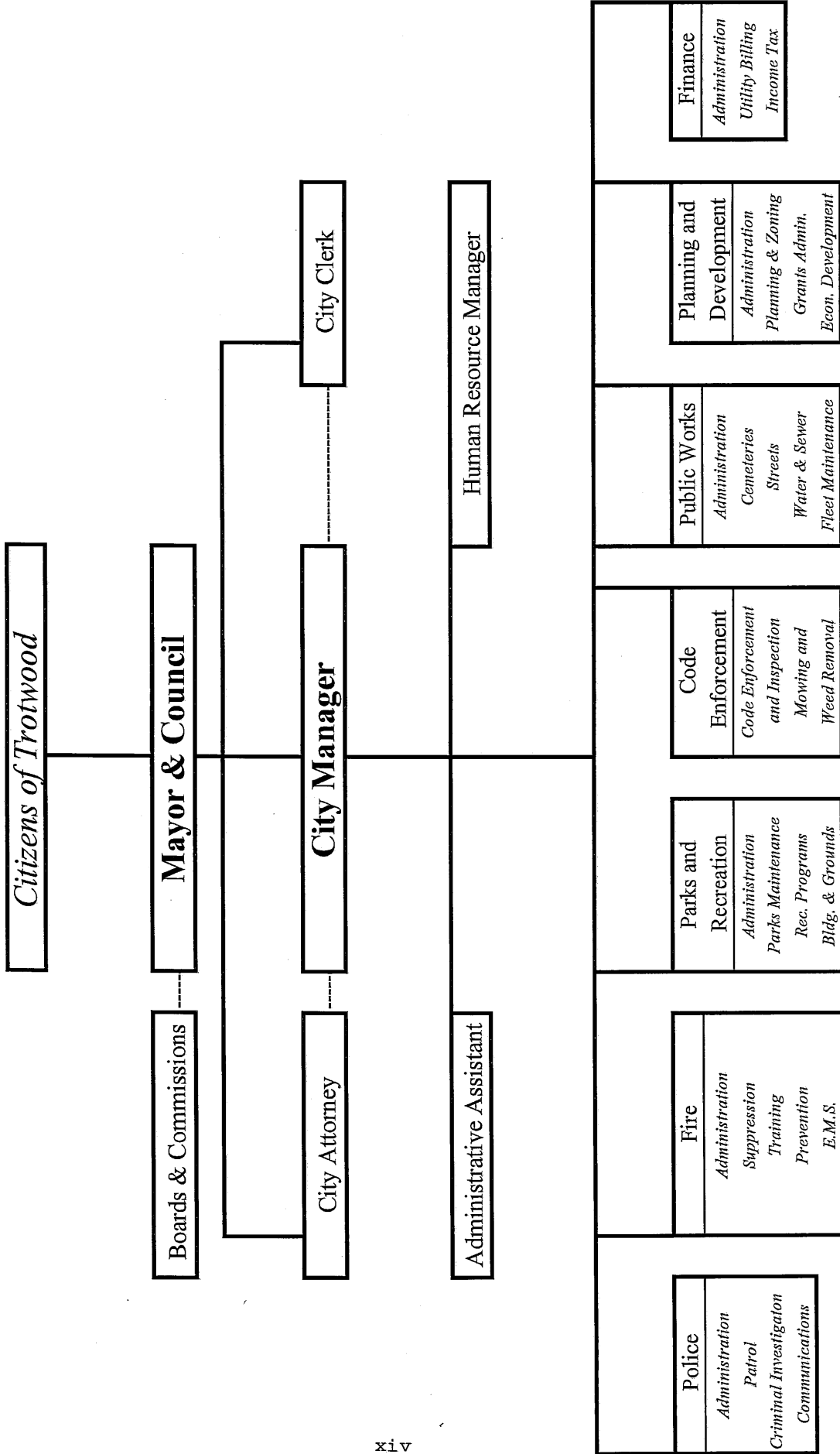
ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

CITY OF TROTWOOD, OHIO
 Organization Chart
 December 31, 2005



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Trotwood,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director

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**FINANCIAL
SECTION**

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May 22, 2006

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2005, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes, the City has implemented Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures* for the year ended December 31, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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


Plattenburg & Associates, Inc.
Certified Public Accountants

City of Trotwood

Management's Discussion and Analysis For The Year Ended December 31, 2005 (Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Trotwood's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's performance.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$2,852,328. Net assets of governmental activities increased \$2,876,345, net assets of business-type activities decreased by \$24,017.
- The General Fund reported an increase in fund balance of \$890,871.
- Business-type operations reflected an operating loss of \$149,019.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

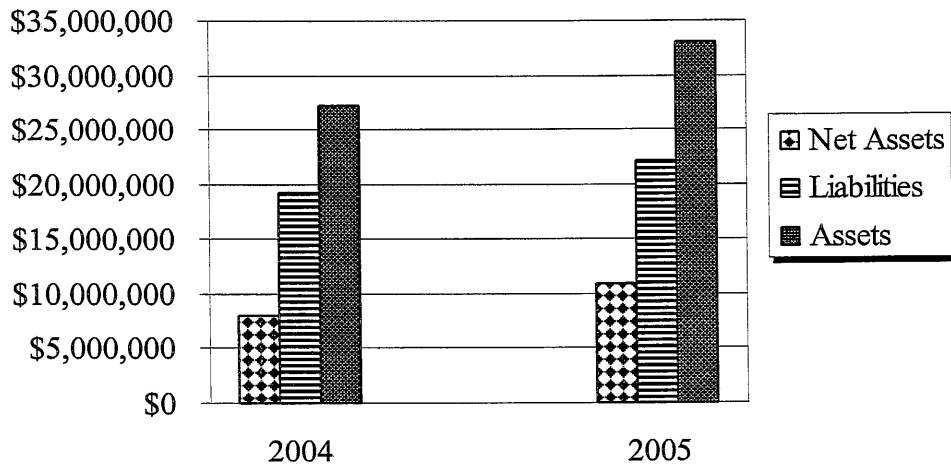
Proprietary Funds - When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will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

The City as a Whole

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2005 compared to 2004.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004 Restated	2005	2004	2005	2004 Restated	2005
Assets						
Current Assets	\$13,269,307	\$13,661,412	\$1,481,599	\$1,395,865	\$14,750,906	\$15,057,277
Capital Assets, Net	11,550,853	17,047,007	873,001	943,677	12,423,854	17,990,684
Total Assets	24,820,160	30,708,419	2,354,600	2,339,542	27,174,760	33,047,961
Liabilities						
Long-Term Liabilities	4,799,063	5,170,139	101,651	88,089	4,900,714	5,258,228
Other Liabilities	12,824,516	15,465,354	1,419,326	1,441,847	14,243,842	16,907,201
Total Liabilities	17,623,579	20,635,493	1,520,977	1,529,936	19,144,556	22,165,429
Net Assets						
Invested in Capital						
Assets Net of Debt	1,676,251	4,160,573	589,122	700,308	2,265,373	4,860,881
Restricted	1,887,487	1,655,451	0	0	1,887,487	1,655,451
Unrestricted	3,632,843	4,256,902	244,501	109,298	3,877,344	4,366,200
Total Net Assets	\$7,196,581	\$10,072,926	\$833,623	\$809,606	\$8,030,204	\$10,882,532



Total net assets of the City as a whole increased \$2,852,328. Net assets of the City's governmental activities increased \$2,876,345, while the net assets of the City's business-type activities decreased \$24,017 from 2004. The City had an unrestricted net assets balance of \$4,256,901 that may be used to meet the government's ongoing obligations to citizens and creditors.

The increase in Capital Assets, net reflects the completion of the West Third Street street reconstruction Phase I, purchase of land and infrastructure additions and other various equipment improvements throughout the City.

Table 2 shows the changes in net assets for the year ended December 31, 2005 and revenue and expense comparisons to 2004.

Table 2
Changes in Net Assets

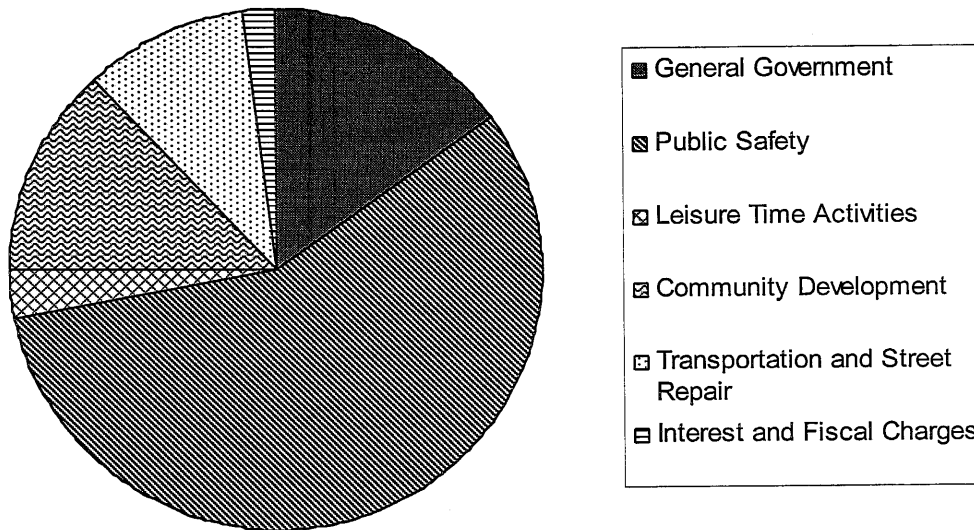
	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004	2005	2004	2005
Program Revenues:						
Charges for Services	\$1,559,214	\$1,868,720	\$2,633,147	\$2,885,107	\$4,192,361	\$4,753,827
Operating Grants, Contributions	1,980,059	1,738,257	0	0	1,980,059	1,738,257
Capital Grants and Contributions	841,261	2,188,017	0	180,257	841,261	2,368,274
Total Program Revenues	4,380,534	5,794,994	2,633,147	3,065,364	7,013,681	8,860,358
General Revenue:						
Income Taxes	5,640,632	5,899,378	0	0	5,640,632	5,899,378
Property Taxes	4,638,908	5,109,610	0	0	4,638,908	5,109,610
Grants and Entitlements	1,567,345	1,630,941	0	0	1,567,345	1,630,941
Payment in Lieu of Taxes	170,064	188,685	0	0	170,064	188,685
Investment Earnings	43,794	103,728	1,258	2,471	45,052	106,199
Refunds and Reimbursements	0	344,726	0	0	0	344,726
Other	503,482	945,321	286,162	30	789,644	945,351
Total General Revenues	12,564,225	14,222,389	287,420	2,501	12,851,645	14,224,890
Total Revenues	16,944,759	20,017,383	2,920,567	3,067,865	19,865,326	23,085,248
Program Expenses:						
General Government	2,424,667	2,521,463	0	0	2,424,667	2,521,463
Public Safety	8,712,931	9,749,517	0	0	8,712,931	9,749,517
Leisure Time Activities	468,158	601,949	0	0	468,158	601,949
Community Development	2,478,991	2,258,759	0	0	2,478,991	2,258,759
Transportation and Street Repair	2,603,908	1,693,198	0	0	2,603,908	1,693,198
Interest and Fiscal Charges	264,371	333,652	0	0	264,371	333,652
Water	0	0	1,050,022	1,078,263	1,050,022	1,078,263
Sewer	0	0	883,254	854,856	883,254	854,856
Refuse	0	0	986,635	1,122,749	986,635	1,122,749
Stormwater	0	0	2,570	18,514	2,570	18,514
Total Program Expenses	16,953,026	17,158,538	2,922,481	3,074,382	19,875,507	20,232,920
Increase (Decrease) in Net Assets						
before Transfers	(8,267)	2,858,845	(1,914)	(6,517)	(10,181)	2,852,328
Transfers - Internal Activities	0	17,500	0	(17,500)	0	0
Change in Net Assets	(8,267)	2,876,345	(1,914)	(24,017)	(10,181)	2,852,328
Beginning Net Assets	7,204,848	7,196,581	835,537	833,623	8,040,385	8,030,204
Ending Net Assets	\$7,196,581	\$10,072,926	\$833,623	\$809,606	\$8,030,204	\$10,882,532

Governmental Activities

The City of Trotwood's income taxes and property taxes are the largest source of revenue. These revenues represent 77% of the City's governmental activities total general revenue and saw an approximate increase of 7% in 2005 compared to 2004. The change was due mostly to an increase in property tax collections. The City also had an increase in capital grants and contributions of \$1,346,756 mainly due to grants received for street (infrastructure) reconstruction and improvements throughout the City. The City saw a decrease in transportation expense from 2004 to 2005 due primarily to the City's increase in street reconstruction rather than street maintenance and repair (repairing, etc.).

