



**Auditor of State  
Betty Montgomery**



CITY OF TROY  
MIAMI COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Troy  
Miami County  
100 South Market Street  
Troy, Ohio 45373

To the Honorable Mayor and City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Troy, Miami County, (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 20, 2005. 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 to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated May 20, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the City's management dated May 20, 2005, we reported other matters related to noncompliance we deemed immaterial.

City of Troy  
Miami County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the finance committee, management, and City Mayor and Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 20, 2005

# Troy OHIO, USA

[www.troy-ohio-usa.com](http://www.troy-ohio-usa.com)



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**





**CITY OF TROY, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

**PREPARED BY:**  
**RICHARD L. CULTICE, CITY AUDITOR**

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City of Troy, Ohio  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2004

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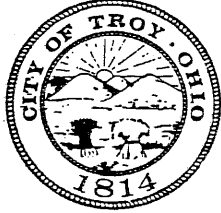
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**INTRODUCTORY  
SECTION**

# City of Troy, Ohio



May 20, 2005

The Honorable Mayor,  
Members of City Council  
and Citizens of Troy, Ohio

The Comprehensive Annual Financial Report of the City of Troy, Ohio for the fiscal year ended December 31, 2004 is submitted herewith. The Department of Finance prepared the report. The responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the City of Troy, specifically with the Department of Finance. We believe that the enclosed data is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. We further believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity 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 this transmittal letter, the government'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 and Notes to Basic Financial Statements that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds, and other schedules that provide detailed information relative to the Basic Financial Statements. The statistical section includes selected economic data, financial trends and demographic information, generally presented on a multi-year basis.



## **CITY OVERVIEW**

Troy, Ohio is a progressive city with a reputation for its “can do” attitude, hospitality, and pride in its accomplishments. Located along I-75 ten miles north of the I-75 and I-70 interchange, Troy is ideally situated.

The City of Troy is home to approximately 21,999 people. While new residents move in at a slow, even pace, Troy continues to have a substantial number of long-time residents. People who move to Troy tend to continue to live here, even after they have raised their families. Troy has a reputation for community pride, friendliness and hospitality, along with respect for its past and great hopes for its future. The community offers a diverse mix of people, places and activities to enjoy. Destinations in the City are accessible without congestion or inconvenience.

The City was founded in 1814 and is a statutory municipal corporation under the laws of the State Of Ohio. The City operates under a Council-Mayor form of government and provides the following services: public safety, public services, health, recreation, and development.

## **ECONOMIC CONDITIONS AND OUTLOOK**

Troy, Ohio USA is a remarkably accessible small city with big-city advantages. Troy’s central location and excellent transportation access continue to be as important to the local economic climate as they were in 1807, when Troy was selected as the county seat for newly-formed Miami County. Then, the Great Miami River and post roads allowed the easiest travel of those times to all of Miami County and major transportation routes to the rest of the rapidly growing nation. Later, the Miami & Erie Canal provided a strong economic boost, which was soon followed by major railroad lines and the Dixie Highway. These advantages helped Troy establish a strong manufacturing base that added to its economic strength as an agricultural service center.

Today, Troy still reaps great economic benefits from its strategic location in the strong western Ohio transportation network. The Troy community is served by four interchanges on Interstate Route 75, one of the nation’s most heavily traveled north/south highways. Just 10 minutes to the south is the intersection of I-75 and I-70, which adds excellent east/west access to the rest of the nation. Easy access and fast travel to dispersed plants throughout the entire eastern half of the country allow Troy businesses to meet the just-in-time needs of modern industry. Major arterial highways connect from I-75 to all parts of the city. These include 3 state highways and the old Dixie Highway. In addition to easy automobile and truck movement, rail service continues to provide economical transportation of bulk products through Troy on one of the nation’s heaviest-traveled Class A lines.

International airfreight and travel are only 15 minutes away from Troy, at Dayton International Airport. Over two-thirds of the nation’s population and businesses are within the nation’s largest 90-minute air travel market, enabling Troy businesses to provide same-day delivery to even distant customers. The airport is one of the world’s largest air cargo centers and provides both small and heavy freight service throughout the world.

The City places a high priority on quality of life and effectively delivering services to the citizens of Troy. This priority continued during 2004. There was not an interruption in the delivery of services to the citizens. During the year, there were a number of major public improvements. Major activity in 2004 included:

- Working with the Miami County Park District, authorized expending \$80,000 towards the cost of the Troy-Concord Recreational Trail connector, which is part of the multi-state connecting of recreational trails.
- Commenced two programs to assist citizens with proper maintenance of owner-occupied structures. These programs are:
  - Paint Voucher Program – qualified applicants can receive funding of up to \$250 for exterior paint.
  - Garage Demolition Program – qualified applicants can receive funding to demolish a “condemnable” garage structure.
- Council is committed to supporting the downtown. A study had been performed that discussed a number of issues, including aesthetic and cosmetic improvements. The Public Square is connected to surrounding streets by alleys. One proposal was to improve the alleyways, providing an attractive connection to the Public Square. The first of these suggested improvements was authorized – the alley from the South Cherry Street. Work included drainage improvements, a new surface that gives the appearance of a stone walkway, and entrance identification. Another downtown project was the adding of four kiosks that helped hide and secure electric fixtures, but also provided an area to post maps and notices of downtown events. These kiosks are metal, painted the same green shade as the other aesthetic items in the downtown.
- Troy took advantage of the historically low interest rates, and issued bonds in the amount of \$10,625,000 to fund a number of projects for the benefit of the citizens. These projects included:
  - The long-awaited construction of Troy’s new pool, the Troy Aquatic Park, was authorized and commenced, with a project completion date to accommodate a grand opening Memorial Day 2005. This \$4 Million+ project is funded through the sale of bonds.
  - The location and construction of the new Fire Station in the Northeast Section of the City to replace the current Station 2. This project accounted for \$2,575,000 of the bonds. During 2004, the design was 95% completed and negotiation took place to purchase land.
  - New Cemetery Maintenance Facility was started to replace an antiquated structure. This new facility provides areas for maintenance and storage. This project accounted for \$465,000 of the bonds.
  - The Elm Street improvement project accounted for \$605,000 of the bonds. This is a major improvement including sewer improvements, sidewalk/curb/gutter, and total new street construction, was contracted in the amount of \$955,602. The project balance is funded through a grant from the Ohio Public Works Commission.
  - \$1,235,000 was allocated for generators for the City’s water and wastewater operations to assure that these services can continue with little or no interruption.

- The final \$1,340,000 was allocated for reconstruction and rehabilitating sanitary sewers in the City's eastern section. Some design work was performed during 2004, with bidding to follow in 2005.
- Late in the year, it was discovered that there was a minor leak in a 50 year old area of the Hobart Arena Refrigeration System. This had the potential of becoming a more major issue. Repairs were authorized in the amount of \$160,000. (Note – the situation did not accelerate and the repairs were accomplished early in 2005.)
- Continuation of the programs of paving, repairing catch basins, improving manholes, and installing handicap ramps at curbs.
- Continued the Sidewalk Replacement Program to replace sidewalks that had become a safety hazard due to damage or grade separation; removed trees that had caused some of the sidewalk damage, and replaced many of the removed trees.
- Continued work on projects associated with the City's first Tax Increment Financing (TIF) District. The District is located in the northwest area of the City, along the I-75 corridor. The provisions of this economic development tool included the City issuing bonds (in 2003) to fund and expedite a public roadway project. The bonds payments will be financed through the property tax increments on the future building improvements, several of which have already been completed. The developer is responsible for any debt service deficiency payments on the bonds. During 2004, roadway enhancements were completed.
- Continued work on the Treasure Island area. This included partnering with adjacent land owners on ways to enhance and expand recreational corridor. Additional work as also performed on the City owned structure at Treasure Island, resulting in aesthetic improvements to the building. Funding, via grants, continues to be sought for this area, including connections to parks on the north side of the Great Miami River.
- Continued the application for Ohio Public Works Commission funds for infrastructure improvements.
- Basically completed the update of the Comprehensive Plan, which is the City's most important planning and development tool. (This document was adopted by the Planning Commission in early 2005.)
- Continued a quarterly newsletter to help keep residents informed about activities and projects within their community. This publication is in partnership with the Troy Schools to include an insert of school news.

Troy also continued other enhancements, including:

- Continued the funding partnerships with the Troy Development Council and Troy Main Street.
- Continued development of the Wellhead Protection Program to safeguard Troy's water supply.
- Provided training to improve the proficiency and safety of City employees.

## **DEPARTMENTAL FOCUS – UTILITIES DIVISION**

The City of Troy owns and operates a public water system, public wastewater treatment system and public stormwater system. All operations are permitted by the Ohio Environmental Protection Agency. The Utilities Division is encompassed in the City's Public Works Department that in addition to utility operations oversees refuse collection, street maintenance and city-owned electrical and traffic control systems.

The water system and wastewater system are considered "enterprise" operations, meaning the funding for all operations, debt and capital improvements are paid for by fees billed and collected for water and/or sewer services. General taxes do not support these operations.

Water and sewer services are provided to portions of Concord and Staunton Townships through agreements with Miami County. In addition, 2004 was the first full year of water service being provided through Miami County the City of West Milton. This service started in December 2003.

The Troy Water Treatment Plant is located at 300 E. Staunton Road. The plant underwent major expansion and improvements from 1998 to 2001. The treatment capacity was doubled to 16 million gallons per day (MGD). The 2004 average day pumping volume was 5.26 MGD. The plant treats water provided from 9 wells located in one of two well fields located near the Great Miami River. Raw water is softened using lime and soda ash. After softening the water is chlorinated and pumped to homes and businesses in one of two pressure grids. Three elevated storage tanks hold 3.5 million gallons and help provide additional water supply in case of localized emergency needs (fire response). Approximately 131 miles of water mains are maintained along with 1100 fire hydrants. Water is metered at homes and businesses and read each month. Monthly bills are issued by the City. 2004 water sales revenue was \$4,418 million.

The Troy Wastewater Treatment Plant is located on Dye Mill Road. The plant underwent major improvements from 1994 to 2000. A new raw sewage pump station and equalization tanks were constructed; two new secondary clarifiers were added; improved sludge settling and odor control equipment was added. The plant is designed to treat an average 7MGD. 2004 average daily flow was 5.25 MGD. Plant staff also operate 6 remote sewage lift stations and 2 stormwater pump stations. Sanitary sewage arrives at the plant where it is screened, solids are allowed to settle, and activated sludge treatment process is utilized prior to ultraviolet light disinfection being performed prior to discharge to the Great Miami River. Due to improvements in discharge quality from Troy's plant and other plants upstream, the river's use designation has been upgraded from "general" to "exceptional", meaning a greater number and variety of fish and macroinvertebrates inhabit the river than expected. 2004 sewer treatment revenue was \$3.511 million.

Approximately 121 miles of sanitary sewer lines are owned and maintained along with 2500 manholes. Routine cleaning of some sewer lines is performed based on history of past stoppages and complaints. Over the past several years Troy has proactively performed root killing treatments in some sewers where chronic root intrusion has been witnessed. This has greatly reduced sewer stoppages in these areas. In 2004, 43 manhole flow bottoms were repaired to improve operability. An annual manhole improvement program funded near the \$100,000 value is anticipated for the near future.

Troy maintains 70 miles of storm sewers and 10 miles of open ditches. During the summer months scheduled mowing of open ditches is performed to prevent tree growth and to maintain capacity. In 2004, 79 catch basins were replaced to improve storm water drainage and improve safety. An annual catch basin replacement program funded near the \$100,000 value is anticipated for the near future.

Important projects completed in 2004 included providing emergency electrical power to supply to 5 drinking water wells, the water treatment plant, the wastewater treatment plant, and the Race Drive stormwater pump station. In addition, the Kirk Lane and Southview sanitary lift stations were upgraded to accept temporary emergency electric power from a new 25 kW portable generator, and the Madison Street stormwater pump station was upgraded to accept emergency power from a currently-owned 350 kVa generator. With these improvements, minimally needed water supply, wastewater treatment and important stormwater pumping services can be supplied during severe weather events (ice storms) or human induced (terrorism) events.