Governmental activities program expenses for 2005 were as follows:

<u>Program Expenses</u>	<u>Percent of Total</u>
General Government	15%
Public Safety	57%
Leisure Time Activities	3%
Community Development	13%
Transportation and Street Repair	10%
Interest and Fiscal Charges	2%
Total	<u>100%</u>



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

Business-Type Activities

Business-type activities include Water, Sewer, Refuse Collection and Stormwater. These programs had revenues of \$3,067,865 and expenses of \$3,091,882 for fiscal year 2005. Business activities receive no support from tax revenues. The business activities net assets at the end of the year was \$809,606, which decreased \$24,017 from 2004.

The City of Trotwood’s water and sewer maintenance division services approximately 2,800 accounts within the territory which was part of the City prior to the 1996 merger with Madison Township. The City operates approximately 37.5 miles of water lines and 31 miles of sanitary sewer lines within the territory, to distribute water supplied by the City of Dayton and collect sewerage returned to Dayton for treatment at their facilities. The water fund had an operating loss of \$133,882 for 2005. The sewer fund had operating income of \$58,391 in 2005.

The City's Funds

The City has three major governmental funds: the General Fund, Fire Levy Fund and Salem Mall Tax Increment Fund. Assets of the general fund comprised \$6,977,652 (50%), the fire levy fund comprised \$2,735,192 (19%) and the Salem Mall tax increment fund comprised \$340,981 (2%) of the total \$13,971,864 governmental funds assets.

General Fund: Fund balance at December 31, 2005 was \$2,370,912 an increase in fund balance of \$890,871 from 2004. The general fund had an increase in taxes revenue due to an increase in taxes available for advance and property tax collections. The general fund also had an increase in intergovernmental revenue due to an increase in grant monies received from 2004.

Fire Levy Fund: Fund balance at December 31, 2005 was \$327,320 an increase in fund balance of \$118,340 from 2004. The fire levy had an increase in taxes received primarily due to an increase in taxes available for advance from 2004 to 2005.

Salem Mall Tax Increment Fund: Fund balance at December 31, 2005 was (\$6,657,091) a decrease in fund balance of \$2,920,261 from 2004. The decrease in fund balance is due to the City's purchase of land with short term debt.

General Fund Budgeting Highlights

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

As the City completed the year, its General Fund balance reported an actual fund balance of \$1,809,327, on a Non-GAAP Budgetary Basis.

Variations from the final budget amounts to the original amounts are primarily due to the following reasons: The City underestimated the public safety and general government expenditures for 2005.

Capital Assets and Debt Administration

Capital Assets

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2004 Restated	2005	2004	2005	2004 Restated	2005
Land	\$6,077,483	\$8,681,761	\$12,026	\$12,026	\$6,089,509	\$8,693,787
Construction in Progress	323,021	526,502	0	0	323,021	526,502
Buildings and Improvements	4,294,100	4,276,032	0	0	4,294,100	4,276,032
Equipment	7,150,343	7,579,558	292,436	302,920	7,442,779	7,882,478
Infrastructure	444,984	3,079,116	8,443,005	8,644,428	8,887,989	11,723,544
Accumulated Depreciation	(6,739,078)	(7,095,962)	(7,874,466)	(8,015,697)	(14,613,544)	(15,111,659)
Total Net Capital Assets	<u>\$11,550,853</u>	<u>\$17,047,007</u>	<u>\$873,001</u>	<u>\$943,677</u>	<u>\$12,423,854</u>	<u>\$17,990,684</u>

The increase in net capital assets was the result of the increase in infrastructure (streets) throughout the City and also the purchase of land within the City.

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

Debt

Table 4
Outstanding Debt at Year End

		2004	2005
Governmental Activities			
<u>General Obligation Bonds</u>			
2003 Various Purpose Bonds	5.11%	\$3,645,000	\$3,490,000
Total General Obligation Bonds		<u>3,645,000</u>	<u>3,490,000</u>
Business Type Activities			
<u>Loans</u>			
2001 OPWC Loan	3.00%	36,876	32,066
Total Loans		<u>36,876</u>	<u>32,066</u>
Total Debt		<u>\$3,681,876</u>	<u>\$3,522,066</u>

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

The City had General Obligation Notes Payable of \$6,170,000 and \$8,930,000 for the year ended 2004 and 2005, respectively.

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

City of Trotwood
Statement of Net Assets
December 31, 2005

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$4,083,279	\$128,272	\$4,211,551
Restricted Cash and Investments	8,589	0	8,589
Receivables:			
Taxes	6,856,240	0	6,856,240
Accounts	63,211	807,065	870,276
Intergovernmental	1,886,891	0	1,886,891
Special Assessments	427,294	543,589	970,883
Internal Balances	83,061	(83,061)	0
Prepays	151,911	0	151,911
Inventory	100,936	0	100,936
Nondepreciable Capital Assets	9,208,263	12,026	9,220,289
Depreciable Capital Assets, Net	7,838,744	931,651	8,770,395
Total Assets	30,708,419	2,339,542	33,047,961
Liabilities:			
Accounts Payable	757,366	674,513	1,431,879
Accrued Wages and Benefits	849,617	23,745	873,362
Accrued Interest Payable	144,512	0	144,512
Unearned Revenue	4,983,859	543,589	5,527,448
General Obligation Notes Payable	8,730,000	200,000	8,930,000
Long-Term Liabilities:			
Due Within One Year	944,720	37,868	982,588
Due In More Than One Year	4,225,419	50,221	4,275,640
Total Liabilities	20,635,493	1,529,936	22,165,429
Net Assets:			
Invested in Capital Assets, Net of Related Debt	4,160,573	700,308	4,860,881
Restricted for:			
Special Revenue	1,533,989	0	1,533,989
Debt Service	121,462	0	121,462
Unrestricted	4,256,902	109,298	4,366,200
Total Net Assets	\$10,072,926	\$809,606	\$10,882,532

See accompanying notes to the basic financial statements.

City of Trotwood
Statement of Activities
For the Fiscal Year Ended December 31, 2005

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$2,521,463	\$357,370	\$0	\$0
Public Safety	9,749,517	1,051,086	545,920	0
Leisure Time Activities	601,949	20,709	0	0
Community Development	2,258,759	398,139	684,454	0
Transportation and Street Repair	1,693,198	17,104	488,133	2,188,017
Interest and Fiscal Charges	333,652	24,312	19,750	0
Total Governmental Activities	17,158,538	1,868,720	1,738,257	2,188,017
Business-Type Activities:				
Water	1,078,263	922,392	0	0
Sewer	854,856	894,980	0	180,257
Refuse	1,122,749	1,067,735	0	0
Stormwater	18,514	0	0	0
Total Business-Type Activities	3,074,382	2,885,107	0	180,257
Totals	\$20,232,920	\$4,753,827	\$1,738,257	\$2,368,274

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$2,164,093)	\$0	(\$2,164,093)
(8,152,511)	0	(8,152,511)
(581,240)	0	(581,240)
(1,176,166)	0	(1,176,166)
1,000,056	0	1,000,056
(289,590)	0	(289,590)
(11,363,544)	0	(11,363,544)
0	(155,871)	(155,871)
0	220,381	220,381
0	(55,014)	(55,014)
0	(18,514)	(18,514)
0	(9,018)	(9,018)
(\$11,363,544)	(\$9,018)	(\$11,372,562)
5,899,378	0	5,899,378
4,933,262	0	4,933,262
176,348	0	176,348
1,630,941	0	1,630,941
188,685	0	188,685
103,728	2,471	106,199
344,726	0	344,726
945,321	30	945,351
17,500	(17,500)	0
14,239,889	(14,999)	14,224,890
2,876,345	(24,017)	2,852,328
7,196,581	833,623	8,030,204
\$10,072,926	\$809,606	\$10,882,532

City of Trotwood
Balance Sheet
Governmental Funds
December 31, 2005

	General	Fire Levy	Salem Mall Tax Increment	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$1,996,223	\$375,363	\$340,981	\$1,298,000	\$4,010,567
Restricted Cash and Investments	0	0	0	8,589	8,589
Receivables:					
Taxes	3,433,529	2,221,978	0	1,200,733	6,856,240
Accounts	0	0	0	63,211	63,211
Intergovernmental	710,535	115,298	0	1,061,058	1,886,891
Special Assessments	286,886	0	0	140,408	427,294
Interfund	466,226	0	0	0	466,226
Prepays	84,253	22,553	0	45,105	151,911
Inventory	0	0	0	100,936	100,936
Total Assets	6,977,652	2,735,192	340,981	3,918,040	13,971,865
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	304,225	43,260	43,485	364,089	755,059
Accrued Wages and Benefits	534,964	142,796	4,587	167,270	849,617
Compensated Absences	74,847	0	0	0	74,847
Interfund Payable	0	0	0	383,165	383,165
Deferred Revenue	3,692,704	2,221,816	0	2,283,998	8,198,518
General Obligation Notes Payable	0	0	6,950,000	1,780,000	8,730,000
Total Liabilities	4,606,740	2,407,872	6,998,072	4,978,522	18,991,206
Fund Balances:					
Reserved for Encumbrances	179,446	6,120	48,132	1,165,738	1,399,436
Reserved for Inventory	0	0	0	100,936	100,936
Reserved for Property Tax Advances	112,148	115,460	0	55,736	283,344
Reserved for Debt Service	0	0	0	10,402	10,402
Reserved for Prepays	84,253	22,553	0	45,105	151,911
Unreserved, Undesignated, Reported in:					
General Fund	1,995,065	0	0	0	1,995,065
Special Revenue Funds	0	183,187	0	(288,279)	(105,092)
Debt Service Funds	0	0	0	104,474	104,474
Capital Projects Funds	0	0	(6,705,223)	(2,254,594)	(8,959,817)
Total Fund Balances	2,370,912	327,320	(6,657,091)	(1,060,482)	(5,019,341)
Total Liabilities and Fund Balances	\$6,977,652	\$2,735,192	\$340,981	\$3,918,040	\$13,971,865

See accompanying notes to the basic financial statements.

City of Trotwood
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2005

Total Governmental Fund Balance		(\$5,019,341)
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,047,007
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income Taxes	758,562	
Delinquent Property Taxes	807,576	
Intergovernmental	1,221,227	
Other	<u>427,294</u>	
		3,214,659
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		70,405
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(144,512)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(938,858)</u>	
		(938,858)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(4,156,434)</u>
Net Assets of Governmental Activities		<u><u>\$10,072,926</u></u>

See accompanying notes to the basic financial statements.

City of Trotwood
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2005

	General	Fire Levy	Salem Mall Tax Increment	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$7,477,214	\$2,033,893	\$0	\$1,229,000	\$10,740,107
Fines, Licenses & Permits	382,541	0	0	97,817	480,358
Charges for Services	213,999	610	254,589	882,734	1,351,932
Investment Earnings	46,316	10,589	17,311	29,512	103,728
Intergovernmental	1,633,974	263,256	0	2,822,686	4,719,916
Special Assessments	31,271	0	0	38,359	69,630
Other Revenues	475,598	327,805	194,710	384,343	1,382,456
Total Revenues	10,260,913	2,636,153	466,610	5,484,451	18,848,127
Expenditures:					
Current:					
General Government	2,373,557	0	0	0	2,373,557
Public Safety	5,157,761	2,838,333	0	1,489,419	9,485,513
Leisure Time Activities	539,983	0	0	1,000	540,983
Community Development	575,483	0	952,217	761,867	2,289,567
Transportation and Street Repair	349,637	0	0	1,218,857	1,568,494
Capital Outlay	157,820	6,730	2,415,776	2,278,059	4,858,385
Debt Service:					
Principal Retirement	74,431	0	0	170,035	244,466
Interest and Fiscal Charges	96,370	0	80,480	95,996	272,846
Total Expenditures	9,325,042	2,845,063	3,448,473	6,015,233	21,633,811
Excess of Revenues Over (Under) Expenditures	935,871	(208,910)	(2,981,863)	(530,782)	(2,785,684)
Other Financing Sources (Uses):					
Proceeds of Capital Leases	0	327,250	0	144,048	471,298
Proceeds from Sale of Capital Assets	0	0	61,602	172	61,774
Transfers In	0	0	0	62,500	62,500
Transfers (Out)	(45,000)	0	0	0	(45,000)
Total Other Financing Sources (Uses)	(45,000)	327,250	61,602	206,720	550,572
Net Change in Fund Balance	890,871	118,340	(2,920,261)	(324,062)	(2,235,112)
Fund Balance Beginning of Year	1,480,041	208,980	(3,736,830)	(769,993)	(2,817,802)
Change in Reserve for Inventory	0	0	0	33,573	33,573
Fund Balance End of Year	\$2,370,912	\$327,320	(\$6,657,091)	(\$1,060,482)	(\$5,019,341)

See accompanying notes to the basic financial statements.

City of Trotwood
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended December 31, 2005

Net Change in Fund Balance - Total Governmental Funds (2,235,112)

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

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

Capital assets used in governmental activities	6,116,564	
Depreciation Expense	<u>(620,410)</u>	5,496,154

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

Income Taxes	363,003	
Delinquent Property Taxes	(112,643)	
Intergovernmental	49,166	
Other	<u>(326,482)</u>	(26,956)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 244,466

In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due. (60,806)

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

Pension Obligation	0	
Compensated Absences	(96,863)	
Deferred Bond Issuance Cost Amorti	0	
Change in Inventory	33,573	
Other	<u>0</u>	(63,290)

The internal service fund used by management to charge back costs to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (6,813)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets. (471,298)

Change in Net Assets of Governmental Activities	<u>\$2,876,345</u>
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See accompanying notes to the basic financial statements.

City of Trotwood
Statement of Net Assets
Proprietary Funds
December 31, 2005

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Other Enterprise Funds	Total Business-Type Activities	
Assets:					
Equity in Pooled Cash and Investments	\$2	\$127,508	\$762	\$128,272	\$72,712
Receivables:					
Accounts	305,360	291,570	210,135	807,065	0
Special Assessments	96,237	96,237	351,115	543,589	0
Total Current Assets	401,599	515,315	562,012	1,478,926	72,712
Nondepreciable Capital Assets	0	12,026	0	12,026	0
Depreciable Capital Assets, Net	464,060	467,591	0	931,651	0
Total Noncurrent Assets	464,060	479,617	0	943,677	0
Total Assets	865,659	994,932	562,012	2,422,603	72,712
Liabilities:					
Current Liabilities:					
Accounts Payable	350,268	287,331	36,914	674,513	2,307
Accrued Wages and Benefits	12,016	11,729	0	23,745	0
Compensated Absences	10,805	10,805	0	21,610	0
Interfund Payable	11,658	0	71,403	83,061	0
Deferred Revenue	96,237	96,237	351,115	543,589	0
General Obligation Notes Payable	200,000	0	0	200,000	0
Long-Term Liabilities Due Within One Year	11,303	4,955	0	16,258	0
Total Current Liabilities	692,287	411,057	459,432	1,562,776	2,307
Long-Term Liabilities:					
Compensated Absences	11,555	11,555	0	23,110	0
Bonds, Notes & Loans Payable	0	27,111	0	27,111	0
Total Noncurrent Liabilities	11,555	38,666	0	50,221	0
Total Liabilities	703,842	449,723	459,432	1,612,997	2,307
Net Assets:					
Invested in Capital Assets, Net of Related Debt	252,757	447,551	0	700,308	0
Unrestricted	(90,940)	97,658	102,580	109,298	70,405
Total Net Assets	\$161,817	\$545,209	\$102,580	\$809,606	\$70,405

See accompanying notes to the basic financial statements.

City of Trotwood
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2005

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Other Enterprise Funds	Total Business-Type Activities	
Operating Revenues:					
Charges for Services	\$922,392	\$894,980	\$1,067,735	\$2,885,107	\$5,049
Other Revenues	15	15	0	30	0
Total Operating Revenues	922,407	894,995	1,067,735	2,885,137	5,049
Operating Expenses:					
Personal Services	158,805	154,866	13,926	327,597	0
Contactual Services	752,569	639,621	1,121,637	2,513,827	12,761
Materials and Supplies	25,228	6,213	5,700	37,141	0
Depreciation	114,417	26,814	0	141,231	0
Other Expenses	5,270	9,090	0	14,360	0
Total Operating Expenses	1,056,289	836,604	1,141,263	3,034,156	12,761
Operating Income (Loss)	(133,882)	58,391	(73,528)	(149,019)	(7,712)
Non-Operating Revenues (Expenses):					
Investment Earnings	83	1,263	1,125	2,471	899
Interest (Expense)	(21,974)	(18,252)	0	(40,226)	0
Total Non-Operating Revenues (Expenses)	(21,891)	(16,989)	1,125	(37,755)	899
Income (Loss) Before Contributions and Transfers	(155,773)	41,402	(72,403)	(186,774)	(6,813)
Capital Grants and Contributions	0	180,257	0	180,257	0
Transfers (Out)	(8,750)	(8,750)	0	(17,500)	0
Change in Net Assets	(164,523)	212,909	(72,403)	(24,017)	(6,813)
Net Assets Beginning of Year	326,340	332,300	174,983	833,623	77,218
Net Assets End of Year	\$161,817	\$545,209	\$102,580	\$809,606	\$70,405

See accompanying notes to the basic financial statements.

City of Trotwood
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2005

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Fund
	Water	Sewer	Other Enterprise Funds	Total Business-Type Activities	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$908,153	\$1,058,355	\$1,091,343	\$3,057,851	\$5,049
Cash Payments to Employees	(158,356)	(154,580)	(13,926)	(326,862)	0
Cash Payments to Suppliers	(790,630)	(855,525)	(1,090,423)	(2,736,578)	(11,682)
Net Cash Provided (Used) by Operating Activities	(40,833)	48,250	(13,006)	(5,589)	(6,633)
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(5,242)	(26,408)	0	(31,650)	0
Debt Proceeds	200,000	0	0	200,000	0
Debt Principal Payments	(225,000)	(4,810)	0	(229,810)	0
Debt Interest Payments	(21,974)	(18,252)	0	(40,226)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(52,216)	(49,470)	0	(101,686)	0
Cash Flows from Investing Activities:					
Earnings on Investments	83	1,263	1,125	2,471	899
Net Cash Provided (Used) by Cash Flows from Investing Activities	83	1,263	1,125	2,471	899
Net Increase (Decrease) in Cash and Cash Equivalents	(101,716)	(8,707)	(11,881)	(122,304)	(5,734)
Cash and Cash Equivalents Beginning of Year	101,718	136,215	12,643	250,576	78,446
Cash and Cash Equivalents End of Year	2	127,508	762	128,272	72,712
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	(133,882)	58,391	(73,528)	(149,019)	(7,712)
Adjustments:					
Depreciation	114,417	26,814	0	141,231	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	(51,437)	(43,380)	(8,906)	(103,723)	0
Increase (Decrease) in Payables	3,137	(20,344)	93,367	76,160	1,079
Increase (Decrease) in Accrued Liabilities	449	286	0	735	0
Increase (Decrease) in Deferred Revenue	26,483	26,483	(23,939)	29,027	0
Net Cash Provided (Used) by Operating Activities	(\$40,833)	\$48,250	(\$13,006)	(\$5,589)	(\$6,633)
Schedule of Noncash Capital Activities:					
During the fiscal year, these amounts were received representing noncash contributions of:					
Capital Assets	\$0	\$180,257	\$0	\$180,257	

See accompanying notes to the basic financial statements.

City of Trotwood

Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

1. DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

Reporting Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

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

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

Fiduciary Funds

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

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

Unearned Revenue

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

Expenses/Expenditures

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

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

Equity in Pooled Cash and Investments

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

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

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

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

Following Ohio Revised Code, the City has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund amounted to \$46,316. This amount included \$560 assigned from other City funds.

Inventory and Prepaid Items

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

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

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

Capital Assets

The City of Trotwood is applying the transition provisions for General Infrastructure Assets (streets, curbs, sidewalks, and culverts). These provisions require only the reporting of the current year additions for General Infrastructure Assets for years 2003 through 2006. General Infrastructure Assets acquired prior to January 1, 2003 must be reported by the 2007 fiscal year to comply with the transition provisions. The City has elected not to use the modified approach for reporting General Infrastructure Assets.

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	20-45 years	20-45 years
Machinery and Equipment	3-20 years	3-20 years
Infrastructure	15-45 years	15-45 years

Interfund Balances

On fund financial statements, long-term interfund loans are classified as "advances to/from other funds" on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts, as well as any short-term interfund balances, are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. Compensated absences are reported in governmental funds only if they have matured. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

Net Assets

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

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

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities.

Estimates

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

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.

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

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

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2005, \$326,276 of the City's bank balance of \$426,276 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

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

Investments

As of December 31, 2005, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Repurchase Agreement	\$2,077,197	0.00
STAROhio	<u>2,063,157</u>	0.00
Total Fair Value	<u>\$4,140,354</u>	
Portfolio Weighted Average Maturity		0.00

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

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

Concentration of credit risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 50% of the City’s investments in Repurchase Agreement and 50% in STAROhio.

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

4. RECEIVABLES

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

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

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2005 for real and public utility property taxes represents collections of the 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) is for 2005 taxes.

The 2005 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. The 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

The 2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value.

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

Real Property	\$290,127,620
Tangible Personal Property	<u>30,158,312</u>
Total Valuation	<u>\$320,285,932</u>

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

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

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

Income Taxes

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

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

5. RISK MANAGEMENT

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

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

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Legal Liability for Third Party Claims	\$2,000,000	\$10,000
Automobile Liability	2,000,000	2,500
Law Enforcement Operations	2,000,000	25,000
Wrongful Acts (Public Officials)	2,000,000	10,000
Real and Personal Property	10,294,800	5,000
Vehicles	3,983,327	500
Miscellaneous Property	1,289,920	Per Schedule
Data Processing	298,365	5,000

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

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

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

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

6. CAPITAL ASSETS

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

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$6,077,483	\$2,604,278	\$0	\$8,681,761
Construction in Progress	323,021	1,009,302	805,821	526,502
Total Capital Assets, not being depreciated	<u>6,400,504</u>	<u>3,613,580</u>	<u>805,821</u>	<u>9,208,263</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	4,294,100	0	18,068	4,276,032
Equipment	7,150,343	674,673	245,458	7,579,558
Infrastructure	444,984	2,634,132	0	3,079,116
Totals at Historical Cost	<u>18,289,931</u>	<u>6,922,385</u>	<u>1,069,347</u>	<u>24,142,969</u>
Less Accumulated Depreciation:				
Buildings and Improvements	1,664,266	128,310	18,068	1,774,508
Equipment	5,072,696	472,424	245,458	5,299,662
Infrastructure	2,116	19,676	0	21,792
Total Accumulated Depreciation	<u>\$6,739,078</u>	<u>\$620,410</u>	<u>\$263,526</u>	<u>\$7,095,962</u>
Governmental Activities Capital Assets, Net	<u>\$11,550,853</u>	<u>\$6,301,975</u>	<u>\$805,821</u>	<u>\$17,047,007</u>
Business-Type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$12,026	\$0	\$0	\$12,026
<i>Capital Assets, being depreciated:</i>				
Equipment	292,436	10,484	0	302,920
Infrastructure	8,443,005	201,423	0	8,644,428
Totals at Historical Cost	<u>8,747,467</u>	<u>211,907</u>	<u>0</u>	<u>8,959,374</u>
Less Accumulated Depreciation:				
Equipment	151,364	20,500	0	171,864
Infrastructure	7,723,102	120,731	0	7,843,833
Total Accumulated Depreciation	<u>\$7,874,466</u>	<u>\$141,231</u>	<u>\$0</u>	<u>\$8,015,697</u>
Business-Type Activities Capital Assets, Net	<u>\$873,001</u>	<u>\$70,676</u>	<u>\$0</u>	<u>\$943,677</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$90,656
Public Safety	314,890
Leisure Time	58,746
Community Development	4,461
Transportation	<u>151,657</u>
Total Depreciation Expense	<u><u>\$620,410</u></u>