The Utilities Division is comprised of operators, mechanics, secretaries, and supervisors that enjoy their daily tasks knowing that the services they provide directly correlate to the good quality of life enjoyed by Troy residents.

### **FUTURE PROJECTS**

Troy's plans for the future are based on maintaining and improving the quality of life of the community.

Activities in this regard will include:

- Continue economic development efforts to bring high quality jobs to the community for current and future residents.
- Complete projects that have been started.
- Complete the Comprehensive Plan.
- Use low interest rates to fund a number of projects, including a new swimming pool, relocating fire station two, continuing a well maintained roadway network, constructing the first phase of the sidewalk replacement program, and constructing a new Cemetery Maintenance Building to better serve the employees and citizens.
- Foster and encourage strategic annexation.
- Maintain an excellent working relationship with other local governmental entities.
- Look for ways to help traffic flow in heavily traveled areas.
- Continue to work with Troy Main Street and the downtown merchants in keeping the downtown active and vital.
- Continue to provide appropriate training for employees.
- Continue to improve park and green space areas for aesthetic purposes and to meet community needs.
- Utilize grants and other governmental funds (i.e., OPWC) where possible for projects.
- Monitor the condition of all City facilities and see that they are properly maintained.

For a more-in-depth analysis of the City's current economic condition, please see the Management Discussion and Analysis (MD&A) portion of the report in the Financial Section.

### **INTERNAL ACCOUNTING AND BUDGETARY CONTROLS**

We believe that the City's internal control structure adequately safeguarded assets and provided reasonable assurance of proper recording of financial transactions. It is further our intention to review these controls in depth on an ongoing basis for continued refinements and improvements.

Budgetary control is maintained at the fund level by the use of encumbrances for purchase order amounts to vendors. Open encumbrances are reported as reservations of the fund balance for the governmental fund types at December 31, 2004.

### **CASH MANAGEMENT**

Cash temporarily idle during the year, was invested in demand deposits, certificates of deposit, U.S. Treasuries and the State Treasurer's Investment Pool (Star Ohio). The City earned \$1,234,625 on all investments for the year ended December 31, 2004.

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

### **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. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. See Notes to Basic Financial Statements for more in-depth information.

Out of concern for the welfare of City employees, two special programs are provided:

Employee Assistance Plan (EAP) - Through EmployeeCare of Miami Valley Hospital in Dayton, the City provides employees and their families free 24-hour counseling services. In addition to counseling sessions, there is a 24-hour hotline. A satellite office for the EAP Program has also been established in Troy. This counseling process is based upon and centered on complete confidentiality for the person using the program. The EAP also provides on-site counseling for situations such as the loss of a co-worker or the debriefing of safety employees following a critical event. The EAP further provides on-site seminars/workshops with topics such as stress management, holiday stress, dealing with angry citizens, and others geared to the needs of the staff.

Wellness Program – This program has existed for approximately 15 years. Since 2002, the City has contracted with the local Upper Valley Medical Center, Troy, Ohio for the service. The City is provided an on-site nurse sixteen hours per month. Employees can establish base-line medical data with the nurse so that physical/medical problems/improvements can be measured. A Wellness Committee of employees has been formed to suggest possible programs and services. To date, some of the benefits provided by the Wellness Program include: cholesterol screening, blood pressure checks, statistics, hearing exams, TB screening, health fair, flu shots, stress management, diabetes screening, etc., and the opportunity to take advantage of various screenings at a reduced cost for the employee/spouse. As a result of screenings and discussions with the nurse, some employees have been referred for further medical evaluation. In addition, the wellness program encourages regular exercise. The program elements were extended to include monthly paycheck “fliers”, which provide a variety of information in a simple one-page format. Employees are encouraged to share the fliers with their families.

### **INDEPENDENT AUDIT**

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor’s Office has completed an audit of the financial statements. Their opinion on the City's financial statements is included in the financial section of this Comprehensive Annual Financial Report.

### **CERTIFICATE OF ACHIEVEMENT**

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 Troy, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, with contents conforming to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year. The City of Troy, Ohio, received a Certificate of Achievement for the 15<sup>th</sup> time for the year ended December 31, 2003. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## ACKNOWLEDGEMENTS

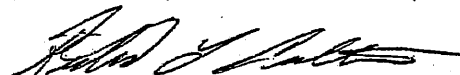
The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the City Auditor and other City departments. We express our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Mayor and City Council of the City of Troy, preparation of this report would not have been possible.

Respectfully submitted,  
City of Troy, Ohio



David E. Anderson  
Director of Public Service and Safety



Richard L. Cultice  
City Auditor



# CITY OF TROY, OHIO

## Listing of Principal City Officials

December 31, 2004

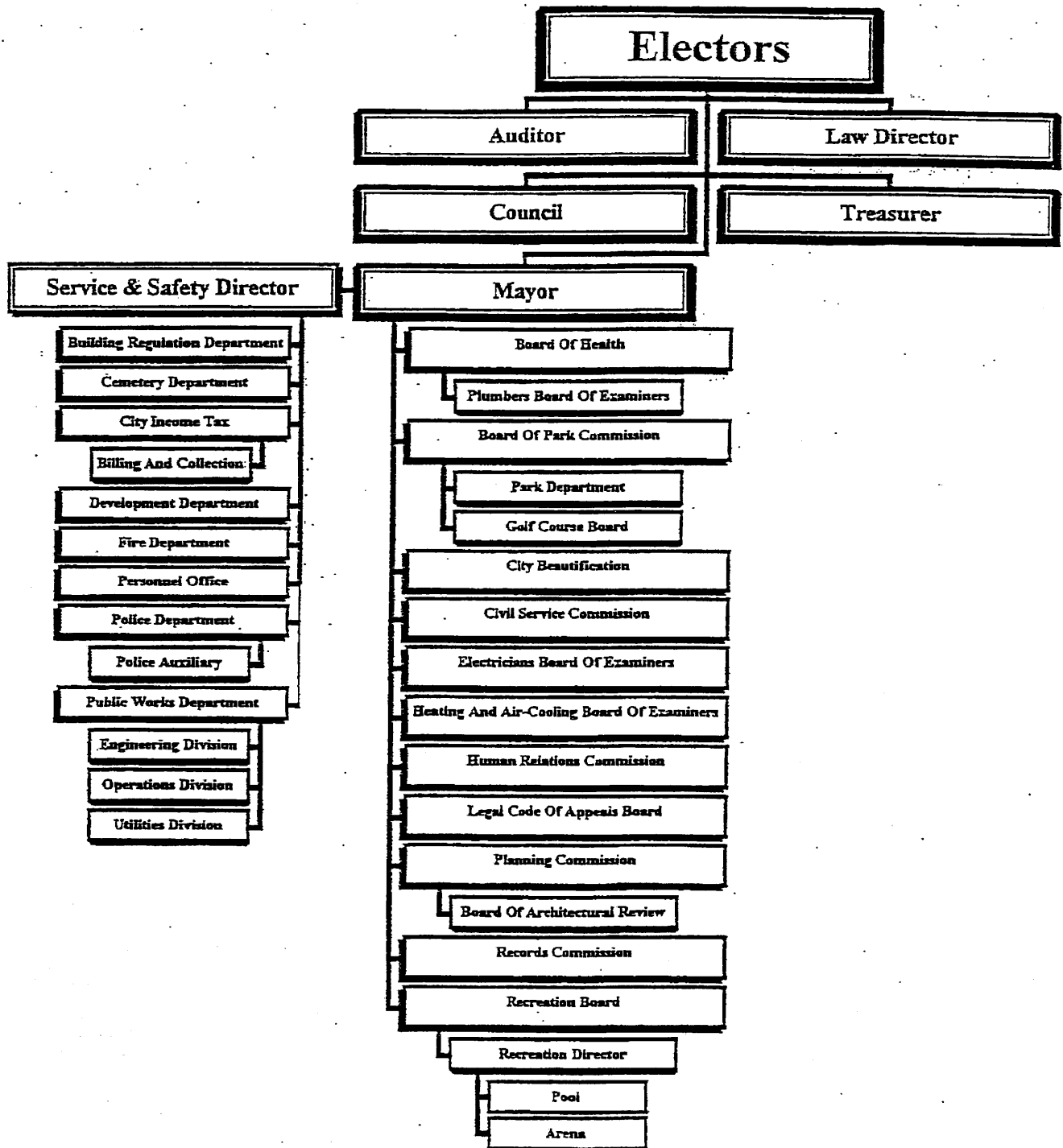
### Elected Officials

Mayor	Michael L. Beamish
President of Council	William F. Lohrer
Councilmember-at-Large	Alan R. Clark
Councilmember-at-Large	Mark A. Douglas
Councilmember-at-Large	Shirley M. Saxton
Councilmember, First Ward	Craig E. Wise
Councilmember, Second Ward	Martha A. Baker
Councilmember, Third Ward	Ted S. Mercer
Councilmember, Fourth Ward	Frank L. Hutchinson
Treasurer	Edward L. Cox
Director of Law	W. McGregor Dixon, Jr.
Auditor	Richard L. Cultice

### Appointed Officials

Director of Public Service and Safety	David E. Anderson
Clerk of Council	Sue Knight

# CITY OF TROY, OHIO



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Troy,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

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



President

Executive Director

**FINANCIAL  
SECTION**



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

City of Troy  
Miami County  
100 South Market Street  
Troy, Ohio 45373

To the Honorable Mayor and City Council:

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 Troy, Miami County, (the City), as of and for the year ended December 31, 2004, 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 of Troy, Miami County, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management Discussion and Analysis and the budgetary comparison for the general fund are not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. 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.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining non-major fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining non-major fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 20, 2005

## **City of Troy**

### **Management's Discussion and Analysis For The Year Ended December 31, 2004**

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

The City of Troy's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2004.

#### **FINANCIAL HIGHLIGHTS**

- The City's total net assets increased \$4,269,327. Net assets of governmental activities increased \$2,791,499, net assets of business-type activities increased by \$1,477,828.
- The General Fund reported a net change in fund balance of \$127,763.
- Business-type operations reflected operating income of \$68,457.

#### **USING THIS ANNUAL FINANCIAL REPORT**

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 also 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.

#### **REPORTING THE CITY AS A WHOLE**

##### *Statement of Net Assets and the Statement of Activities*

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine if the City of Troy 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 Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

- **Governmental Activities** - Most of the City's services are reported here including police, fire, 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 sanitary sewer, water, Hobart Arena, swimming pool, parking meter, Miami Shores and stadium. 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.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### *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, Capital Improvement, Water and Sanitary 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.



**Fiduciary Funds** - The City is the fiscal agent for one private purpose trust and six agency funds. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Statement of Changes in Assets and Liabilities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**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 2004 compared to 2003.