7. COMPENSATED ABSENCES

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

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

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

8. NOTES PAYABLE

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

		Beginning Balance	Additions	Deletions	Ending Balance
Bond Anticipation Notes:					
Governmental Activities:					
Fire Facilities Improvement	1.54%	\$850,000	\$0	(\$850,000)	\$0
Salem Mall Area Improvement	1.54%	600,000	0	(600,000)	0
Park Improvement	1.70%	145,000	0	(145,000)	0
Curb and Gutter	1.70%	60,000	0	(60,000)	0
Industrial Park Improvement	2.18%	695,000	0	(695,000)	0
Curb and Gutter (A)	2.25%	95,000	0	(95,000)	0
Salem Mall Series (A)	1.94%	3,500,000	0	(3,500,000)	0
Fire Facilities Improvement	3.25%	0	850,000	0	850,000
Salem Mall Area Improvement	3.25%	0	750,000	0	750,000
Park Improvement	2.86%	0	100,000	0	100,000
Curb and Gutter	2.86%	0	50,000	0	50,000
Industrial Park Improvement	3.10%	0	695,000	0	695,000
Curb and Gutter (A)	3.10%	0	85,000	0	85,000
Salem Mall Series (A)	3.05%	0	3,750,000	0	3,750,000
Real Estate Acquisition	3.33%	0	2,450,000	0	2,450,000
Total Governmental Activities		5,945,000	8,730,000	(5,945,000)	8,730,000
Business Type Activities					
General Obligation Bonds					
Water System Improvement	1.70%	\$225,000	\$0	(\$225,000)	\$0
Water System Improvement	2.86%	0	200,000	0	200,000
Total Business-Type Activities		225,000	200,000	(225,000)	200,000
Total Bond Anticipation Notes		\$6,170,000	\$8,930,000	(\$6,170,000)	\$8,930,000

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

9. LONG-TERM DEBT

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

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
Bonds Payable						
2003 Various Purpose Bonds	5.11%	\$3,645,000	\$0	(\$155,000)	\$3,490,000	\$160,000
Capital Leases		284,602	471,298	(89,466)	666,434	180,677
Total Long-Term Debt		3,929,602	471,298	(244,466)	4,156,434	340,677
Compensated Absences		869,461	686,328	(542,084)	1,013,705	604,043
Total Governmental Activities		\$4,799,063	\$1,157,626	(\$786,550)	\$5,170,139	\$944,720

Business Type Activities

<u>Loans</u>						
2001 OPWC Loan	3.00%	\$36,876	\$0	(\$4,810)	\$32,066	\$4,955
Capital Lease		22,003	0	(10,700)	11,303	11,303
Compensated Absences		42,772	24,814	(22,866)	44,720	21,610
Total Business-Type Activities		\$101,651	\$24,814	(\$38,376)	\$88,089	\$37,868

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

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

Year Ending December 31	General		OPWC Loan	
	Obligation Bonds		Principal	Interest
	Principal	Interest		
2006	\$160,000	\$178,339	\$4,955	\$925
2007	175,000	170,163	5,104	775
2008	175,000	161,220	5,259	621
2009	190,000	152,278	5,418	462
2010	195,000	142,569	5,581	298
2011-2015	1,075,000	550,603	5,749	129
2016-2020	740,000	309,411	0	0
2021-2025	680,000	119,829	0	0
2026-2030	100,000	5,110	0	0
Total	\$3,490,000	\$1,789,522	\$32,066	\$3,210

10. LEASES**A. Capital Leases**

The City entered into a capital lease for two new dump trucks, a new fire engine, multiple new toughbook computers and equipment under capital leases that extend into prior years.

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

<u>Year Ending December 31</u>	
2006	\$218,046
2007	142,913
2008	142,917
2009	124,278
2010	<u>120,053</u>
Total minimum lease payments	748,207
Less: Amount representing interest	<u>(70,470)</u>
Present value of minimum lease payments	<u>\$677,737</u>

11. PENSION PLANS

Ohio Public Employees Retirement System

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

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

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2005, 2004 and 2003 were \$324,751, \$332,559, and \$346,390, respectively. The full amount has been contributed for 2004 and 2003 and 78% has been contributed for 2005.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for the years ending December 31, 2005, 2004 and 2003 were \$940,071, \$926,735 and \$863,290, respectively. The full amount has been contributed for 2004 and 2003 and 75% has been contributed for 2005.

12. POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 4.00 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rates plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

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

At year end 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$103,057. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

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

Ohio Police and Fire Pension Fund

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

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

The City's actual contributions for the current year that were used to fund postemployment benefits were \$218,403 for police and \$116,320 for fire. The OP&F's total health care expenses for the year ended December 31, 2004, (the latest information available) were \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

13. JOINTLY GOVERNED ORGANIZATIONS

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreation facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$12,613 for the operation of the Commission during 2005.

The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters, which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS services by volunteers, two representatives appointed by the members who are provided Fire/EMS services by a combination of full-time employees and volunteers and a representative appointed by members who are provided Fire/EMS services by full-time employees. Payments to the Alliance are made from the Fire Levy Fund. The City contributed \$6,581 for the operation of the Alliance during 2005.

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced and that County economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships and cities within Montgomery County and the County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County. The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those in communities experiencing less economic growth. In 2000, the City agreed to be a member for an additional 10 years, ending December 31, 2011. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the General Fund. The City did not contribute to the operation of the ED/GE during 2005.

14. INTERFUND TRANSACTIONS

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

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$466,226	\$0	\$0	\$45,000
Water Fund	0	11,658	0	8,750
Sewer Fund	0	0	0	8,750
Refuse Fund	0	56,453	0	0
Other Governmental Funds	0	383,165	62,500	0
Other Enterprise Funds	<u>0</u>	<u>14,950</u>	<u>0</u>	<u>0</u>
Total All Funds	<u>\$466,226</u>	<u>\$466,226</u>	<u>\$62,500</u>	<u>\$62,500</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed. The \$8,750 transfer out of the Water Fund and Sewer Fund was made for financial reporting purposes.

15. COMPLIANCE AND ACCOUNTABILITY

Compliance

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

Street Construction, Maintenance and Repair Fund	\$12,400
Drug Law Enforcement Fund	2,299
Government Equity Program Fund	1,391
Rescue Levy Fund	33,047
Internal Service Fund	12,533

During the year, the City had disbursements exceeding appropriations in the following funds:

Drug Law Enforcement Fund	\$12,053
Internal Service Fund	39,947

Ohio Revised Code Sec. 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. At year end, the City had appropriations exceeding estimated resources in the following funds:

Grants Fund	\$198,778
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During the year, the City had appropriations exceeding estimated resources in the following funds:

Grant Fund	\$198,778
Refuse Collection Fund	42,458

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

Permissive Use Tax Fund	\$275,364
Grants Fund	400,068
West Third Street Improvement Fund	1,018,479

Ohio Revised Code Sec. 5705.41D states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The City improperly encumbered certain expenditures.

Accountability

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

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Permissive Use Tax	\$165,473
Curbs/Gutters/Sidewalk Assessment	52,942
Grants	207,498
Rescue Levy	24,966
Capital Projects:	
Salem Mall Tax Increment	6,657,091
Park Acquisition & Development	74,484
Industrial Park	694,603
Fire Facility Improvements	449,626
West Third Street Improvements	220,478
Enterprise:	
Stormwater	20,988

16. CONSTRUCTION AND OTHER COMMITMENTS

At year end, uncompleted construction contracts are as follows:

<u>Description</u>	<u>Remaining Commitment</u>
West Third Street, Phase II Improvements	\$907,671

17. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures". GASB 40 establishes and modifies disclosure requirements related to investment risk: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments.

18. SUBSEQUENT EVENT

In March 2006, a bond anticipation note for \$1,275,000 was issued to pay off existing notes. In April 2006, a bond anticipation note for \$265,000 was issued to payoff existing notes. In May 2006, City Council awarded a contract to Jurgensen Construction for the Salem Avenue Phase V Project for \$1,066,431.

19. CONTINGENT LIABILITY

The City is a party to legal proceedings. Damages in excess of \$3,000,000 are being sought from the City, which is in excess of the City's insurance coverage of \$2,000,000. The City intends to vigorously defend against this action.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

City of Trotwood
Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,955,955	\$7,026,062	\$7,451,348	\$425,286
Fines, Licenses & Permits	357,108	360,707	382,541	21,834
Intergovernmental	1,470,189	1,485,007	1,574,894	89,887
Special Assessments	29,192	29,486	31,271	1,785
Charges for Services	199,772	201,785	213,999	12,214
Investment Earnings	43,237	43,673	46,316	2,643
Other Revenues	70,776	71,490	75,817	4,327
Total Revenues	9,126,229	9,218,210	9,776,186	557,976
Expenditures:				
Current:				
<u>General Government</u>				
Mayor and Council	198,852	204,187	196,020	8,167
City Manager	164,747	169,167	162,401	6,766
Finance	351,226	360,650	346,224	14,426
Utility Billing	91,041	93,484	89,745	3,739
Income Tax	342,431	351,619	337,555	14,064
Law Director	178,951	183,753	176,403	7,350
Public Works Administration	266,047	273,185	262,258	10,927
Building and Grounds	275,778	283,178	271,851	11,327
Fleet Maintenance	142,947	146,782	140,911	5,871
Personnel	144,016	147,880	141,965	5,915
Non-Departmental	197,818	203,126	195,001	8,125
Total General Government	2,353,854	2,417,011	2,320,334	96,677
<u>Public Safety</u>				
Police Administration	378,041	388,185	372,658	15,527
Police Patrol	3,495,816	3,589,614	3,446,034	143,580
Criminal Investigation	929,230	954,162	915,997	38,165
Police Communications	355,369	364,904	350,308	14,596
Capital Outlay	34,668	35,598	34,174	1,424
Total Public Safety	5,193,124	5,332,463	5,119,171	213,292
<u>Leisure Time Activities</u>				
Parks and Recreation Administration	138,443	142,158	136,472	5,686
Parks Maintenance	173,824	178,488	171,349	7,139
Municipal Pool	41,341	42,450	40,752	1,698
Cemeteries	50,346	51,697	49,629	2,068
Recreation Programs	24,551	25,209	24,201	1,008
Jazz Festival	112,081	115,088	110,485	4,603
Capital Outlay	5,652	5,804	5,572	232
Total Leisure Time Activities	546,238	560,894	538,460	22,434

Continued

City of Trotwood
Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Community Development</u>				
Planning and Development Administration	114,123	117,185	112,498	4,687
Planning and Zoning	99,234	101,897	97,821	4,076
Code Enforcement and Inspection	226,485	232,562	223,260	9,302
Mowing and Weed Removal	31,849	32,703	31,395	1,308
Grants Administration	71,894	73,823	70,870	2,953
Total Community Development	543,585	558,170	535,844	22,326
<u>Transportation & Street Repair</u>				
Street Lighting	265,301	272,419	261,523	10,896
Total Transportation & Street Repair	265,301	272,419	261,523	10,896
Debt Service:				
Principal Retirement	90,032	92,448	88,750	3,698
Interest and Fiscal Charges	97,164	99,771	95,780	3,991
Total Expenditures	9,089,298	9,333,176	8,959,862	373,314
Excess of Revenues Over (Under) Expenditures	36,931	(114,966)	816,324	931,290
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	4,871	4,920	5,218	298
Total Other Financing Sources (Uses)	4,871	4,920	5,218	298
Net Change in Fund Balance	41,802	(110,046)	821,542	931,588
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	987,785	987,785	987,785	0
Fund Balance End of Year	\$1,029,587	\$877,739	\$1,809,327	\$931,588

See accompanying notes to the required supplementary information.

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$1,846,479	\$1,839,229	\$1,918,433	\$79,204
Intergovernmental	253,382	252,387	263,256	10,869
Charges for Services	587	585	610	25
Investment Earnings	10,192	10,152	10,589	437
Other Revenues	315,510	314,271	327,805	13,534
Total Revenues	2,426,150	2,416,624	2,520,693	104,069
Expenditures:				
Current:				
Public Safety	2,311,403	2,317,833	2,178,171	139,662
Capital Outlay	7,142	7,162	6,730	432
Total Expenditures	2,318,545	2,324,995	2,184,901	140,094
Net Change in Fund Balance	107,605	91,629	335,792	244,163
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	12,819	12,819	12,819	0
Fund Balance End of Year	\$120,424	\$104,448	\$348,611	\$244,163

See accompanying notes to the required supplementary information.

1. BUDGETARY PROCESS

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

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

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

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

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

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

Net Change in Fund Balance

	<u>General</u>	<u>Fire Levy</u>
GAAP Basis	\$890,871	\$118,340
Net Adjustment for Revenue Accruals	(479,509)	(442,710)
Net Adjustment for Expenditure Accruals	589,626	666,282
Encumbrances	<u>(179,446)</u>	<u>(6,120)</u>
Budget Basis	<u>\$821,542</u>	<u>\$335,792</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

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NONMAJOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Park Acquisition and Development - To account for residential subdivision fees paid in lieu of parkland dedication to be used for the acquisition and development of city parks, and for other resources designated for the same purposes.

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

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

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

Fire Facility Improvements - To account for the debt proceeds issued to improve the fire facility.

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

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

Enterprise Funds: The Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges.

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

Stormwater - To account for the provision of stormwater services.

City of Trotwood
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$762,412	\$106,287	\$429,301	\$1,298,000
Restricted Cash and Investments	0	8,589	0	8,589
Receivables:				
Taxes	1,010,390	190,343	0	1,200,733
Accounts	63,211	0	0	63,211
Intergovernmental	745,159	9,151	306,748	1,061,058
Special Assessments	140,408	0	0	140,408
Prepays	45,105	0	0	45,105
Inventory	100,936	0	0	100,936
Total Assets	2,867,621	314,370	736,049	3,918,040
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	269,416	0	94,673	364,089
Accrued Wages and Benefits	167,270	0	0	167,270
Interfund Payable	254,350	0	128,815	383,165
Deferred Revenue	1,786,919	190,331	306,748	2,283,998
General Obligation Notes Payable	135,000	0	1,645,000	1,780,000
Total Liabilities	2,612,955	190,331	2,175,236	4,978,522
Fund Balances:				
Reserved for Encumbrances	350,331	0	815,407	1,165,738
Reserved for Inventory	100,936	0	0	100,936
Reserved for Property Tax Advances	46,573	9,163	0	55,736
Reserved for Debt Service	0	10,402	0	10,402
Reserved for Prepays	45,105	0	0	45,105
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	(288,279)	0	0	(288,279)
Debt Service Funds	0	104,474	0	104,474
Capital Projects Funds	0	0	(2,254,594)	(2,254,594)
Total Fund Balances	254,666	124,039	(1,439,187)	(1,060,482)
Total Liabilities and Fund Balances	\$2,867,621	\$314,370	\$736,049	\$3,918,040

City of Trotwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$1,067,580	\$161,420	\$0	\$1,229,000
Fines, Licenses & Permits	80,067	0	17,750	97,817
Charges for Services	882,734	0	0	882,734
Investment Earnings	17,785	2,395	9,332	29,512
Intergovernmental	1,884,433	19,823	918,430	2,822,686
Special Assessments	37,065	1,294	0	38,359
Other Revenues	46,911	0	337,432	384,343
Total Revenues	4,016,575	184,932	1,282,944	5,484,451
Expenditures:				
Current:				
Public Safety	1,486,408	0	3,011	1,489,419
Leisure Time Activities	1,000	0	0	1,000
Community Development	761,867	0	0	761,867
Transportation and Street Repair	1,218,857	0	0	1,218,857
Capital Outlay	854,437	0	1,423,622	2,278,059
Debt Service:				
Principal Retirement	67,535	102,500	0	170,035
Interest and Fiscal Charges	27,374	53,936	14,686	95,996
Total Expenditures	4,417,478	156,436	1,441,319	6,015,233
Excess of Revenues Over (Under) Expenditures	(400,903)	28,496	(158,375)	(530,782)
Other Financing Sources (Uses):				
Proceeds of Capital Leases	144,048	0	0	144,048
Proceeds from Sale of Capital Assets	172	0	0	172
Transfers In	0	17,500	45,000	62,500
Total Other Financing Sources (Uses)	144,220	17,500	45,000	206,720
Net Change in Fund Balance	(256,683)	45,996	(113,375)	(324,062)
Fund Balance Beginning of Year	477,776	78,043	(1,325,812)	(769,993)
Change in Reserve for Inventory	33,573	0	0	33,573
Fund Balance End of Year	\$254,666	\$124,039	(\$1,439,187)	(\$1,060,482)

City of Trotwood
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	Street Construction. Maintenance and Repair	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment	Lighting Assessment
Assets:							
Equity in Pooled Cash and Investments	\$348,904	\$48,723	\$50,922	\$0	\$37,303	\$82,058	\$15,641
Receivables:							
Taxes	412,030	0	0	0	0	0	0
Accounts	0	0	0	0	0	0	0
Intergovernmental	391,666	30,151	0	195,964	0	0	0
Special Assessments	0	0	0	0	0	112,273	28,135
Prepays	45,105	0	0	0	0	0	0
Inventory	100,936	0	0	0	0	0	0
Total Assets	1,298,641	78,874	50,922	195,964	37,303	194,331	43,776
Liabilities and Fund Balances:							
Liabilities:							
Accounts Payable	118,844	1,618	0	504	0	0	0
Accrued Wages and Benefits	36,734	1,660	0	0	0	0	0
Interfund Payable	0	0	0	164,969	0	0	0
Deferred Revenue	728,535	25,466	0	195,964	0	112,273	28,135
General Obligation Notes Payable	0	0	0	0	0	135,000	0
Total Liabilities	884,113	28,744	0	361,437	0	247,273	28,135
Fund Balances:							
Reserved for Encumbrances	23,044	0	0	109,891	13,752	964	0
Reserved for Inventory	100,936	0	0	0	0	0	0
Reserved for Property Tax Advances	17,381	0	0	0	0	0	0
Reserved for Prepays	45,105	0	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	228,062	50,130	50,922	(275,364)	23,551	(53,906)	15,641
Total Fund Balances	414,528	50,130	50,922	(165,473)	37,303	(52,942)	15,641
Total Liabilities and Fund Balances	\$1,298,641	\$78,874	\$50,922	\$195,964	\$37,303	\$194,331	\$43,776

Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$0	\$22,257	\$5,410	\$62,073	\$54,444	\$32,807	\$1,870	\$762,412
0	0	0	0	0	598,360	0	1,010,390
0	0	0	0	0	63,211	0	63,211
97,121	0	0	0	0	30,257	0	745,159
0	0	0	0	0	0	0	140,408
0	0	0	0	0	0	0	45,105
0	0	0	0	0	0	0	100,936
<u>97,121</u>	<u>22,257</u>	<u>5,410</u>	<u>62,073</u>	<u>54,444</u>	<u>724,635</u>	<u>1,870</u>	<u>2,867,621</u>
118,117	0	0	6,488	286	23,559	0	269,416
0	0	0	0	2,259	126,617	0	167,270
89,381	0	0	0	0	0	0	254,350
97,121	0	0	0	0	599,425	0	1,786,919
0	0	0	0	0	0	0	135,000
<u>304,619</u>	<u>0</u>	<u>0</u>	<u>6,488</u>	<u>2,545</u>	<u>749,601</u>	<u>0</u>	<u>2,612,955</u>
196,689	0	0	0	1,647	4,344	0	350,331
0	0	0	0	0	0	0	100,936
0	0	0	0	0	29,192	0	46,573
0	0	0	0	0	0	0	45,105
<u>(404,187)</u>	<u>22,257</u>	<u>5,410</u>	<u>55,585</u>	<u>50,252</u>	<u>(58,502)</u>	<u>1,870</u>	<u>(288,279)</u>
<u>(207,498)</u>	<u>22,257</u>	<u>5,410</u>	<u>55,585</u>	<u>51,899</u>	<u>(24,966)</u>	<u>1,870</u>	<u>254,666</u>
<u>\$97,121</u>	<u>\$22,257</u>	<u>\$5,410</u>	<u>\$62,073</u>	<u>\$54,444</u>	<u>\$724,635</u>	<u>\$1,870</u>	<u>\$2,867,621</u>

City of Trotwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2005

	Street Construction. Maintenance and Repair	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement	Curbs/Gutters/ Sidewalks Assessment	Lighting Assessment
Revenues:							
Taxes	\$372,382	\$0	\$149,457	\$0	\$0	\$0	\$0
Fines, Licenses & Permits	0	0	0	0	25,330	0	0
Charges for Services	0	0	0	0	0	23,644	0
Investment Earnings	8,810	924	1,860	0	821	1,474	0
Intergovernmental	764,878	58,078	0	0	0	0	0
Special Assessments	0	0	0	0	0	37,065	0
Other Revenues	7,607	0	0	0	0	0	0
Total Revenues	1,153,677	59,002	151,317	0	26,151	62,183	0
Expenditures:							
Current:							
Public Safety	0	0	0	0	8,147	0	0
Leisure Time Activities	0	0	0	0	0	0	0
Community Development	0	0	0	0	0	0	0
Transportation and Street Repair	1,146,381	33,084	0	0	0	2,263	0
Capital Outlay	218,644	7,244	116,134	160,801	11,480	3,013	0
Debt Service:							
Principal Retirement	41,266	0	0	0	0	0	0
Interest and Fiscal Charges	20,376	0	0	0	0	5,206	0
Total Expenditures	1,426,667	40,328	116,134	160,801	19,627	10,482	0
Excess of Revenues Over (Under) Expenditures	(272,990)	18,674	35,183	(160,801)	6,524	51,701	0
Other Financing Sources (Uses):							
Proceeds of Capital Leases	114,866	0	0	0	0	0	0
Proceeds from Sale of Capital Assets	172	0	0	0	0	0	0
Total Other Financing Sources (Uses)	115,038	0	0	0	0	0	0
Net Change in Fund Balance	(157,952)	18,674	35,183	(160,801)	6,524	51,701	0
Fund Balance Beginning of Year	538,907	31,456	15,739	(4,672)	30,779	(104,643)	15,641
Change in Reserve for Inventory	33,573	0	0	0	0	0	0
Fund Balance End of Year	\$414,528	\$50,130	\$50,922	(\$165,473)	\$37,303	(\$52,942)	\$15,641

Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy	Police Levy	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$545,741	\$0	\$1,067,580
0	0	430	54,307	0	0	0	80,067
0	0	0	0	0	859,090	0	882,734
0	660	108	1,148	1,474	467	39	17,785
948,798	0	0	0	41,814	70,865	0	1,884,433
0	0	0	0	0	0	0	37,065
1,000	0	0	0	0	38,304	0	46,911
<u>949,798</u>	<u>660</u>	<u>538</u>	<u>55,455</u>	<u>43,288</u>	<u>1,514,467</u>	<u>39</u>	<u>4,016,575</u>
36,314	6,699	0	2,009	0	1,433,239	0	1,486,408
1,000	0	0	0	0	0	0	1,000
697,794	0	0	0	64,073	0	0	761,867
37,129	0	0	0	0	0	0	1,218,857
234,634	12,152	0	57,909	6,114	26,312	0	854,437
0	0	0	0	0	26,269	0	67,535
0	0	0	0	0	1,792	0	27,374
<u>1,006,871</u>	<u>18,851</u>	<u>0</u>	<u>59,918</u>	<u>70,187</u>	<u>1,487,612</u>	<u>0</u>	<u>4,417,478</u>
<u>(57,073)</u>	<u>(18,191)</u>	<u>538</u>	<u>(4,463)</u>	<u>(26,899)</u>	<u>26,855</u>	<u>39</u>	<u>(400,903)</u>
0	0	0	0	0	29,182	0	144,048
0	0	0	0	0	0	0	172
0	0	0	0	0	29,182	0	144,220
<u>(57,073)</u>	<u>(18,191)</u>	<u>538</u>	<u>(4,463)</u>	<u>(26,899)</u>	<u>56,037</u>	<u>39</u>	<u>(256,683)</u>
<u>(150,425)</u>	<u>40,448</u>	<u>4,872</u>	<u>60,048</u>	<u>78,798</u>	<u>(81,003)</u>	<u>1,831</u>	<u>477,776</u>
0	0	0	0	0	0	0	33,573
<u>(\$207,498)</u>	<u>\$22,257</u>	<u>\$5,410</u>	<u>\$55,585</u>	<u>\$51,899</u>	<u>(\$24,966)</u>	<u>\$1,870</u>	<u>\$254,666</u>