**Table 1**  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003 Restated	2004	2003 Restated	2004	2003 Restated	2004
<b>Assets</b>						
Current And Other Assets	\$57,264,975	\$57,786,340	\$19,675,237	\$20,152,686	\$76,940,212	\$77,939,026
Capital Assets, Net	<u>32,816,526</u>	<u>37,747,572</u>	<u>47,097,268</u>	<u>47,676,056</u>	<u>79,913,794</u>	<u>85,423,628</u>
Total Assets	<u>90,081,501</u>	<u>95,533,912</u>	<u>66,772,505</u>	<u>67,828,742</u>	<u>156,854,006</u>	<u>163,362,654</u>
<b>Liabilities</b>						
Long-Term Liabilities	7,858,974	14,661,017	19,630,663	20,951,359	27,489,637	35,612,376
Other Liabilities	<u>8,145,502</u>	<u>4,004,371</u>	<u>2,189,977</u>	<u>447,691</u>	<u>10,335,479</u>	<u>4,452,062</u>
Total Liabilities	<u>16,004,476</u>	<u>18,665,388</u>	<u>21,820,640</u>	<u>21,399,050</u>	<u>37,825,116</u>	<u>40,064,438</u>
<b>Net Assets</b>						
Invested in Capital Assets						
Net of Debt	26,373,526	24,472,572	28,058,618	27,399,172	54,432,144	51,871,744
Restricted	12,489,638	17,059,880	0	0	12,489,638	17,059,880
Unrestricted	<u>35,213,861</u>	<u>35,336,072</u>	<u>16,893,247</u>	<u>19,030,520</u>	<u>52,107,108</u>	<u>54,366,592</u>
Total Net Assets	<u>\$74,077,025</u>	<u>\$76,868,524</u>	<u>\$44,951,865</u>	<u>\$46,429,692</u>	<u>\$119,028,890</u>	<u>\$123,298,216</u>

Total net assets of the City as a whole increased \$4,269,327. Net assets of the City's governmental activities increased \$2,791,499. The increase in net assets was mainly due to the increase in tax (income and property) revenue of \$3,235,137 and an increase in construction in progress of \$3,511,054 for 2004.

The net assets of the City's business-type activities increased \$1,477,828 from 2003. The increase in net assets is a result of the increase in net capital assets. The City added \$1,028,325 in Construction in Progress for 2004.

Table 2 shows the changes in net assets for the year ended December 31, 2004.

**Table 2**  
Changes in Net Assets

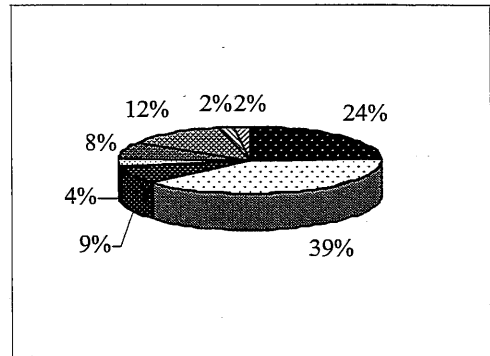
	Governmental Activities		Business-Type Activities		Total	
	2003 Restated	2004	2003 Restated	2004	2003 Restated	2004
Revenues						
Program Revenues:						
Charges for Services	\$1,464,296	\$1,650,872	\$9,121,211	\$9,312,131	\$10,585,507	\$10,963,003
Operating Grants, Contributions	819,796	1,316,515	0	50,770	819,796	1,367,285
Capital Grants and Contributions	543,680	2,502,281	2,766,026	1,244,147	3,309,706	3,746,428
Total Program Revenues	<u>2,827,772</u>	<u>5,469,668</u>	<u>11,887,237</u>	<u>10,607,048</u>	<u>14,715,009</u>	<u>16,076,716</u>
General Revenues:						
Income Taxes	11,467,066	13,989,707	0	0	11,467,066	13,989,707
Property Taxes	1,446,182	2,158,678	0	0	1,446,182	2,158,678
Grants and Entitlements	1,406,330	1,926,126	0	0	1,406,330	1,926,126
Unrestricted Contributions	200,730	32,800	0	0	200,730	32,800
Investment Earnings	1,028,663	910,902	213,236	323,723	1,241,899	1,234,625
Refunds & Reimbursements	117,697	40,094	0	0	117,697	40,094
Other Revenues	304,989	205,935	1,318,708	358,337	1,623,697	564,272
Total General Revenues	<u>15,971,657</u>	<u>19,264,242</u>	<u>1,531,944</u>	<u>682,060</u>	<u>17,503,601</u>	<u>19,946,302</u>
Total Revenues	<u>18,799,429</u>	<u>24,733,910</u>	<u>13,419,181</u>	<u>11,289,108</u>	<u>32,218,610</u>	<u>36,023,018</u>
Program Expenses:						
General Government	4,434,021	5,033,894	0	0	4,434,021	5,033,894
Public Safety	8,728,959	8,169,075	0	0	8,728,959	8,169,075
Leisure Time Activities	2,649,279	1,859,158	0	0	2,649,279	1,859,158
Community Development	1,419,707	952,247	0	0	1,419,707	952,247
Basic Utility Service	2,047,376	1,624,988	0	0	2,047,376	1,624,988
Transportation & Street Repair	7,013,251	2,544,171	0	0	7,013,251	2,544,171
Public Health & Welfare	400,308	404,448	0	0	400,308	404,448
Interest and Fiscal Charges	154,684	425,988	0	0	154,684	425,988
Other	8,122	163,284	0	0	8,122	163,284
Water Utility	0	0	5,629,486	5,216,113	5,629,486	5,216,113
Sewer Utility	0	0	3,652,103	3,690,842	3,652,103	3,690,842
Arena Facilities	0	0	800,740	755,000	800,740	755,000
Pool	0	0	98,994	85,855	98,994	85,855
Parking	0	0	54,261	44,077	54,261	44,077
Golf Course	0	0	787,547	784,551	787,547	784,551
Total Expenses	<u>26,855,707</u>	<u>21,177,253</u>	<u>11,023,131</u>	<u>10,576,438</u>	<u>37,878,838</u>	<u>31,753,691</u>
Increase (Decrease) in Net Assets before Transfers	(8,056,278)	3,556,657	2,396,050	712,670	(5,660,228)	4,269,327
Transfers -- Internal Activities	(286,800)	(765,158)	286,800	765,158	0	0
Increase (Decrease) in Net Assets	(8,343,078)	2,791,499	2,682,850	1,477,828	(5,660,228)	4,269,327
Net Assets Beginning of Year	<u>82,420,103</u>	<u>74,077,025</u>	<u>42,269,014</u>	<u>44,951,864</u>	<u>124,689,117</u>	<u>119,028,889</u>
Net Assets End of Year	<u>\$74,077,025</u>	<u>\$76,868,524</u>	<u>\$44,951,864</u>	<u>\$46,429,692</u>	<u>\$119,028,889</u>	<u>\$123,298,216</u>

**Governmental Activities**

Troy has continued attracting large-scale employers to our city in the year 2004, thereby injecting the local economy with jobs and increasing the City's commercial tax base. The 1.75% income tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent more than 72% of the City's governmental activities general revenues. During 2004, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2004 earnings tax revenues increased approximately 22% over 2003 tax revenues.

Governmental activities program expenses for 2004 were as follows:

General Government	24%
Public Safety	39%
Leisure Time Activities	9%
Community Development	4%
Basic Utility Service	8%
Transportation & Street Repair	12%
Public Health & Welfare	2%
Interest and Fiscal Charges	<u>2%</u>
Total	<u>100%</u>



General Government include legislative and executive as well as judicial expenses. Leaf and brush pickup, storm sewer projects, aggressive street resurfacing program, amenities in the parks, and police and fire services all culminate into a full service city.

**Business-Type Activities**

Business-type activities, include water, sewer, Hobart Arena, swimming pool, parking meter, Miami Shores and the stadium. These programs had revenues of \$12,054,266 and expenses of \$10,576,438 for fiscal year 2004. Business activities receive no support from tax revenues. The business activities net assets at the end of the year was \$46,429,692, which increased \$1,477,828 from 2003.

The City of Troy's Water Department serves 9,885 customers, this represents a population base of nearly 21,999 people. The average daily consumption for the city is 5.51 million gallons and 131.31 miles of water mains in its distribution system. The water fund had operating income of \$260,756 for 2004.

The City of Troy's Sewer Department includes 121.90 miles of sanitary sewer main, which provide the collection and treatment of public wastewater. Miles of sanitary sewer main increase 2.68 miles from 2003. The Sewer fund had operating income of \$466,371 for 2004.

## THE CITY'S FUNDS

Information about the City's major governmental funds is presented in the Fund Financial Statements (see table of contents). These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$23,193,676 and expenditures of \$24,849,428. Within the General fund revenues exceeded expenditures, before other financing sources (uses) by \$3,385,198; and within the Capital Improvement Fund expenditures exceeded revenues, before other financing sources (uses) by \$3,202,320.

### *General Fund Budgeting Highlights*

The City's General Fund budget is formally adopted at the fund level. Financial reports, which compare actual performance with the budget, are prepared quarterly 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 \$34,490,437, on a Non-GAAP Budgetary Basis.

Variations from the final budget amounts to the actual amounts are primarily due to the following reasons: The City underestimated the taxes revenue amount and overestimated the general government and public safety expenditures for 2004.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

**Table 3**  
Capital Assets  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2003 Restated	2004	2003 Restated	2004	2003 Restated	2004
Land	\$11,636,889	\$11,793,975	\$538,683	\$538,683	\$12,175,572	\$12,332,658
Construction in Progress	85,093	3,596,147	3,218,090	4,246,415	3,303,183	7,842,562
Building and Improvements	7,275,446	7,087,135	26,120,740	25,142,060	33,396,186	32,229,195
Equipment	2,915,856	2,745,566	6,311,269	6,089,762	9,227,125	8,835,328
Infrastructure	<u>10,903,242</u>	<u>12,524,749</u>	<u>10,908,486</u>	<u>11,659,136</u>	<u>21,811,728</u>	<u>24,183,885</u>
Totals	<u>\$32,816,526</u>	<u>\$37,747,572</u>	<u>\$47,097,268</u>	<u>\$47,676,056</u>	<u>\$79,913,794</u>	<u>\$85,423,628</u>

The increase in net capital assets was the result of the increase in construction in progress for various projects for the City.

**Debt**

At year-end the City had \$33,531,000 in general obligation bonds and special assessment bonds.

**Table 4**  
Outstanding Debt at Year End

<u>Governmental Activities:</u>	<u>2003</u>	<u>2004</u>
<u>General Obligation Bonds</u>		
6.25% Central Maintenance Facility	\$240,000	\$160,000
6.25% McKaig Storm Sewer Phase I	90,000	60,000
7.13% McKaig Storm Sewer Phase II	200,000	160,000
4.70% Safety Facilities Improvement	705,000	360,000
2.00% Stadium Improvement	3,000,000	2,890,000
6.00% Tax Increment Financing	1,800,000	1,800,000
2.00%-4.75% Elm Street Improvements	0	595,000
2.00%-4.75% Aquatic Center	0	3,945,000
2.00%-4.75% Cemetery Maintenance Building	0	455,000
2.00%-4.75% Fire Station	0	2,515,000
Total General Obligation Bonds	<u>6,035,000</u>	<u>12,940,000</u>
 <u>Special Assessment Bonds</u>		
8.50% Street Improvement – Exp. Farm Road	18,000	9,000
7.13% Street Improvement – St. Rt. 55	70,000	56,000
7.35% Street Improvement – Dorset Road	240,000	200,000
3.35% Street Improvement – Exp. Farm Road	<u>80,000</u>	<u>70,000</u>
Total Special Assessment Bonds	<u>408,000</u>	<u>335,000</u>
 <u>Business-Type Activities:</u>		
<u>General Obligation Bonds</u>		
6.25% Southwest Interceptor Sewer	\$210,000	\$140,000
3.35% Water Improvement Towers	1,755,000	1,570,000
4.70% Wastewater System Improvement	3,255,000	3,055,000
4.55% Waterplant Expansion I	3,780,000	3,575,000
5.75% Golf Course Improvement	206,000	141,000
4.38% Waterplant Expansion II	5,550,000	5,270,000
4.35% Wastewater System Improvement	2,850,000	2,730,000
0.00% Wastewater Improvement IIIC&VA	425,000	400,000
2.00% Water Line Extension	945,000	855,000
2.00%-4.75% Southeast Area Sewer	0	1,310,000
2.00%-4.75% Generators	0	1,210,000
Total General Obligation Bonds	<u>18,976,000</u>	<u>20,256,000</u>
Total Debt	<u>\$25,419,000</u>	<u>\$33,531,000</u>

Special Assessment Street Improvement Bonds will be paid with special assessment revenue.

The Various Purpose Improvement general obligation bonds will be paid with property tax revenues via transfers from the General Fund.

The City's legal debt margin within limitation was \$41,221,753 at year-end.

Detailed information relating to capital assets and debt is presented in the notes to the financial statements.

## **ECONOMIC FACTORS**

The City of Troy is currently in a strong financial position, but it must be stated that the City is not immune to economic conditions that have negatively affected many public and private entities. The City of Troy's systems of budgeting and internal controls are well regarded, and the City is well prepared to meet the challenges of the future. In addition, management has been committed to providing its residents with full disclosure of the financial position of the City.

## **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 City Auditor, City of Troy, 100 South Market Street, Troy, Ohio 45373.

City of Troy, Ohio  
Statement of Net Assets  
December 31, 2004

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$49,413,656	\$19,164,086	\$68,577,742
<b>Receivables:</b>			
Taxes	2,854,816	0	2,854,816
Accounts	363,137	472,594	835,731
Interest	241,530	45,799	287,329
Intergovernmental	2,261,466	0	2,261,466
Notes	1,923,204	0	1,923,204
Special Assessments	728,531	0	728,531
Inventory	0	470,207	470,207
Nondepreciable Capital Assets	15,390,122	4,785,098	20,175,220
Depreciable Capital Assets, Net	22,357,450	42,890,958	65,248,408
<b>Total Assets</b>	<b>95,533,912</b>	<b>67,828,742</b>	<b>163,362,654</b>
<b>Liabilities:</b>			
Accounts Payable	374,524	111,131	485,655
Accrued Wages and Benefits	896,230	200,727	1,096,957
Retainage Payable	194,873	25,960	220,833
Accrued Interest Payable	156,879	109,873	266,752
Unearned Revenue	2,381,865	0	2,381,865
<b>Long-Term Liabilities:</b>			
Due Within One Year	1,390,447	1,620,316	3,010,763
Due In More Than One Year	13,270,570	19,331,043	32,601,613
<b>Total Liabilities</b>	<b>18,665,388</b>	<b>21,399,050</b>	<b>40,064,438</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	24,472,572	27,399,172	51,871,744
<b>Restricted for:</b>			
Special Revenue	7,902,776	0	7,902,776
Debt Service	252,473	0	252,473
Capital Projects	8,904,631	0	8,904,631
Unrestricted	35,336,072	19,030,520	54,366,592
<b>Total Net Assets</b>	<b>\$76,868,524</b>	<b>\$46,429,692</b>	<b>\$123,298,216</b>

See accompanying notes to the basic financial statements.

City of Troy, Ohio  
Statement of Activities  
For the Fiscal Year Ended December 31, 2004

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$5,033,894	\$102,950	\$7,029	\$0
Public Safety	8,169,075	957,683	0	0
Leisure Time Activities	1,859,158	246,134	0	0
Community Development	952,247	0	148,038	64,400
Basic Utility Service	1,624,988	288,224	0	486,017
Transportation and Street Repair	2,544,171	47,280	1,161,448	1,951,864
Public Health and Welfare	404,448	8,601	0	0
Interest and Fiscal Charges	425,988	0	0	0
Other	163,284	0	0	0
<b>Total Governmental Activities</b>	<b>21,177,253</b>	<b>1,650,872</b>	<b>1,316,515</b>	<b>2,502,281</b>
<b>Business-Type Activities:</b>				
Water Utility	5,216,113	4,769,917	23,077	519,689
Sewer Utility	3,690,842	3,804,824	27,693	576,058
Arena Facilities	755,000	62,179	0	0
Pool	85,855	31,651	0	0
Parking	44,077	20,403	0	0
Golf Course	784,551	623,157	0	0
Stadium Facilities	0	0	0	148,400
<b>Total Business-Type Activities</b>	<b>10,576,438</b>	<b>9,312,131</b>	<b>50,770</b>	<b>1,244,147</b>
<b>Totals</b>	<b>\$31,753,691</b>	<b>\$10,963,003</b>	<b>\$1,367,285</b>	<b>\$3,746,428</b>

General Revenues:  
Income Taxes  
Property Taxes Levied for:  
    General Purposes  
    Special Revenue Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Unrestricted Contributions  
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
(\$4,923,915)	\$0	(\$4,923,915)
(7,211,392)	0	(7,211,392)
(1,613,024)	0	(1,613,024)
(739,809)	0	(739,809)
(850,747)	0	(850,747)
616,421	0	616,421
(395,847)	0	(395,847)
(425,988)	0	(425,988)
(163,284)	0	(163,284)
<u>(15,707,585)</u>	<u>0</u>	<u>(15,707,585)</u>
0	96,570	96,570
0	717,733	717,733
0	(692,821)	(692,821)
0	(54,204)	(54,204)
0	(23,674)	(23,674)
0	(161,394)	(161,394)
0	148,400	148,400
<u>0</u>	<u>30,610</u>	<u>30,610</u>
(\$15,707,585)	\$30,610	(\$15,676,975)
13,989,707	0	13,989,707
2,157,693	0	2,157,693
985	0	985
1,926,126	0	1,926,126
32,800	0	32,800
910,902	323,723	1,234,625
40,094	0	40,094
205,935	358,337	564,272
(765,158)	765,158	0
<u>18,499,084</u>	<u>1,447,218</u>	<u>19,946,302</u>
2,791,499	1,477,828	4,269,327
<u>74,077,025</u>	<u>44,951,864</u>	<u>119,028,889</u>
<u>\$76,868,524</u>	<u>\$46,429,692</u>	<u>\$123,298,216</u>

City of Troy, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2004

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$34,900,959	\$7,378,593	\$7,134,104	\$49,413,656
<b>Receivables:</b>				
Taxes	2,620,380	0	234,436	2,854,816
Accounts	346,788	0	16,349	363,137
Interest	235,219	0	6,311	241,530
Intergovernmental	952,798	216,424	1,092,244	2,261,466
Notes	0	0	1,923,204	1,923,204
Special Assessments	781	337,502	390,248	728,531
<b>Total Assets</b>	<b>39,056,925</b>	<b>7,932,519</b>	<b>10,796,896</b>	<b>57,786,340</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	174,132	125,928	74,464	374,524
Accrued Wages and Benefits	797,248	0	98,982	896,230
Compensated Absences	38,134	0	4,696	42,830
Retainage Payable	0	148,823	46,050	194,873
Deferred Revenue	2,424,892	553,926	1,446,735	4,425,553
<b>Total Liabilities</b>	<b>3,434,406</b>	<b>828,677</b>	<b>1,670,927</b>	<b>5,934,010</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	532,272	3,513,111	1,304,082	5,349,465
Reserved for Notes Receivable	0	0	1,923,204	1,923,204
<b>Unreserved, Undesignated, Reported in:</b>				
General Fund	35,090,247	0	0	35,090,247
Special Revenue Funds	0	0	5,578,574	5,578,574
Debt Service Funds	0	0	19,104	19,104
Capital Projects Funds	0	3,590,731	301,005	3,891,736
<b>Total Fund Balances</b>	<b>35,622,519</b>	<b>7,103,842</b>	<b>9,125,969</b>	<b>51,852,330</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$39,056,925</b>	<b>\$7,932,519</b>	<b>\$10,796,896</b>	<b>\$57,786,340</b>

See accompanying notes to the basic financial statements.

City of Troy, Ohio  
Reconciliation of Total Governmental Fund Balance to  
Net Assets of Governmental Activities  
December 31, 2004

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Total Governmental Fund Balance		\$51,852,330
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.		37,747,572
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	107,624	
Intergovernmental	1,130,997	
Other	<u>805,067</u>	
		2,043,688
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.		(156,879)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(1,343,187)</u>	
		(1,343,187)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(13,275,000)</u>
Net Assets of Governmental Activities		<u>\$76,868,524</u>

See accompanying notes to the basic financial statements.

City of Troy, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2004

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$15,279,783	\$0	\$857,654	\$16,137,437
Fines, Licenses & Permits	93,223	0	18,693	111,916
Charges for Services	1,110,437	0	274,721	1,385,158
Investment Earnings	862,388	0	48,514	910,902
Intergovernmental	1,969,140	64,400	1,947,437	3,980,977
Special Assessments	5,830	92,374	92,468	190,672
Other Revenues	291,677	0	184,937	476,614
<b>Total Revenues</b>	<b>19,612,478</b>	<b>156,774</b>	<b>3,424,424</b>	<b>23,193,676</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	4,537,041	0	57,742	4,594,783
Public Safety	7,921,062	0	3,764	7,924,826
Leisure Time Activities	1,345,283	0	148,593	1,493,876
Community Development	828,879	79,112	13,474	921,465
Basic Utility Service	1,595,015	0	0	1,595,015
Transportation and Street Repair	0	0	2,379,777	2,379,777
Public Health and Welfare	0	0	403,470	403,470
Capital Outlay	0	3,279,982	1,127,452	4,407,434
<b>Debt Service:</b>				
Principal Retirement	0	0	678,000	678,000
Interest and Fiscal Charges	0	0	287,498	287,498
Other	0	0	163,284	163,284
<b>Total Expenditures</b>	<b>16,227,280</b>	<b>3,359,094</b>	<b>5,263,054</b>	<b>24,849,428</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,385,198</b>	<b>(3,202,320)</b>	<b>(1,838,630)</b>	<b>(1,655,752)</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of Long-Term Capital-Related Debt	0	4,995,000	2,515,000	7,510,000
Transfers In	1,460,000	3,840,000	3,917,435	9,217,435
Transfers (Out)	(4,717,435)	(190,000)	(5,075,158)	(9,982,593)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,257,435)</b>	<b>8,645,000</b>	<b>1,357,277</b>	<b>6,744,842</b>
<b>Net Change in Fund Balance</b>	<b>127,763</b>	<b>5,442,680</b>	<b>(481,353)</b>	<b>5,089,090</b>
<b>Fund Balance Beginning of Year</b>	<b>35,494,756</b>	<b>1,661,162</b>	<b>9,607,322</b>	<b>46,763,240</b>
<b>Fund Balance End of Year</b>	<b>\$35,622,519</b>	<b>\$7,103,842</b>	<b>\$9,125,969</b>	<b>\$51,852,330</b>

See accompanying notes to the basic financial statements.

City of Troy, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2004

Net Change in Fund Balance - Total Governmental Funds \$5,089,090

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	6,434,562	
Depreciation Expense	<u>(1,437,873)</u>	4,996,689

Governmental funds only report the disposal of assets to the  
 extent proceeds are received from the sale. In the statement  
 of activities, a gain or loss is reported for each disposal. The  
 amount of the proceeds must be removed and the gain or loss  
 on the disposal of capital assets must be recognized. This is the  
 amount of the difference between the proceeds and the gain or loss. (65,643)

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

Delinquent Property Taxes	10,948	
Intergovernmental	(244,250)	
Other	<u>(53,165)</u>	(286,467)

Repayment of bond principal is an expenditure in the  
 governmental funds, but the repayment reduces long-term  
 liabilities in the statement of net assets. 678,000

In the statement of activities interest expense is accrued when incurred,  
 whereas in governmental funds an interest expenditure is reported  
 when due. (138,490)

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

Compensated Absences	<u>28,320</u>	28,320
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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. (7,510,000)

Change in Net Assets of Governmental Activities		<u><u>\$2,791,499</u></u>
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See accompanying notes to the basic financial statements.