City of Trotwood
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005

	Park Acquisition and Development	Public Works Facility Construction	Industrial Park	Townview Revitalization	Fire Facility Improvements	West Third Street Improvement	Salem Corridor Street Improvement
Assets:							
Equity in Pooled Cash and Investments	\$25,516	\$1	\$397	\$2	\$403,385	\$0	\$0
Receivables:							
Intergovernmental	0	0	0	0	0	306,748	0
Total Assets	25,516	1	397	2	403,385	306,748	0
Liabilities and Fund Balances:							
Liabilities:							
Accounts Payable	0	0	0	0	3,011	91,662	0
Interfund Payable	0	0	0	0	0	128,815	0
Deferred Revenue	0	0	0	0	0	306,748	0
General Obligation Notes Payable	100,000	0	695,000	0	850,000	0	0
Total Liabilities	100,000	0	695,000	0	853,011	527,225	0
Fund Balances:							
Reserved for Encumbrances	0	0	0	0	17,406	798,001	0
Unreserved, Undesignated, Reported in: Capital Projects Funds	(74,484)	1	(694,603)	2	(467,032)	(1,018,478)	0
Total Fund Balances	(74,484)	1	(694,603)	2	(449,626)	(220,477)	0
Total Liabilities and Fund Balances	\$25,516	\$1	\$397	\$2	\$403,385	\$306,748	\$0

Total
Nonmajor
Capital Projects
Funds

\$429,301

306,748

736,049

94,673

128,815

306,748

1,645,000

2,175,236

815,407

(2,254,594)

(1,439,187)

\$736,049

City of Trotwood
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended December 31, 2005

	Park Acquisition and Development	Public Works Facility Construction	Industrial Park	Townview Revitalization	Fire Facility Improvements	West Third Street Improvement	Salem Corridor Street Improvement
Revenues:							
Fines, Licenses & Permits	\$17,750	\$0	\$0	\$0	\$0	\$0	\$0
Investment Earnings	473	0	8	0	8,851	0	0
Intergovernmental	0	0	0	0	0	918,430	0
Other Revenues	0	0	0	0	0	337,432	0
Total Revenues	18,223	0	8	0	8,851	1,255,862	0
Expenditures:							
Current:							
Public Safety	0	0	0	0	3,011	0	0
Capital Outlay	0	0	0	0	46,608	1,377,014	0
Debt Service:							
Interest and Fiscal Charges	0	0	0	0	14,686	0	0
Total Expenditures	0	0	0	0	64,305	1,377,014	0
Excess of Revenues Over (Under) Expenditures	18,223	0	8	0	(55,454)	(121,152)	0
Other Financing Sources (Uses):							
Transfers In	45,000	0	0	0	0	0	0
Total Other Financing Sources (Uses)	45,000	0	0	0	0	0	0
Net Change in Fund Balance	63,223	0	8	0	(55,454)	(121,152)	0
Fund Balance Beginning of Year	(137,707)	1	(694,611)	2	(394,172)	(99,325)	0
Fund Balance End of Year	(\$74,484)	\$1	(\$694,603)	\$2	(\$449,626)	(\$220,477)	\$0

Total
Nonmajor
Capital Projects
Funds

\$17,750
9,332
918,430
337,432

1,282,944

3,011
1,423,622

14,686

1,441,319

(158,375)

45,000

45,000

(113,375)

(1,325,812)

(\$1,439,187)

City of Trotwood
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2005

	Refuse	Stormwater	Total Nonmajor Enterprise Funds
Assets:			
Equity in Pooled Cash and Investments	\$0	\$762	\$762
Receivables:			
Accounts	210,135	0	210,135
Special Assessments	351,115	0	351,115
Total Assets	561,250	762	562,012
Liabilities:			
Current Liabilities:			
Accounts Payable	30,114	6,800	36,914
Interfund Payable	56,453	14,950	71,403
Deferred Revenue	351,115	0	351,115
Total Current Liabilities	437,682	21,750	459,432
Net Assets:			
Unrestricted	123,568	(20,988)	102,580
Total Net Assets	\$123,568	(\$20,988)	\$102,580

City of Trotwood
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2005

	Refuse	Stormwater	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for Services	\$1,067,735	\$0	\$1,067,735
Total Operating Revenues	<u>1,067,735</u>	<u>0</u>	<u>1,067,735</u>
Operating Expenses:			
Personal Services	13,926	0	13,926
Contactual Services	1,103,123	18,514	1,121,637
Materials and Supplies	5,700	0	5,700
Total Operating Expenses	<u>1,122,749</u>	<u>18,514</u>	<u>1,141,263</u>
Operating Income (Loss)	<u>(55,014)</u>	<u>(18,514)</u>	<u>(73,528)</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	1,056	69	1,125
Total Non-Operating Revenues (Expenses)	<u>1,056</u>	<u>69</u>	<u>1,125</u>
Change in Net Assets	(53,958)	(18,445)	(72,403)
Net Assets Beginning of Year	177,526	(2,543)	174,983
Net Assets End of Year	<u>\$123,568</u>	<u>(\$20,988)</u>	<u>\$102,580</u>

City of Trotwood
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2005

	Refuse	Stormwater	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$1,091,343	\$0	\$1,091,343
Cash Payments to Employees	(13,926)	0	(13,926)
Cash Payments to Suppliers	(1,078,709)	(11,714)	(1,090,423)
Net Cash Provided (Used) by Operating Activities	(1,292)	(11,714)	(13,006)
Cash Flows from Investing Activities:			
Earnings on Investments	1,056	69	1,125
Net Cash Provided (Used) by Cash Flows from Investing Activities	1,056	69	1,125
Net Increase (Decrease) in Cash and Cash Equivalents	(236)	(11,645)	(11,881)
Cash and Cash Equivalents Beginning of Year	236	12,407	12,643
Cash and Cash Equivalents End of Year	0	762	762
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(55,014)	(18,514)	(73,528)
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	(8,906)	0	(8,906)
Increase (Decrease) in Payables	86,567	6,800	93,367
Increase (Decrease) in Deferred Revenue	(23,939)	0	(23,939)
Net Cash Provided (Used) by Operating Activities	(\$1,292)	(\$11,714)	(\$13,006)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	Street Construction. Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$343,118	\$349,958	\$355,001	\$5,043
Intergovernmental	745,969	760,841	771,804	10,963
Investment Earnings	8,515	8,685	8,810	125
Other Revenues	7,352	7,499	7,607	108
Total Revenues	1,104,954	1,126,983	1,143,222	16,239
Expenditures:				
Current:				
Transportation & Street Repair	1,151,504	1,070,231	1,080,221	(9,990)
Capital Outlay	250,167	232,511	234,681	(2,170)
Debt Service:				
Principal Retirement	9,327	8,669	8,750	(81)
Interest and Fiscal Charges	18,317	17,024	17,183	(159)
Total Expenditures	1,429,315	1,328,435	1,340,835	(12,400)
Excess of Revenues Over (Under) Expenditures	(324,361)	(201,452)	(197,613)	3,839
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	166	170	172	2
Total Other Financing Sources (Uses)	166	170	172	2
Net Change in Fund Balance	(324,195)	(201,282)	(197,441)	3,841
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	455,743	455,743	455,743	0
Fund Balance End of Year	\$131,548	\$254,461	\$258,302	\$3,841

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

	State Highway Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$56,608	\$56,608	\$58,639	\$2,031
Investment Earnings	892	892	924	32
Total Revenues	57,500	57,500	59,563	2,063
Expenditures:				
Current:				
Transportation & Street Repair	55,085	64,963	44,150	20,813
Total Expenditures	55,085	64,963	44,150	20,813
Net Change in Fund Balance	2,415	(7,463)	15,413	22,876
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	34,177	34,177	34,177	0
Fund Balance End of Year	\$36,592	\$26,714	\$49,590	\$22,876

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

Motor Vehicle
License Tax
Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$150,625	\$150,625	\$149,457	(\$1,168)
Investment Earnings	1,875	1,875	1,860	(15)
Total Revenues	152,500	152,500	151,317	(1,183)
Expenditures:				
Capital Outlay	0	156,142	116,134	40,008
Total Expenditures	0	156,142	116,134	40,008
Net Change in Fund Balance	152,500	(3,642)	35,183	38,825
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,739	15,739	15,739	0
Fund Balance End of Year	\$168,239	\$12,097	\$50,922	\$38,825

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

	Permissive Use Tax Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$405,000	\$405,000	\$0	(\$405,000)
Total Revenues	405,000	405,000	0	(405,000)
Expenditures:				
Capital Outlay	210,000	365,801	270,692	95,109
Total Expenditures	210,000	365,801	270,692	95,109
Net Change in Fund Balance	195,000	39,199	(270,692)	(309,891)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(4,672)	(4,672)	(4,672)	0
Fund Balance End of Year	\$190,328	\$34,527	(\$275,364)	(\$309,891)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$1,162	\$22,956	\$25,330	\$2,374
Investment Earnings	38	744	821	77
Total Revenues	1,200	23,700	26,151	2,451
Expenditures:				
Current:				
Public Safety	315	7,854	8,416	(562)
Capital Outlay	935	23,296	24,963	(1,667)
Total Expenditures	1,250	31,150	33,379	(2,229)
Net Change in Fund Balance	(50)	(7,450)	(7,228)	222
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	30,779	30,779	30,779	0
Fund Balance End of Year	\$30,729	\$23,329	\$23,551	\$222

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	Curbs/Gutters/ Sidewalks Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$44,437	\$33,158	\$37,065	\$3,907
Charges for Services	28,346	21,152	23,644	2,492
Investment Earnings	1,767	1,319	1,474	155
Total Revenues	74,550	55,629	62,183	6,554
Expenditures:				
Current:				
Transportation & Street Repair	3,213	2,567	2,438	129
Capital Outlay	5,241	4,188	3,977	211
Debt Service:				
Principal Retirement	204,247	163,217	155,000	8,217
Interest and Fiscal Charges	6,860	5,482	5,206	276
Total Expenditures	219,561	175,454	166,621	8,833
Excess of Revenues Over (Under) Expenditures	(145,011)	(119,825)	(104,438)	15,387
Other financing sources (uses):				
Debt Proceeds	161,850	120,771	135,000	14,229
Total Other Financing Sources (Uses)	161,850	120,771	135,000	14,229
Net Change in Fund Balance	16,839	946	30,562	29,616
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	50,533	50,533	50,533	0
Fund Balance End of Year	\$67,372	\$51,479	\$81,095	\$29,616

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

	Lighting Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	15,639	15,639	15,639	0
Fund Balance End of Year	\$15,639	\$15,639	\$15,639	\$0

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

	Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,258,024	\$1,269,482	\$1,001,498	(\$267,984)
Other Revenues	1,256	1,268	1,000	(268)
Total Revenues	1,259,280	1,270,750	1,002,498	(268,252)
Expenditures:				
Current:				
Public Safety	28,822	39,602	37,572	2,030
Leisure Time Activities	767	1,054	1,000	54
Community Development	678,932	932,858	885,048	47,810
Transportation & Street Repair	28,482	39,135	37,129	2,006
Capital Outlay	213,897	293,897	278,834	15,063
Total Expenditures	950,900	1,306,546	1,239,583	66,963
Net Change in Fund Balance	308,380	(35,796)	(237,085)	(201,289)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(162,983)	(162,983)	(162,983)	0
Fund Balance End of Year	\$145,397	(\$198,779)	(\$400,068)	(\$201,289)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

	Local Law Enforcement Block Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Investment Earnings	25,400	25,400	660	(24,740)
Total Revenues	25,400	25,400	660	(24,740)
Expenditures:				
Current:				
Public Safety	8,884	10,775	6,699	4,076
Capital Outlay	16,116	19,546	12,152	7,394
Total Expenditures	25,000	30,321	18,851	11,470
Net Change in Fund Balance	400	(4,921)	(18,191)	(13,270)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	40,448	40,448	40,448	0
Fund Balance End of Year	\$40,848	\$35,527	\$22,257	(\$13,270)

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

	Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$352	\$352	\$430	\$78
Investment Earnings	88	88	108	20
Total Revenues	440	440	538	98
Expenditures:				
Current:				
Public Safety	550	550	0	550
Total Expenditures	550	550	0	550
Net Change in Fund Balance	(110)	(110)	538	648
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,872	4,872	4,872	0
Fund Balance End of Year	\$4,762	\$4,762	\$5,410	\$648

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

	Law Enforcement Trust Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$54,547	\$54,547	\$54,306	(\$241)
Investment Earnings	1,153	1,153	1,148	(5)
Total Revenues	<u>55,700</u>	<u>55,700</u>	<u>55,454</u>	<u>(246)</u>
Expenditures:				
Current:				
Public Safety	2,314	2,314	2,009	305
Capital Outlay	<u>66,686</u>	<u>66,686</u>	<u>57,909</u>	<u>8,777</u>
Total Expenditures	<u>69,000</u>	<u>69,000</u>	<u>59,918</u>	<u>9,082</u>
Net Change in Fund Balance	(13,300)	(13,300)	(4,464)	8,836
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>60,048</u>	<u>60,048</u>	<u>60,048</u>	<u>0</u>
Fund Balance End of Year	<u>\$46,748</u>	<u>\$46,748</u>	<u>\$55,584</u>	<u>\$8,836</u>