City of Troy, Ohio  
Statement of Net Assets  
Proprietary Funds  
December 31, 2004

	Business-Type Activities -Enterprise Funds			Total Business-Type Activities
	Water	Sanitary Sewer	Other Enterprise Funds	
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$7,821,888	\$10,797,907	\$544,291	\$19,164,086
<b>Receivables:</b>				
Accounts	239,029	204,401	29,164	472,594
Interest	19,053	26,302	444	45,799
Inventory	470,207	0	0	470,207
<b>Total Current Assets</b>	<b>8,550,177</b>	<b>11,028,610</b>	<b>573,899</b>	<b>20,152,686</b>
Nondepreciable Capital Assets	723,066	563,793	3,498,239	4,785,098
Depreciable Capital Assets, Net	21,639,889	18,300,834	2,950,235	42,890,958
<b>Total Assets</b>	<b>30,913,132</b>	<b>29,893,237</b>	<b>7,022,373</b>	<b>67,828,742</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	21,503	64,202	25,426	111,131
Accrued Wages and Benefits	93,045	74,534	33,148	200,727
Compensated Absences	93,862	50,114	71,456	215,432
Retainage Payable	25,960	0	0	25,960
Accrued Interest Payable	47,956	61,241	676	109,873
Long-Term Liabilities Due Within One Year	815,000	520,884	69,000	1,404,884
<b>Total Current Liabilities</b>	<b>1,097,326</b>	<b>770,975</b>	<b>199,706</b>	<b>2,068,007</b>
<b>Long-Term Liabilities:</b>				
Compensated Absences	330,797	104,039	24,207	459,043
Bonds, Notes & Loans Payable	10,455,000	8,345,000	72,000	18,872,000
<b>Total Liabilities</b>	<b>11,883,123</b>	<b>9,220,014</b>	<b>295,913</b>	<b>21,399,050</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	11,092,955	9,998,743	6,307,474	27,399,172
Restricted for:				
Unrestricted	7,937,054	10,674,480	418,986	19,030,520
<b>Total Net Assets</b>	<b>\$19,030,009</b>	<b>\$20,673,223</b>	<b>\$6,726,460</b>	<b>\$46,429,692</b>

See accompanying notes to the basic financial statements.

City of Troy, Ohio  
Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2004

	Business-Type Activities -Enterprise Funds			Total Business-Type Activities
	Water	Sanitary Sewer	Other Enterprise Funds	
Operating Revenues:				
Fines, Licenses & Permits	\$0	\$0	\$3,816	\$3,816
Charges for Services	4,769,917	3,804,824	733,574	9,308,315
Other Revenues	91,980	7,826	258,531	358,337
<b>Total Operating Revenues</b>	<b>4,861,897</b>	<b>3,812,650</b>	<b>995,921</b>	<b>9,670,468</b>
Operating Expenses:				
Personal Services	1,568,408	1,212,345	697,321	3,478,074
Contactual Services	596,830	552,567	348,645	1,498,042
Materials and Supplies	1,559,583	389,644	288,017	2,237,244
Depreciation	809,436	674,692	200,989	1,685,117
Other Expenses	66,884	517,031	119,619	703,534
<b>Total Operating Expenses</b>	<b>4,601,141</b>	<b>3,346,279</b>	<b>1,654,591</b>	<b>9,602,011</b>
Operating Income (Loss)	260,756	466,371	(658,670)	68,457
Non-Operating Revenues (Expenses):				
Investment Earnings	140,820	179,394	3,509	323,723
Interest (Expense)	(614,972)	(344,563)	(14,892)	(974,427)
Operating Grants	23,077	27,693	0	50,770
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(451,075)</b>	<b>(137,476)</b>	<b>(11,383)</b>	<b>(599,934)</b>
Income (Loss) Before Contributions and Transfers	(190,319)	328,895	(670,053)	(531,477)
Capital Grants and Contributions	519,689	576,058	148,400	1,244,147
Transfers In	385,158	0	855,000	1,240,158
Transfers (Out)	(125,000)	(350,000)	0	(475,000)
Change in Net Assets	589,528	554,953	333,347	1,477,828
Net Assets Beginning of Year	18,440,481	20,118,270	6,393,113	44,951,864
Net Assets End of Year	\$19,030,009	\$20,673,223	\$6,726,460	\$46,429,692

See accompanying notes to the basic financial statements.

City of Troy, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2004

	Business-Type Activities -Enterprise Funds			Total Business-Type Activities
	Water	Sanitary Sewer	Other Enterprise Funds	
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$4,864,252	\$3,807,932	\$1,007,726	\$9,679,910
Cash Payments to Employees	(1,473,037)	(1,199,941)	(671,113)	(3,344,091)
Cash Payments to Suppliers	(2,273,482)	(1,431,643)	(749,202)	(4,454,327)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,117,733</b>	<b>1,176,348</b>	<b>(412,589)</b>	<b>1,881,492</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating Grants Received	23,077	27,693	0	50,770
Payments from Other Funds	85,158	0	725,000	810,158
Payments to Other Funds	(125,000)	(125,000)	0	(250,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(16,765)</b>	<b>(97,307)</b>	<b>725,000</b>	<b>610,928</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Payments for Capital Acquisitions	(455,114)	(543,887)	(20,758)	(1,019,759)
Debt Proceeds	740,000	3,567,089	260,000	4,567,089
Debt Principal Payments	(1,640,000)	(2,916,766)	(325,000)	(4,881,766)
Debt Interest Payments	(617,592)	(364,968)	(15,203)	(997,763)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,972,706)</b>	<b>(258,532)</b>	<b>(100,961)</b>	<b>(2,332,199)</b>
<b>Cash Flows from Investing Activities:</b>				
Earnings on Investments	145,386	174,996	3,692	324,074
<b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>	<b>145,386</b>	<b>174,996</b>	<b>3,692</b>	<b>324,074</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(726,352)</b>	<b>995,505</b>	<b>215,142</b>	<b>484,295</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>8,548,240</b>	<b>9,802,402</b>	<b>329,149</b>	<b>18,679,791</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>7,821,888</b>	<b>10,797,907</b>	<b>544,291</b>	<b>19,164,086</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	260,756	466,371	(658,670)	68,457
<b>Adjustments:</b>				
Depreciation	809,436	674,692	200,989	1,685,117
<b>Changes in Assets &amp; Liabilities:</b>				
(Increase) Decrease in Receivables	2,355	(4,718)	11,805	9,442
(Increase) Decrease in Inventory	(2,947)	0	0	(2,947)
Increase (Decrease) in Payables	(47,238)	27,599	7,079	(12,560)
Increase (Decrease) in Accrued Liabilities	95,371	12,404	26,208	133,983
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$1,117,733</b>	<b>\$1,176,348</b>	<b>(\$412,589)</b>	<b>\$1,881,492</b>
<b>Schedule of Noncash Capital Activities:</b>				
During the fiscal year, these amounts were received representing noncash contributions of:				
Capital Assets	\$519,689	\$576,058	\$148,400	\$1,244,147

See accompanying notes to the basic financial statements.



City of Troy, Ohio  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2004

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	<u>Cemetery</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Investments	\$265,869	\$161,267
Receivables:		
Interest	648	67
Total Assets	<u>266,517</u>	<u>\$161,334</u>
Liabilities:		
Other Liabilities	<u>0</u>	<u>161,334</u>
Total Liabilities	<u>0</u>	<u>\$161,334</u>
Net Assets:		
Restricted for Endowment - Expendable	156,425	
Restricted for Endowment - Nonexpendable	<u>110,092</u>	
Total Net Assets	<u>\$266,517</u>	

See accompanying notes to the basic financial statements.

City of Troy, Ohio  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended December 31, 2004

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	<u>Cemetery</u>
Additions:	
Other	<u>\$3,275</u>
Total Additions	<u>3,275</u>
Deductions:	
Public Health and Welfare	<u>7,165</u>
Total Deductions	<u>7,165</u>
Change in Net Assets	(3,890)
Net Assets Beginning of Year	<u>270,407</u>
Net Assets End of Year	<u><u>\$266,517</u></u>

See accompanying notes to the basic financial statements.

## City of Troy

Notes to the Basic Financial Statements  
For The Year Ended December 31, 2004

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

The City of Troy, Ohio was founded in 1814 and is a statutory municipal corporation under the laws of the State of Ohio. The City operates under a Council - Mayor form of government and provides the following services: public safety, public services, health, recreation, and development.

#### Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. Council and the Mayor have direct responsibility for these activities.

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

The Miami Valley Risk Management Association, Inc. (MVRMA) is a risk sharing insurance pool established for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. The members formed a not-for-profit corporation known as Miami Valley Risk Management Association, Inc. for the purpose of administering the pool. The subscribing members of the self-insurance pool include the Cities of Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming, and the Village of Indian Hill. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA.

## **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. 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. 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 general laws of Ohio.

Capital Improvement Capital Projects Fund – This capital projects fund accounts for various capital projects financed by governmental funds.

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. The City does not have an internal service fund.

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 – This fund accounts for provision of water treatment and distribution to the residents and commercial users of the water system.

Sanitary Sewer Fund - The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

## 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 Funds are 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 one private purpose trust funds and six agency 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.

### 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.

### **Cash and Cash Equivalents**

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 financial statements.

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

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 the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenues during 2004 amounted to \$1,234,625. The general fund interest revenue was \$862,388, which includes \$507,925 assigned from other City funds.



## Inventory

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.

## Capital 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 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 will capitalize capital assets with a cost of \$5,000 or more.

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, half year convention 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	15-40 years	15-40 years
Machinery and Equipment	5-20 years	5-20 years
Infrastructure	35-60 years	35-60 years
Automobiles & Trucks	3-20 years	5-20 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. 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 and notes receivable 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**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

## **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.

## **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. DEPOSITS 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."

Statutes require the classification of funds held by the City into three categories.

Category 1 consists of "active" funds – those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds – those funds not required for use within the current two-year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds – those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and;

- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository with which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Deposits collateralized by investment pools are classified as Category 3 deposits per GASB Statement No. 3.

The GASB has established risk categories for deposits and investments as follows:

*Deposits:*

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

*Investments:*

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

**A. Deposits**

At year end, the carrying amount of the City's deposits was \$3,703,076 and the bank balance was \$3,956,650. Federal Depository Insurance covered \$248,043 of the deposits and bank balance and \$82,522 was specifically collateralized. All remaining deposits were classified as Category 3.

**B. Investments**

The City's investments at year end are summarized below:

	<u>Category</u>		<u>Carrying Value/ Fair Value</u>
	<u>1</u>	<u>2</u>	
Federal Government Securities	\$ 0	\$47,497,074	\$47,497,074
Troy General Long-Term Debt Obligations Held By the City	1,941,000	0	1,941,000
Money Market Fund (1)	N/A	N/A	1,030,276
STAR Ohio (1)	<u>N/A</u>	<u>N/A</u>	<u>14,833,452</u>
Total	<u>\$1,941,000</u>	<u>\$47,497,074</u>	<u>\$65,301,802</u>

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

**4. RECEIVABLES**

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

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

Special assessments expected to be collected in more than one year amounts to approximately \$728,531.

**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 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) is for 2004 taxes.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 100 percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2003. Collections are made in 2004. 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	\$370,904,790
Public Utility	11,002,640
Tangible Personal Property	<u>133,736,850</u>
Total Valuation	<u>\$515,644,280</u>

Real property taxes are payable annually or semi-annually. The first payment is due February 14 with the remainder payable by July 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 1.75% income tax on substantially all income earned within the City. If an individual pays income taxes to another municipality, the amount paid to that municipality can be used as a credit to offset the amount owed to the City of Troy. The offsetting credit cannot exceed Troy's income tax rate of 1.75%. 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

### Miami Valley Risk Management Association, Inc.

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. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium to MVRMA for this coverage. The agreement provides that the MVRMA will be self-sustaining through member premiums and excess insurance. The deductible per occurrence for all types of claims is \$2,500. The joint insurance pool will cover additional claims per occurrence up to \$997,500 for casualty, \$747,500 for auto physical damage, \$0-\$25,000 for crime (determined by type of claim), \$250,000 for property and \$5,000 for boiler and machinery except all wastewater treatment plants and electrical substations which would be \$10,000 per occurrence.