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

Government
Equity Program
Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$32,707	\$32,707	\$41,814	\$9,107
Investment Earnings	1,153	1,153	1,474	321
Total Revenues	33,860	33,860	43,288	9,428
Expenditures:				
Current:				
Community Development	55,531	65,491	66,742	(1,251)
Capital Outlay	6,194	7,304	7,444	(140)
Total Expenditures	61,725	72,795	74,186	(1,391)
Net Change in Fund Balance	(27,865)	(38,935)	(30,898)	8,037
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	83,681	83,681	83,681	0
Fund Balance End of Year	\$55,816	\$44,746	\$52,783	\$8,037

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	Rescue Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$500,656	\$499,532	\$516,549	\$17,017
Intergovernmental	68,685	68,530	70,865	2,335
Charges for Services	831,732	829,865	858,135	28,270
Investment Earnings	453	452	467	15
Other Revenues	37,125	37,042	38,304	1,262
Total Revenues	1,438,651	1,435,421	1,484,320	48,899
Expenditures:				
Current:				
Public Safety	1,408,142	1,408,236	1,440,690	(32,454)
Capital Outlay	25,718	25,719	26,312	(593)
Total Expenditures	1,433,860	1,433,955	1,467,002	(33,047)
Net Change in Fund Balance	4,791	1,466	17,318	15,852
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	309	309	309	0
Fund Balance End of Year	\$5,100	\$1,775	\$17,627	\$15,852

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

	Police Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$39	\$39
Total Revenues	0	0	39	39
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	39	39
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,830	1,830	1,830	0
Fund Balance End of Year	\$1,830	\$1,830	\$1,869	\$39

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	Debt Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$153,115	\$152,319	\$152,257	(\$62)
Intergovernmental	19,935	19,831	19,823	(8)
Special Assessments	1,301	1,295	1,294	(1)
Investment Earnings	2,409	2,396	2,395	(1)
Other Revenues	0	0	0	0
Total Revenues	176,760	175,841	175,769	(72)
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	102,610	109,751	102,500	7,251
Interest and Fiscal Charges	46,888	50,152	46,838	3,314
Total Expenditures	149,498	159,903	149,338	10,565
Net Change in Fund Balance	27,262	15,938	26,431	10,493
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	78,044	78,044	78,044	0
Fund Balance End of Year	\$105,306	\$93,982	\$104,475	\$10,493

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	Park Acquisition and Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$15,464	\$15,464	\$17,750	\$2,286
Investment Earnings	412	412	473	61
Total Revenues	<u>15,876</u>	<u>15,876</u>	<u>18,223</u>	<u>2,347</u>
Expenditures:				
Debt Service:				
Principal Retirement	<u>102,465</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Total Expenditures	<u>102,465</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(86,589)</u>	<u>(84,124)</u>	<u>(81,777)</u>	<u>2,347</u>
Other financing sources (uses):				
Debt Proceeds	<u>87,123</u>	<u>87,123</u>	<u>100,000</u>	<u>12,877</u>
Total Other Financing Sources (Uses)	<u>87,123</u>	<u>87,123</u>	<u>100,000</u>	<u>12,877</u>
Net Change in Fund Balance	534	2,999	18,223	15,224
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>7,294</u>	<u>7,294</u>	<u>7,294</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$7,828</u></u>	<u><u>\$10,293</u></u>	<u><u>\$25,517</u></u>	<u><u>\$15,224</u></u>

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

Public Works
 Facility
 Construction
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1	1	1	0
Fund Balance End of Year	\$1	\$1	\$1	\$0

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	Industrial Park Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$8	\$8	\$8	\$0
Total Revenues	8	8	8	0
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	695,000	695,000	695,000	0
Total Expenditures	695,000	695,000	695,000	0
Excess of Revenues Over (Under) Expenditures	(694,992)	(694,992)	(694,992)	0
Other financing sources (uses):				
Debt Proceeds	694,992	694,992	695,000	8
Total Other Financing Sources (Uses)	694,992	694,992	695,000	8
Net Change in Fund Balance	0	0	8	8
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	391	391	391	0
Fund Balance End of Year	\$391	\$391	\$399	\$8

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

	Townview Revitalization Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1	1	1	0
Fund Balance End of Year	<u>\$1</u>	<u>\$1</u>	<u>\$1</u>	<u>\$0</u>

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	Fire Facility Improvements Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$59,288	\$8,904	\$8,851	(\$53)
Total Revenues	59,288	8,904	8,851	(53)
Expenditures:				
Capital Outlay	622,368	98,360	97,998	362
Debt Service:				
Principal Retirement	5,398,203	853,138	850,000	3,138
Interest and Fiscal Charges	93,268	14,740	14,686	54
Total Expenditures	6,113,839	966,238	962,684	3,554
Excess of Revenues Over (Under) Expenditures	(6,054,551)	(957,334)	(953,833)	3,501
Other financing sources (uses):				
Debt Proceeds	5,693,712	855,096	850,000	(5,096)
Total Other Financing Sources (Uses)	5,693,712	855,096	850,000	(5,096)
Net Change in Fund Balance	(360,839)	(102,238)	(103,833)	(1,595)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	486,801	486,801	486,801	0
Fund Balance End of Year	\$125,962	\$384,563	\$382,968	(\$1,595)

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	West Thrid Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,436,981	\$1,813,052	\$1,040,499	(\$772,553)
Other Revenues	466,009	587,968	337,431	(250,537)
Total Revenues	<u>1,902,990</u>	<u>2,401,020</u>	<u>1,377,930</u>	<u>(1,023,090)</u>
Expenditures:				
Capital Outlay	<u>1,096,310</u>	<u>2,198,981</u>	<u>2,194,401</u>	<u>4,580</u>
Total Expenditures	<u>1,096,310</u>	<u>2,198,981</u>	<u>2,194,401</u>	<u>4,580</u>
Net Change in Fund Balance	806,680	202,039	(816,471)	(1,018,510)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>(202,008)</u>	<u>(202,008)</u>	<u>(202,008)</u>	<u>0</u>
Fund Balance End of Year	<u>\$604,672</u>	<u>\$31</u>	<u>(\$1,018,479)</u>	<u>(\$1,018,510)</u>

City of Trotwood
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2005

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

City of Trotwood
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2005

	Salem Mall Tax Increment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$159,377	\$254,020	\$254,589	\$569
Investment Earnings	10,837	17,272	17,311	39
Other Revenues	121,892	194,275	194,710	435
Total Revenues	292,106	465,567	466,610	1,043
Expenditures:				
Current:				
Community Development	624,842	1,047,695	1,034,940	12,755
Capital Outlay	1,458,517	2,445,549	2,415,776	29,773
Debt Service:				
Principal Retirement	2,475,362	4,150,530	4,100,000	50,530
Interest and Fiscal Charges	48,590	81,472	80,480	992
Total Expenditures	4,607,311	7,725,246	7,631,196	94,050
Excess of Revenues Over (Under) Expenditures	(4,315,205)	(7,259,679)	(7,164,586)	95,093
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	38,564	61,464	61,602	138
Debt Proceeds	4,350,829	6,934,468	6,950,000	15,532
Total Other Financing Sources (Uses)	4,389,393	6,995,932	7,011,602	15,670
Net Change in Fund Balance	74,188	(263,747)	(152,984)	110,763
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	439,190	439,190	439,190	0
Fund Balance End of Year	\$513,378	\$175,443	\$286,206	\$110,763

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**STATISTICAL
SECTION**

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Table 1

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

Fiscal Year (2)	Leisure Time Activities		Community Development	Transportation and Street Repair		General Government	Capital Outlay	Debt Service	Totals
	Public Safety								
1996	\$4,998,213	\$462,219	\$419,046	\$603,037	\$1,243,802	\$1,157,534	\$190,211	\$9,074,062	
1997	5,628,372	517,888	619,783	876,823	1,672,448	1,203,875	165,524	10,684,713	
1998	6,174,414	501,355	543,837	947,620	1,932,626	648,885	166,737	10,915,474	
1999	7,252,708	609,445	596,412	1,246,778	2,377,437	1,887,440	157,206	14,127,426	
2000	7,438,266	760,948	976,552	1,267,681	2,123,683	4,042,240	167,320	16,776,690	
2001	7,442,020	472,069	879,813	1,087,664	2,023,525	1,563,347	312,136	13,831,991	
2002	7,777,073	523,486	903,893	1,079,879	2,264,896	2,740,330	400,676	15,638,816	
2003	8,391,237	386,804	1,354,251	1,250,411	2,405,893	2,222,513	1,625,133	17,636,242	
2004	8,302,497	390,252	1,727,732	1,319,158	2,312,200	6,794,581	632,419	21,478,839	
2005	9,485,513	540,983	2,289,567	1,568,494	2,373,557	4,858,385	517,312	21,633,811	

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

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

Source: City of Trotwood, Ohio; Finance Division

Table 2

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

Fiscal Year (4)	Fines					Totals		
	Taxes	Inter-governmental	Charges for Services	Licenses and Permits (3)	Special Assessments		Investment Earnings (2)	Other
1996	\$7,319,915	\$1,836,003	\$97,458	\$150,210	\$155,340	\$213,526	\$363,042	\$10,135,494
1997	8,126,145	2,746,420	169,047	118,564	150,276	344,174	134,063	11,788,689
1998	8,497,665	2,303,450	168,883	86,129	163,528	421,628	334,449	11,975,732
1999	8,222,606	2,784,498	194,391	117,007	164,776	350,442	233,558	12,067,278
2000	8,599,117	5,651,530	258,561	97,621	35,125	277,116	632,213	15,551,283
2001	7,217,614	3,388,698	930,892	336,245	56,291	266,207	405,669	12,601,616
2002	8,896,998	3,000,994	1,198,249	326,212	67,633	89,372	109,328	13,688,786
2003	9,281,384	3,783,903	974,728	407,837	81,916	47,090	455,562	15,032,420
2004	10,115,617	4,073,076	1,152,644	342,430	85,086	43,794	622,598	16,435,245
2005	10,740,107	4,719,916	1,351,932	480,358	69,630	103,728	1,382,456	18,848,127

Notes:

- (1) Includes general, special revenue, debt service, and capital projects funds.
- (2) Prior to fiscal year 1997 investment revenue includes rental revenue subsequently included in other revenue.
- (3) Commencing fiscal year 2001, cable franchise fees included in fines, licenses and permits rather than taxes.
- (4) Basis of presentation: For the year ended December 31, 1997, the City presented for the first time, general purpose financial statements by fund type and account group. Thus, they are not comparable to the cash basis financial statements presented in prior years.

Source: City of Trotwood, Ohio; Finance Division

Table 3

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

Collection Year	Current Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Levy	Accumulated Outstanding Delinquent Taxes (1)	Ratio of Delinquent Taxes to Levy
1996	\$3,454,535	\$3,348,295	96.9%	\$122,951	\$3,471,246	100.5%	\$311,058	9.0%
1997	3,423,538	3,307,469	96.6%	180,827	3,488,296	101.9%	407,438	11.9%
1998	3,586,795	3,363,483	93.8%	213,223	3,576,706	99.7%	457,354	12.8%
1999	3,595,449	3,326,513	92.5%	164,897	3,491,410	97.1%	516,332	14.4%
2000	3,617,628	3,412,978	94.3%	201,459	3,614,437	99.9%	749,139	20.7%
2001	2,674,945	2,469,131	92.3%	127,627	2,596,758	97.1%	519,906	19.4%
2002	4,283,899	3,946,140	92.1%	240,612	4,186,752	97.7%	1,064,003	24.8%
2003	4,352,675	4,228,200	97.1%	304,584	4,532,784	104.1%	1,151,854	26.5%
2004	5,140,731	4,956,250	96.4%	410,790	5,367,040	104.4%	920,219	17.9%
2005	5,081,945	4,876,089	95.9%	451,262	5,327,351	104.8%	807,576	15.9%

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

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

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

Collection Year (1)	Real Property (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1996	\$208,671,570	\$596,204,486	\$43,594,586	\$118,176,216	\$252,266,156	\$714,380,702
1997	237,522,630	678,636,086	45,562,117	125,829,820	283,084,747	804,465,906
1998	238,080,730	680,230,657	47,109,594	133,094,881	285,190,324	813,325,538
1999	240,984,190	688,526,257	47,280,164	133,137,482	288,264,354	821,663,739
2000	257,846,260	736,703,600	45,178,732	128,800,379	303,024,992	865,503,979
2001	256,864,550	733,898,714	41,837,819	120,407,485	298,702,369	854,306,199
2002	253,910,830	725,459,514	37,320,990	131,370,826	291,231,820	856,830,340
2003	290,982,840	831,379,543	34,182,924	118,258,564	325,165,764	949,638,107
2004	290,157,130	829,020,371	32,003,608	110,266,240	322,160,738	939,286,611
2005	290,127,620	828,936,057	30,158,312	106,316,636	320,285,932	935,252,693

- Notes: (1) Assessed value is determined in the year prior to its collection.
(2) All real property is currently assessed at 35% of estimated market value.
(3) All tangible personal property (machinery/equipment and inventory) is currently assessed at 24% of net book value except for public utility tangible personal property which is assessed partially at 88% partially at 25% of net book value.