Excess insurance coverage will cover additional claims up to the limits listed below:

General Liability (including Police Professional Liability)	\$7 million per occurrence
Automobile Liability	\$7 million per occurrence \$1 million per occurrence self insured retention (SIR) \$1 million per occurrence excess SIR – Government Entities Mutual (GEM)/\$5 million per occurrence excess \$2 million Insurance Company of the State of PA (AIG)
Employment Practice Liability	\$1 million per occurrence SIR \$6 million per occurrence excess SIR – GEM/Insurance Company of the State of PA (AIG)
Public Officials Liability	\$1 million per occurrence SIR \$6 million per occurrence excess SIR – GEM/Insurance Company of the State of PA (AIG)
Property	\$100 million per occurrence \$250,000 per occurrence SIR \$100 million per occurrence excess SIR – Chubb/Federal Ins.
Boiler and Machinery (Included in Property Policy)	\$100 million per occurrence \$5,000 per occurrence SIR except all waste water treatment/sewage, water treatment/pumping stations and any electrical substations which would be \$10,000 per occurrence \$100 million per occurrence excess SIR – Chubb/Federal Ins.
Flood (Property)	\$25 million per occurrence and annual aggregate (Excludes Zone A) excess property SIR \$1 million per occurrence and annual aggregate (Zone B and Shaded X) excess property SIR
Earthquake (Property)	\$25 million per occurrence and annual aggregate excess property SIR



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

### Workers' Compensation Group Rating Program

For the current fiscal year the City of Troy participated in the Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all the Cities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than the individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Funding Pool". This "equity pooling" arrangement ensures that each participant share equally in the overall performance of the GRP.

## 6. CAPITAL ASSETS

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

	Restated Beginning Balance	Additions	Deductions	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, not being depreciated:				
Land	\$11,636,889	\$157,086	\$ 0	\$11,793,975
Construction in Progress	<u>85,093</u>	<u>3,511,054</u>	<u>0</u>	<u>3,596,147</u>
Total Capital Assets, not being depreciated	<u>11,721,982</u>	<u>3,668,140</u>	<u>0</u>	<u>15,390,122</u>
Capital Assets, being depreciated:				
Buildings and Improvements	10,537,811	203,786	0	10,741,597
Machinery and Equipment	7,152,916	579,124	(479,245)	7,252,795
Infrastructure	<u>19,713,636</u>	<u>1,983,512</u>	<u>0</u>	<u>21,697,148</u>
Total Capital Assets, being depreciated	<u>37,404,363</u>	<u>2,766,422</u>	<u>(479,245)</u>	<u>39,691,540</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(3,262,365)	(392,097)	0	(3,654,462)
Machinery and Equipment	(4,237,060)	(683,771)	413,602	(4,507,229)
Infrastructure	<u>(8,810,394)</u>	<u>(362,005)</u>	<u>0</u>	<u>(9,172,399)</u>
Total Accumulated Depreciation	<u>(16,309,819)</u>	<u>(1,437,873)</u>	<u>413,602</u>	<u>(17,334,090)</u>
Total Capital Assets, being depreciated, net	<u>21,094,544</u>	<u>1,328,549</u>	<u>(65,643)</u>	<u>22,357,450</u>
Governmental Activities Capital Assets, net	<u>\$32,816,526</u>	<u>\$4,996,689</u>	<u>(\$65,643)</u>	<u>\$37,747,572</u>

**Business-Type Activities**

Capital Assets, not being depreciated:				
Land	\$538,683	\$0	\$ 0	\$538,683
Construction in Progress	<u>3,218,090</u>	<u>1,028,325</u>	<u>0</u>	<u>4,246,415</u>
Total Capital Assets, not being depreciated:	<u>3,756,773</u>	<u>1,028,325</u>	<u>0</u>	<u>4,785,098</u>
Capital Assets, being depreciated:				
Buildings and Improvements	37,421,653	29,609	(65,344)	37,385,918
Machinery and Equipment	8,005,266	115,843	(131,343)	7,989,766
Infrastructure	<u>20,269,438</u>	<u>1,197,960</u>	<u>0</u>	<u>21,467,398</u>
Total Capital Assets, being depreciated	<u>65,696,357</u>	<u>1,343,412</u>	<u>(196,687)</u>	<u>66,843,082</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(11,300,913)	(942,945)	0	(12,243,858)
Machinery and Equipment	(1,693,997)	(294,862)	88,855	(1,900,004)
Infrastructure	<u>(9,360,952)</u>	<u>(447,310)</u>	<u>0</u>	<u>(9,808,262)</u>
Total Accumulated Depreciation	<u>(22,355,862)</u>	<u>(1,685,117)</u>	<u>88,855</u>	<u>(23,952,124)</u>
Total Capital Assets, being depreciated, net	<u>43,340,495</u>	<u>(341,705)</u>	<u>(107,832)</u>	<u>42,890,958</u>
Business-Type Activities Capital Assets, Net	<u>\$47,097,268</u>	<u>\$686,620</u>	<u>(\$107,832)</u>	<u>\$47,676,056</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$498,094
Public Safety	313,306
Leisure Time Activities	343,211
Transportation & Street Repair	193,333
Basic Utility	55,008
Community Development	<u>34,921</u>
	<u>\$1,437,873</u>

**7. COMPENSATED ABSENCES**

Compensated absences are accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the Governmental Activities Long-Term Liabilities. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective proprietary fund.

**8. NOTES PAYABLE**

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
General Fund:				
Bond Anticipation Note	\$235,000	\$235,000	\$470,000	\$0
Special Revenue Fund:				
Bond Anticipation Note	150,000	150,000	300,000	0
Capital Projects Fund				
Bond Anticipation Note	3,615,000	3,615,000	7,230,000	0
Enterprise Fund:				
Bond Anticipation Note	<u>1,800,000</u>	<u>1,800,000</u>	<u>3,600,000</u>	<u>0</u>
 Total	 <u>\$5,800,000</u>	 <u>\$5,800,000</u>	 <u>\$11,600,000</u>	 <u>\$ 0</u>

All of the notes are bond anticipation notes and 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 OBLIGATIONS

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
<u>General Obligation Bonds</u>					
6.25% Central Maintenance Facility	\$240,000	\$ 0	(\$80,000)	\$160,000	\$80,000
6.25% McKaig Storm Sewer Phase II	90,000	0	(30,000)	60,000	30,000
7.13% McKaig Storm Sewer Phase III	200,000	0	(40,000)	160,000	40,000
4.70% Safety Facilities Improvement	705,000	0	(345,000)	360,000	360,000
2.00% Stadium Improvement	3,000,000	0	(110,000)	2,890,000	110,000
6.00% Tax Increment Financing	1,800,000	0	0	1,800,000	25,000
2.00%-4.75% Elm Street Improvements	0	595,000	0	595,000	15,000
2.00%-4.75% Aquatic Center	0	3,945,000	0	3,945,000	105,000
2.00%-4.75% Cemetery Maintenance Building	0	455,000	0	455,000	10,000
2.00%-4.75% Fire Station	0	2,515,000	0	2,515,000	70,000
Total General Obligation Bonds	<u>6,035,000</u>	<u>7,510,000</u>	<u>(605,000)</u>	<u>12,940,000</u>	<u>845,000</u>
<u>Special Assessment Bonds</u>					
8.50% Street Improvement-Exp. Farm Rd.	18,000	0	(9,000)	9,000	9,000
7.13% Street Improvement-St. Rt. 55	70,000	0	(14,000)	56,000	14,000
7.35% Street Improvement-Dorset Rd.	240,000	0	(40,000)	200,000	40,000
3.35% Street Improvement-Exp. Farm Rd.	80,000	0	(10,000)	70,000	10,000
Total Special Assessment Bonds	<u>408,000</u>	<u>0</u>	<u>(73,000)</u>	<u>335,000</u>	<u>73,000</u>
Total Long-Term Liabilities Bonds	6,443,000	7,510,000	(678,000)	13,275,000	918,000
Compensated Absences	<u>1,415,974</u>	<u>487,305</u>	<u>(517,262)</u>	<u>1,386,017</u>	<u>472,447</u>
Total Governmental Activities	<u>\$7,858,974</u>	<u>\$7,997,305</u>	<u>(\$1,195,262)</u>	<u>\$14,661,017</u>	<u>\$1,390,447</u>
<b>Business-Type Activities</b>					
<u>General Obligation Bonds</u>					
6.25% Southwest Interceptor Sewer	\$210,000	\$0	(\$70,000)	\$140,000	\$70,000
3.35% Water Improvement Towers	1,755,000	0	(185,000)	1,570,000	195,000
4.70% Wastewater System Improvement	3,255,000	0	(200,000)	3,055,000	210,000
4.55% Waterplant Expansion I	3,780,000	0	(205,000)	3,575,000	215,000
5.75% Golf Course Improvement	206,000	0	(65,000)	141,000	69,000
4.38% Waterplant Expansion II	5,550,000	0	(280,000)	5,270,000	310,000
4.35% Wastewater System Improvement	2,850,000	0	(120,000)	2,730,000	125,000
0.00% Wastewater Improvement IIC&VA	425,000	0	(25,000)	400,000	25,000
2.00% Water Line Extension	945,000	0	(90,000)	855,000	95,000
2.00%-4.75% Southeast Area Sewer	0	1,310,000	0	1,310,000	35,000
2.00%-4.75% Generators	0	1,210,000	0	1,210,000	35,000
Total General Obligation Bonds	<u>18,976,000</u>	<u>2,520,000</u>	<u>(1,240,000)</u>	<u>20,256,000</u>	<u>1,384,000</u>
<u>Notes Payable</u>					
5.50% Ohio Water Development Authority, Sewer System Improvements	<u>\$62,650</u>	<u>\$ 0</u>	<u>(\$41,766)</u>	<u>\$20,884</u>	<u>\$20,884</u>
Compensated Absences	<u>592,013</u>	<u>248,802</u>	<u>(166,340)</u>	<u>674,475</u>	<u>215,432</u>
Total Business-Type Activities	<u>\$19,630,663</u>	<u>\$2,768,802</u>	<u>(\$1,448,106)</u>	<u>\$20,951,359</u>	<u>\$1,620,316</u>

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

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

<u>Year Ending</u> <u>December 31</u>	<u>General</u> <u>Obligation Bonds</u>		<u>Special</u> <u>Assessment Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$2,229,000	\$1,682,830	\$73,000	\$22,775	\$20,884	\$574
2006	2,012,000	1,470,131	64,000	17,628	0	0
2007	1,840,000	1,386,678	64,000	13,235	0	0
2008	1,905,000	1,308,994	64,000	8,833	0	0
2009	1,965,000	1,220,816	50,000	4,420	0	0
2010-2014	10,185,000	4,653,304	20,000	1,495	0	0
2015-2019	7,760,000	2,327,956	0	0	0	0
2020-2024	4,340,000	907,161	0	0	0	0
2025-2029	410,000	240,900	0	0	0	0
2030-2034	550,000	103,200	0	0	0	0
<b>Total</b>	<b><u>\$33,196,000</u></b>	<b><u>\$15,301,970</u></b>	<b><u>\$335,000</u></b>	<b><u>\$68,386</u></b>	<b><u>\$20,884</u></b>	<b><u>\$574</u></b>

The Special assessment bonds are backed by the full faith and credit of the City and are repaid from the resources of the debt service fund. The City levies an assessment against the effected property owners.

## 10. PENSION PLANS

### Public Employees Retirement System

All full-time employees, other than non-administrative 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 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 Ohio Public Employees Retirement System, 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 in which member 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 adjustments 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, 2004, 2003 and 2002 were \$859,438, \$836,613, and \$799,317, respectively. The full amount has been contributed for 2003 and 2002 and 100% has been contributed for 2004.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan 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, 2004, 2003 and 2002 were \$1,042,776, \$1,019,641 and \$974,685, respectively. The full amount has been contributed for 2003 and 2002 and 73% has been contributed for 2004.

## **11. POST EMPLOYMENT BENEFITS**

### **Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides retirement, disability, survivor, and postretirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for postretirement health care coverage, age and service retirees must have 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 PERS's latest actuarial review performed as of December 31, 2003, 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 2004, the number of active contributing participants in the Traditional and Combined Plans totaled 369,885. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$253,709. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

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 health care contributions.