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

Table 5

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

Collection Year (1)	City of Trotwood	Montgomery County	Trotwood-Madison City School District	Miami Valley Career Technology Center	Dayton-Montgomery County Library	Total
1996	15.64	16.64	55.76	2.58	0.72	91.34
1997	15.14	16.64	53.74	2.58	0.72	88.82
1998	15.14	16.64	53.74	2.58	0.26	88.36
1999	15.14	16.64	53.74	2.58	0.26	88.36
2000	15.14	16.64	52.64	2.58	0.26	87.26
2001	11.64	17.24	52.64	2.58	0.26	84.36
2002	17.39	17.24	52.91	2.58	0.26	90.38
2003	17.39	17.24	61.05	2.58	0.26	98.52
2004	17.39	18.24	60.85	2.58	0.26	99.32
2005	17.39	18.24	60.70	2.58	1.25	100.16

Notes: (1) Tax rate is determined and assessed in the year prior to collection.

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

Table 6

CITY OF TROTWOOD, OHIO
Principal Property Taxpayers
December 31, 2005

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Dayton Power & Light Company	Electric utility	\$6,786,530	2.12%
Bradley Operating Company	Shopping center	4,689,650	1.46%
Castlebrook Capital Company	Apartment complex	2,686,740	0.84%
United Theological Seminary	Academic institution	2,659,760	0.83%
Verizon (GTE)	Telephone utility	2,549,940	0.80%
Lowes Companies, Inc.	Home improvement store	2,429,040	0.76%
Tramlaw LLC	Department store	2,112,990	0.66%
Belle Meadows	Apartment complex	1,912,930	0.60%
Groach Associates	Apartment complex	1,889,980	0.59%
Sears Roebuck & Co.	Department store	1,691,300	0.53%
Total		29,408,860	9.18%
All other taxpayers		\$290,877,072	90.82%
Total assessed valuation		\$320,285,932	100.00%

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

Table 7

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

Fiscal Year	Tax Rate	Withholding Collections	Non-Withholding Collections	Gross Collections	Refunds	Net Collections
1996	2.25%	\$3,240,045	\$512,219	\$3,752,264	\$50,802	\$3,701,462
1997	2.25%	3,771,936	1,054,627	4,826,563	47,021	4,779,542
1998	2.25%	3,896,912	1,169,711	5,066,623	60,975	5,005,648
1999	2.25%	3,856,813	1,105,972	4,962,785	88,653	4,874,132
2000	2.25%	4,291,798	899,892	5,191,690	89,641	5,102,049
2001	2.25%	4,252,227	934,710	5,186,937	77,363	5,109,574
2002	2.25%	3,805,335	1,049,399	4,854,734	97,184	4,757,550
2003	2.25%	4,480,516	1,021,549	5,502,065	62,092	5,439,973
2004	2.25%	4,249,749	956,303	5,206,052	102,219	5,103,833
2005	2.25%	4,267,281	1,191,652	5,458,933	89,570	5,369,363

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

Table 8

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

Collection Year	Current Assessments Due	Current Assessment Collections	Percent of Current Assessments Collected	Delinquent Assessment Collections	Total Assessment Collections	Ratio of Total Collections to Current	Outstanding Delinquent Assessments (2)	Ratio of Delinquent Assessments to Current Due
1996	\$321,553	\$249,620	77.6%	\$34,606	\$284,226	88.4%	\$234,209	72.8%
1997	331,315	256,813	77.5%	41,565	298,378	90.1%	295,708	89.3%
1998	322,508	247,381	76.7%	49,200	296,581	92.0%	346,498	107.4%
1999	358,225	277,660	77.5%	53,600	331,260	92.5%	N/A	N/A
2000	304,019	176,635	58.1%	50,802	227,437	74.8%	543,907	178.9%
2001	238,955	N/A	N/A	N/A	237,249	99.3%	633,289	265.0%
2002	350,595	N/A	N/A	N/A	284,262	81.1%	708,533	202.1%
2003	349,418	N/A	N/A	N/A	366,845	105.0%	816,139	233.6%
2004	567,231	N/A	N/A	N/A	402,911	71.0%	745,556	131.4%
2005	488,322	479,111	98.1%	12,628	491,739	100.7%	424,402	86.9%

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

N/A Not Available

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

Table 9

CITY OF TROTWOOD, OHIO
 Computation of Legal Debt Margin
 December 31, 2005

Assessed valuation		\$320,285,932
Overall Debt Limitation - 10.50% of assessed valuation	\$33,630,023	
Gross bonded indebtedness	\$12,420,000	
Less: Self-supported debt	<u>0</u>	
Net debt within 10.50% limitation	<u>12,420,000</u>	
Legal debt margin within 10.50% limitation	<u>\$21,210,023</u>	
Unvoted Debt Limitation - 5.50% of assessed valuation	\$17,615,726	
Gross indebtedness	\$12,420,000	
Less: Self-supported debt	<u>0</u>	
Net debt within 5.50% limitation	<u>12,420,000</u>	
Legal debt margin within 5.50% limitation	<u>\$5,195,726</u>	

Source: City of Trotwood, Ohio; Finance Division

Table 10

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

Fiscal Year	Population (1)	Assessed Valuation	Gross Bonded Debt	Debt Service Cash Balance	Self-Supported Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
1996	29,358	\$252,266,156	\$1,640,000	\$2,313	\$0	\$1,637,687	0.65%	\$55.78
1997	29,358	283,084,747	1,585,000	1,530	0	1,583,470	0.56%	53.94
1998	29,358	285,190,324	1,525,000	45,923	0	1,479,077	0.52%	50.38
1999	29,358	288,264,354	1,470,000	8,986	0	1,461,014	0.51%	49.77
2000	27,420	303,024,992	1,405,000	597	0	1,404,403	0.46%	51.22
2001	27,420	298,702,369	1,335,000	2,440	0	1,332,560	0.45%	48.60
2002	27,420	291,231,820	1,265,000	8,589	0	1,256,411	0.43%	45.82
2003	27,420	325,165,764	3,790,000	53,974	0	3,736,026	1.15%	136.25
2004	27,420	322,160,738	3,645,000	78,043	0	3,566,957	1.11%	130.09
2005	27,420	320,285,932	3,490,000	114,876	0	3,375,124	1.05%	123.09

Notes: (1) U.S. Census Bureau and Miami Valley Regional Planning Commission.

Table 11

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

Fiscal Year (2)	Principal	Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures
1996	\$50,000	\$113,948	\$163,948	\$9,074,062	1.8%
1997	55,000	110,055	165,055	10,684,713	1.5%
1998	60,000	106,160	166,160	10,915,474	1.5%
1999	55,000	101,615	156,615	14,127,426	1.1%
2000	65,000	97,720	162,720	16,776,690	1.0%
2001	70,000	96,365	166,365	13,831,991	1.2%
2002	70,000	89,849	159,849	15,638,816	1.0%
2003	65,000	82,463	147,463	17,636,242	0.8%
2004	145,000	184,524	329,524	21,478,839	1.5%
2005	155,000	186,260	341,260	21,633,811	1.6%

Notes:

- (1) Includes general, special revenue, debt service, and capital projects funds.
 (2) Basis of presentation: For the year ended December 31, 1997, the City presented for the first time, general purpose financial statements by fund type and account group. Thus, they are not comparable to the cash basis financial statements presented in prior years.

Table 12

CITY OF TROTWOOD, OHIO
 Computation of Direct and Overlapping Net General Obligation Debt
 December 31, 2005

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable to Trotwood (2)</u>	<u>Amount Applicable to Trotwood</u>
City of Trotwood	\$3,490,000	100.00%	\$3,490,000
Overlapping:			
Trotwood-Madison City School District	33,248,250	93.71%	31,156,935
Dayton City School District	235,560,000	2.40%	5,653,440
Northmont City School District	55,000	0.43%	237
Brookville Local School District	22,559,992	0.63%	142,128
New Lebanon Local School District	4,173,215	2.01%	83,882
Greater Dayton Regional Transit Authority	8,765,000	3.17%	277,851
Montgomery County	30,462,940	3.17%	965,675
Sub-total - Overlapping Debt			<u>38,280,147</u>
Total Direct and Overlapping Debt			<u>\$41,770,147</u>

Note (1) Ohio Municipal Advisory Council.
 (2) Percentage of gross indebtedness of the City's overlapping political subdivisions determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

Table 13

CITY OF TROTWOOD, OHIO
 Demographic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Public School Enrollment (2)	Unemployment Rate Montgomery County (3)
1996	29,358	4,453	4.0%
1997	29,358	4,282	4.4%
1998	29,358	4,157	4.0%
1999	29,358	4,217	4.0%
2000	27,420	3,811	3.9%
2001	27,420	3,854	4.3%
2002	27,420	3,676	5.6%
2003	27,420	3,422	6.3%
2004	27,420	3,268	6.2%
2005	27,420	3,307	6.4%

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

Table 14

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

Fiscal Year	Real Property Value (1)*		Total	Commercial/Industrial Construction (2)		Residential Construction (2)		Bank Deposits (3)*
	Commercial/Industrial	Residential		Number of Permits	Estimated Value	Number of Permits	Estimated Value	
1996	\$181,416	\$414,788	\$596,204	9	\$4,797,475	88	\$7,683,329	\$286,673
1997	192,713	485,923	678,636	14	1,582,647	65	2,724,376	283,474
1998	194,351	485,880	680,231	39	3,434,551	47	4,737,199	266,048
1999	201,610	486,917	688,527	24	902,965	35	4,864,228	263,170
2000	202,375	534,329	736,704	129	15,809,088	131	2,747,275	254,565
2001	196,217	537,681	733,898	19	1,361,059	162	6,168,382	250,995
2002	184,515	540,898	725,413	222	32,671,760	132	4,279,785	240,975
2003	204,884	626,496	831,380	145	6,256,175	254	4,300,249	227,621
2004	198,187	630,833	829,020	122	4,690,538	32	3,448,152	215,329
2005	194,400	634,536	828,936	146	3,915,202	93	10,047,311	210,831

Notes:

(1) Estimated actual value.

(2) City of Trotwood; Building and Code Enforcement Division.

(3) Federal Deposit Insurance Corporation.

* Amounts expressed in thousands

CITY OF TROTWOOD, OHIO
Miscellaneous Statistics
December 31, 2005

Date of incorporation	September 16, 1901
Date present charter adopted	November 3, 1964
Form of government	Council/Manager
Number of permanent full-time employees	126
Area in square miles	28
City of Trotwood facilities and services:	
Miles of streets (lane-miles)	362
Miles of storm sewers	39
Street lights	1,285
Police Protection:	
Number of stations	1
Number of full-time officers	46
Calls for service	35,143
Fire Protection and EMS:	
Number of stations	3
Number of full-time firefighters	23
Calls for service-	
Fire	1,050
EMS	3,789
Average response time (minutes)-	
Fire	6.3
EMS	6.0
Average calls per day	13.4
Average call duration	60 minutes
Parks and Recreation:	
Parks	7
Park acreage	150
Water System:	
Miles of water mains	37.5
Number of fire hydrants	1,096
Number of accounts	2,800
Sewerage System:	
Miles of sanitary sewers	31
Number of accounts	2,800
Facilities and services not included in the reporting entity:	
Public Education:	
Number of elementary schools	5
Number of secondary schools	2
Recreation and Culture:	
Libraries	1
Sports arena/conference centers	1
State and county park acreage	2,545

Source: City of Trotwood, Ohio; Finance Division

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**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**CITY OF TROTWOOD
MONTGOMERY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 29, 2006**