The City's actual contributions for the current year that were used to fund postemployment benefits were \$186,485 for police and \$185,210 for fire. The OP&F's total health care expenses for the year ended December 31, 2003, (the latest information available) were \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

## 12. CONSTRUCTION AND OTHER COMMITMENTS

The City had the following outstanding commitments at year end:

Projects	Amount
Sewer Plant	\$33,973
Water Treatment Plant	278,589
Stadium Improvements	213,276
Pool Design	61,032
Sidewalk Replacement	413,926
Generators	708,962
Fire Station	115,111
Towne Park Drive – Enhancements	106,580
Cemetery Maintenance Building	143,458
Aquatic Center	2,483,708
North Elm Street – Reconstruction	955,602
Boathouse Renovation	143,253
Ridge and Peters Road – Reconstruction	65,550
Cherry Street Alley	42,400
Downtown Streetscape	43,500
Other	<u>557,035</u>
Total	<u>\$6,365,955</u>



### 13. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2004 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$1,460,000	\$4,717,435
Capital Improvement	3,840,000	190,000
Water	385,158	125,000
Sanitary Sewer	0	350,000
Nonmajor Funds:		
Street Construction, Repair and Maintenance	1,700,000	0
Cemetery	225,000	0
Safety-Income Tax	0	975,000
Debt Service	1,774,225	4,100,158
OPWC Project	218,210	0
Hobart Arena	545,000	0
Miami Shores	<u>310,000</u>	<u>0</u>
Total Nonmajor Funds	4,772,435	5,075,158
 Total All Funds	 <u>\$10,457,593</u>	 <u>\$10,457,593</u>

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 budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

### 14. DONOR-RESTRICTED ENDOWMENT

The City administers an endowment fund, which is restricted by the donor for the purposes of cemetery maintenance and improvement. Donor-restricted endowments are reported at fair value. The amount of net appreciation on investments of donor-restricted endowments that is available for authorization for expenditure by the City is \$156,425. The City authorizes expenditures from donor-restricted endowment in compliance with the wishes expressed by the donor and the Ohio Revised Ohio.

## 15. COMPLIANCE AND ACCOUNTABILITY

At December 31, 2004, four of the City's funds had a deficit fund balance (original budget basis) in the following amounts: Street Construction, Repair and Maintenance (\$732,522), Bond Retirement Fund (\$3,696,697), OPWC Project Fund (\$190,899) and Capital Improvement Fund (\$84,840).

## 16. PRIOR PERIOD ADJUSTMENT

The beginning net assets has been adjusted for correction to the capital assets detail due to a change in depreciation method to half-year depreciation.

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Other Enterprise Funds</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
December 31, 2003 Net Assets, as previously stated	\$18,272,295	\$20,148,340	\$6,454,583	\$75,945,853	\$44,875,218
Net Capital Assets	<u>168,186</u>	<u>(30,070)</u>	<u>(61,470)</u>	<u>(1,868,828)</u>	<u>76,646</u>
December 31, 2003 Net Assets, as restated	<u>\$18,440,481</u>	<u>\$20,118,270</u>	<u>\$6,393,113</u>	<u>\$74,077,025</u>	<u>\$44,951,864</u>

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$12,624,386	\$14,474,206	\$15,047,796	\$573,590
Fines, Licenses & Permits	81,123	107,500	96,696	(10,804)
Intergovernmental	1,598,518	2,067,619	1,905,374	(162,245)
Special Assessments	4,891	1,000	5,830	4,830
Charges for Services	940,180	941,100	1,120,659	179,559
Investment Earnings	1,102,524	1,330,500	1,314,167	(16,333)
Other Revenues	245,135	264,000	292,192	28,192
<b>Total Revenues</b>	<b>16,596,757</b>	<b>19,185,925</b>	<b>19,782,714</b>	<b>596,789</b>
Expenditures:				
Current:				
General Government	4,848,949	4,748,950	4,635,677	113,273
Public Safety	8,200,485	8,190,485	7,983,256	207,229
Leisure Time Activities	1,521,432	1,521,432	1,422,740	98,692
Community Development	1,089,896	1,064,897	972,121	92,776
Basic Utility Service	1,764,105	1,685,105	1,783,564	(98,459)
<b>Total Expenditures</b>	<b>17,424,867</b>	<b>17,210,869</b>	<b>16,797,358</b>	<b>413,511</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(828,110)</b>	<b>1,975,056</b>	<b>2,985,356</b>	<b>1,010,300</b>
Other financing sources (uses):				
Transfers In	9,891,191	11,322,888	11,789,930	467,042
Transfers (Out)	(14,121,725)	(15,314,935)	(15,281,977)	32,958
<b>Total Other Financing Sources (Uses)</b>	<b>(4,230,534)</b>	<b>(3,992,047)</b>	<b>(3,492,047)</b>	<b>500,000</b>
<b>Net Change in Fund Balance</b>	<b>(5,058,644)</b>	<b>(2,016,991)</b>	<b>(506,691)</b>	<b>1,510,300</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>34,997,128</b>	<b>34,997,128</b>	<b>34,997,128</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$29,938,484</b>	<b>\$32,980,137</b>	<b>\$34,490,437</b>	<b>\$1,510,300</b>

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 resolution, 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 resolution 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 fund level for all 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 resolution 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 resolution 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 is 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.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$127,763
Net Adjustment for Revenue Accruals	10,500,166
Net Adjustment for Expenditure Accruals	(10,451,975)
Encumbrances	<u>(682,645)</u>
Budget Basis	<u>(\$506,691)</u>

**COMBINING STATEMENTS  
AND INDIVIDUAL  
FUND SCHEDULES**

## ***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* - Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

*State Highway Improvement* - Required by the Ohio Revised Code to account for that portion of the state gasoline and motor vehicle registration fees designated for maintenance of state highways within the City.

*Cemetery* - To account for monies received from plot sales and burials and expended for Cemetery maintenance.

*Safety - Income Tax* - To account for monies received for that portion of the City income tax that is required by City ordinance to be used for public safety.

*Municipal Real Property* - To account for receipts which are to be used to acquire, renovate, or repair municipal property.

*Miami Conservancy District* - To account for property tax receipts designated for conservancy district expenditures.

*Recreational Programs* - To account for monies received through charges for services for cultural and recreational events provided for public enjoyment.

*Parks and Recreation Improvement* - To account for monies which are to be used to maintain and upgrade recreational facilities.

*Community Development Block Grant* - To account for community development block grant funds.

*Parking Improvement* - To account for monies used to maintain and upgrade parking facilities.

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

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

*Cemetery Endowment* - To account for the receipt of monies for general care and maintenance of the cemetery.



**Debt Service Fund:** The Debt Service Fund is to account for special assessments resources and for the repayment of special assessments 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.

**OPWC Project Fund** - To account for capital projects financed by issue 2 monies.

**TIF 2003 Fund** - To account for capital projects financed by TIF 2003 monies.

**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.

**Hobart Arena** - To account for arena facilities provided by the City.

**Swimming Pool** - To account for swimming pool facilities provided by the City.

**Parking Meter** - To account for off-street parking provided by the City.

**Miami Shores** - To account for golf course facilities provided by the City.

**Stadium** - To account for stadium facilities provided by the City.

City of Troy, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$5,581,987	\$18,571	\$1,533,546	\$7,134,104
<b>Receivables:</b>				
Taxes	234,436	0	0	234,436
Accounts	16,349	0	0	16,349
Interest	5,778	533	0	6,311
Intergovernmental	483,394	0	608,850	1,092,244
Notes	1,923,204	0	0	1,923,204
Special Assessments	0	390,248	0	390,248
<b>Total Assets</b>	<b>8,245,148</b>	<b>409,352</b>	<b>2,142,396</b>	<b>10,796,896</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	50,255	0	24,209	74,464
Accrued Wages and Benefits	98,982	0	0	98,982
Compensated Absences	4,696	0	0	4,696
Retainage Payable	0	0	46,050	46,050
Deferred Revenue	447,637	390,248	608,850	1,446,735
<b>Total Liabilities</b>	<b>601,570</b>	<b>390,248</b>	<b>679,109</b>	<b>1,670,927</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	141,800	0	1,162,282	1,304,082
Reserved for Notes Receivable	1,923,204	0	0	1,923,204
<b>Unreserved, Undesignated, Reported in:</b>				
Special Revenue Funds	5,578,574	0	0	5,578,574
Debt Service Funds	0	19,104	0	19,104
Capital Projects Funds	0	0	301,005	301,005
<b>Total Fund Balances</b>	<b>7,643,578</b>	<b>19,104</b>	<b>1,463,287</b>	<b>9,125,969</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$8,245,148</b>	<b>\$409,352</b>	<b>\$2,142,396</b>	<b>\$10,796,896</b>

City of Troy, Ohio  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$479,159	\$378,495	\$0	\$857,654
Fines, Licenses & Permits	18,693	0	0	18,693
Charges for Services	274,721	0	0	274,721
Investment Earnings	36,725	11,789	0	48,514
Intergovernmental	1,259,908	0	687,529	1,947,437
Special Assessments	0	92,468	0	92,468
Other Revenues	173,697	11,240	0	184,937
<b>Total Revenues</b>	<b>2,242,903</b>	<b>493,992</b>	<b>687,529</b>	<b>3,424,424</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	57,742	0	0	57,742
Public Safety	3,764	0	0	3,764
Leisure Time Activities	148,593	0	0	148,593
Community Development	13,474	0	0	13,474
Transportation and Street Repair	2,379,777	0	0	2,379,777
Public Health and Welfare	403,470	0	0	403,470
Capital Outlay	307,550	0	819,902	1,127,452
<b>Debt Service:</b>				
Principal Retirement	0	678,000	0	678,000
Interest and Fiscal Charges	0	198,998	88,500	287,498
Other	0	163,284	0	163,284
<b>Total Expenditures</b>	<b>3,314,370</b>	<b>1,040,282</b>	<b>908,402</b>	<b>5,263,054</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,071,467)</b>	<b>(546,290)</b>	<b>(220,873)</b>	<b>(1,838,630)</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of Long-Term Capital-Related Debt	0	2,515,000	0	2,515,000
Transfers In	1,925,000	1,774,225	218,210	3,917,435
Transfers (Out)	(975,000)	(4,100,158)	0	(5,075,158)
<b>Total Other Financing Sources (Uses)</b>	<b>950,000</b>	<b>189,067</b>	<b>218,210</b>	<b>1,357,277</b>
<b>Net Change in Fund Balance</b>	<b>(121,467)</b>	<b>(357,223)</b>	<b>(2,663)</b>	<b>(481,353)</b>
<b>Fund Balance Beginning of Year</b>	<b>7,765,045</b>	<b>376,327</b>	<b>1,465,950</b>	<b>9,607,322</b>
<b>Fund Balance End of Year</b>	<b>\$7,643,578</b>	<b>\$19,104</b>	<b>\$1,463,287</b>	<b>\$9,125,969</b>

City of Troy, Ohio  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2004

	Street Construction, Maintenance and Repair	State Highway Improvement	Cemetery	Safety - Income Tax
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$538,879	\$44,628	\$49,083	\$2,507,844
<b>Receivables:</b>				
Taxes	0	0	0	161,138
Accounts	3,426	0	0	0
Interest	0	109	0	0
Intergovernmental	405,406	32,870	0	0
Notes	0	0	0	0
<b>Total Assets</b>	<b>947,711</b>	<b>77,607</b>	<b>49,083</b>	<b>2,668,982</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	32,601	0	3,704	0
Accrued Wages and Benefits	82,441	0	16,541	0
Compensated Absences	3,389	0	1,307	0
Deferred Revenue	335,014	27,162	0	0
<b>Total Liabilities</b>	<b>453,445</b>	<b>27,162</b>	<b>21,552</b>	<b>0</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	86,445	88	201	0
Reserved for Notes Receivable	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	407,821	50,357	27,330	2,668,982
<b>Total Fund Balances</b>	<b>494,266</b>	<b>50,445</b>	<b>27,531</b>	<b>2,668,982</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$947,711</b>	<b>\$77,607</b>	<b>\$49,083</b>	<b>\$2,668,982</b>

Municipal Real Property	Miami Conservancy District	Recreational Programs	Parks and Recreation Improvement	Community Development Block Grant	Parking Improvement	Drug Law Enforcement
\$658,013	\$76,993	\$146,529	\$171,092	\$544,190	\$176,585	\$7,821
0	73,298	0	0	0	0	0
0	0	1,277	10,136	0	1,510	0
1,603	0	357	417	1,326	430	0
42,547	2,571	0	0	0	0	0
0	0	0	0	1,923,204	0	0
<u>702,163</u>	<u>152,862</u>	<u>148,163</u>	<u>181,645</u>	<u>2,468,720</u>	<u>178,525</u>	<u>7,821</u>
13,950	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
10,637	74,824	0	0	0	0	0
<u>24,587</u>	<u>74,824</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
21,322	0	11,070	19,985	2,689	0	0
0	0	0	0	1,923,204	0	0
<u>656,254</u>	<u>78,038</u>	<u>137,093</u>	<u>161,660</u>	<u>542,827</u>	<u>178,525</u>	<u>7,821</u>
<u>677,576</u>	<u>78,038</u>	<u>148,163</u>	<u>181,645</u>	<u>2,468,720</u>	<u>178,525</u>	<u>7,821</u>
<u>\$702,163</u>	<u>\$152,862</u>	<u>\$148,163</u>	<u>\$181,645</u>	<u>\$2,468,720</u>	<u>\$178,525</u>	<u>\$7,821</u>

Continued

City of Troy, Ohio  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2004

	Law Enforcement	Cemetery Endowment	Total Nonmajor Special Revenue Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$29,927	\$630,403	\$5,581,987
<b>Receivables:</b>			
Taxes	0	0	234,436
Accounts	0	0	16,349
Interest	0	1,536	5,778
Intergovernmental	0	0	483,394
Notes	0	0	1,923,204
<b>Total Assets</b>	<b>29,927</b>	<b>631,939</b>	<b>8,245,148</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	0	0	50,255
Accrued Wages and Benefits	0	0	98,982
Compensated Absences	0	0	4,696
Deferred Revenue	0	0	447,637
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>601,570</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	0	0	141,800
Reserved for Notes Receivable	0	0	1,923,204
Unreserved, Undesignated, Reported in: Special Revenue Funds	29,927	631,939	5,578,574
<b>Total Fund Balances</b>	<b>29,927</b>	<b>631,939</b>	<b>7,643,578</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$29,927</b>	<b>\$631,939</b>	<b>\$8,245,148</b>

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City of Troy, Ohio  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Special Revenue Funds  
 For the Fiscal Year Ended December 31, 2004

	Street Construction, Maintenance and Repair	State Highway Improvement	Cemetery	Safety - Income Tax
Revenues:				
Taxes	\$0	\$0	\$0	\$419,035
Fines, Licenses & Permits	0	0	0	0
Charges for Services	6,815	0	116,477	0
Investment Earnings	0	2,586	0	0
Intergovernmental	884,756	71,737	0	0
Other Revenues	7,669	35	4	0
<b>Total Revenues</b>	<b>899,240</b>	<b>74,358</b>	<b>116,481</b>	<b>419,035</b>
Expenditures:				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Development	0	0	0	0
Transportation and Street Repair	2,306,470	73,169	0	0
Public Health and Welfare	0	0	403,470	0
Capital Outlay	0	0	0	0
<b>Total Expenditures</b>	<b>2,306,470</b>	<b>73,169</b>	<b>403,470</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	(1,407,230)	1,189	(286,989)	419,035
Other Financing Sources (Uses):				
Transfers In	1,700,000	0	225,000	0
Transfers (Out)	0	0	0	(975,000)
<b>Total Other Financing Sources (Uses)</b>	<b>1,700,000</b>	<b>0</b>	<b>225,000</b>	<b>(975,000)</b>
Net Change in Fund Balance	292,770	1,189	(61,989)	(555,965)
Fund Balance Beginning of Year	201,496	49,256	89,520	3,224,947
Fund Balance End of Year	\$494,266	\$50,445	\$27,531	\$2,668,982



Municipal Real Property	Miami Conservancy District	Recreational Programs	Parks and Recreation Improvement	Community Development Block Grant	Parking Improvement	Drug Law Enforcement
\$0	\$58,423	\$0	\$0	\$1,701	\$0	\$0
0	0	0	0	0	16,240	545
0	0	137,825	0	0	625	0
12,270	0	2,380	3,328	3,632	2,792	0
87,167	4,174	0	0	212,074	0	0
3,559	0	8,957	74,878	78,406	38	0
102,996	62,597	149,162	78,206	295,813	19,695	545
0	57,742	0	0	0	0	0
0	0	0	0	0	0	0
0	0	122,807	25,786	0	0	0
0	0	0	0	13,474	0	0
0	0	0	0	0	138	0
0	0	0	0	0	0	0
307,550	0	0	0	0	0	0
307,550	57,742	122,807	25,786	13,474	138	0
(204,554)	4,855	26,355	52,420	282,339	19,557	545
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(204,554)	4,855	26,355	52,420	282,339	19,557	545
882,130	73,183	121,808	129,225	2,186,381	158,968	7,276
\$677,576	\$78,038	\$148,163	\$181,645	\$2,468,720	\$178,525	\$7,821

Continued

City of Troy, Ohio  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Special Revenue Funds  
 For the Fiscal Year Ended December 31, 2004

	Law Enforcement	Cemetery Endowment	Total Nonmajor Special Revenue Funds
Revenues:			
Taxes	\$0	\$0	\$479,159
Fines, Licenses & Permits	1,908	0	18,693
Charges for Services	0	12,979	274,721
Investment Earnings	0	9,737	36,725
Intergovernmental	0	0	1,259,908
Other Revenues	8	143	173,697
Total Revenues	1,916	22,859	2,242,903
Expenditures:			
Current:			
General Government	0	0	57,742
Public Safety	3,764	0	3,764
Leisure Time Activities	0	0	148,593
Community Development	0	0	13,474
Transportation and Street Repair	0	0	2,379,777
Public Health and Welfare	0	0	403,470
Capital Outlay	0	0	307,550
Total Expenditures	3,764	0	3,314,370
Excess of Revenues Over (Under) Expenditures	(1,848)	22,859	(1,071,467)
Other Financing Sources (Uses):			
Transfers In	0	0	1,925,000
Transfers (Out)	0	0	(975,000)
Total Other Financing Sources (Uses)	0	0	950,000
Net Change in Fund Balance	(1,848)	22,859	(121,467)
Fund Balance Beginning of Year	31,775	609,080	7,765,045
Fund Balance End of Year	\$29,927	\$631,939	\$7,643,578

City of Troy, Ohio  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 December 31, 2004

	OPWC Project Fund	TIF 2003 Fund	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$1,026,689	\$506,857	\$1,533,546
<b>Receivables:</b>			
Intergovernmental	608,850	0	608,850
<b>Total Assets</b>	<b>1,635,539</b>	<b>506,857</b>	<b>2,142,396</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	24,209	0	24,209
Retainage Payable	0	46,050	46,050
Deferred Revenue	608,850	0	608,850
<b>Total Liabilities</b>	<b>633,059</b>	<b>46,050</b>	<b>679,109</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	996,943	165,339	1,162,282
Unreserved, Undesignated, Reported in: Capital Projects Funds	5,537	295,468	301,005
<b>Total Fund Balances</b>	<b>1,002,480</b>	<b>460,807</b>	<b>1,463,287</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,635,539</b>	<b>\$506,857</b>	<b>\$2,142,396</b>

City of Troy, Ohio  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Capital Projects Funds  
 For the Fiscal Year Ended December 31, 2004

	OPWC Project Fund	TIF 2003 Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Intergovernmental	\$687,529	\$0	\$687,529
Total Revenues	687,529	0	687,529
Expenditures:			
Current:			
Capital Outlay	24,209	795,693	819,902
Debt Service:			
Interest and Fiscal Charges	0	88,500	88,500
Total Expenditures	24,209	884,193	908,402
Excess of Revenues Over (Under) Expenditures	663,320	(884,193)	(220,873)
Other Financing Sources (Uses):			
Transfers In	218,210	0	218,210
Total Other Financing Sources (Uses)	218,210	0	218,210
Net Change in Fund Balance	881,530	(884,193)	(2,663)
Fund Balance Beginning of Year	120,950	1,345,000	1,465,950
Fund Balance End of Year	\$1,002,480	\$460,807	\$1,463,287

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City of Troy, Ohio  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
December 31, 2004

	Hobart Arena	Swimming Pool	Parking Meter	Miami Shores
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$257,745	\$60,423	\$39,783	\$142,393
<b>Receivables:</b>				
Accounts	29,164	0	0	0
Interest	0	0	97	347
<b>Total Current Assets</b>	<b>286,909</b>	<b>60,423</b>	<b>39,880</b>	<b>142,740</b>
Nondepreciable Capital Assets	20,900	10,450	189,961	46,997
Depreciable Capital Assets, Net	2,371,900	56,875	14,700	506,760
<b>Total Assets</b>	<b>2,679,709</b>	<b>127,748</b>	<b>244,541</b>	<b>696,497</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	21,412	1,859	830	1,325
Accrued Wages and Benefits	17,221	0	1,806	14,121
Compensated Absences	12,656	0	775	58,025
Accrued Interest Payable	0	0	0	676
Long-Term Liabilities Due Within One Year	0	0	0	69,000
<b>Total Current Liabilities</b>	<b>51,289</b>	<b>1,859</b>	<b>3,411</b>	<b>143,147</b>
<b>Long-Term Liabilities:</b>				
Compensated Absences	8,611	0	527	15,069
Bonds, Notes & Loans Payable	0	0	0	72,000
<b>Total Liabilities</b>	<b>59,900</b>	<b>1,859</b>	<b>3,938</b>	<b>230,216</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	2,392,800	67,325	204,661	412,757
<b>Restricted for:</b>				
Unrestricted	227,009	58,564	35,942	53,524
<b>Total Net Assets</b>	<b>\$2,619,809</b>	<b>\$125,889</b>	<b>\$240,603</b>	<b>\$466,281</b>

Stadium	Total Nonmajor Enterprise Funds
\$43,947	\$544,291
0	29,164
0	444
<u>43,947</u>	<u>573,899</u>
3,229,931	3,498,239
0	2,950,235
<u>3,273,878</u>	<u>7,022,373</u>
0	25,426
0	33,148
0	71,456
0	676
0	69,000
<u>0</u>	<u>199,706</u>
0	24,207
0	72,000
<u>0</u>	<u>295,913</u>
3,229,931	6,307,474
<u>43,947</u>	<u>418,986</u>
<u>\$3,273,878</u>	<u>\$6,726,460</u>

City of Troy, Ohio  
 Combining Statement of Revenues, Expenses  
 and Changes in Fund Net Assets  
 Nonmajor Enterprise Funds  
 For the Fiscal Year Ended December 31, 2004

	Hobart Arena	Swimming Pool	Parking Meter	Miami Shores
<b>Operating Revenues:</b>				
Fines, Licenses & Permits	\$0	\$0	\$3,816	\$0
Charges for Services	62,179	31,651	16,587	623,157
Other Revenues	227,926	2,106	34	16,465
<b>Total Operating Revenues</b>	<b>290,105</b>	<b>33,757</b>	<b>20,437</b>	<b>639,622</b>
<b>Operating Expenses:</b>				
Personal Services	309,661	31,723	33,956	321,981
Contactual Services	196,381	23,256	0	129,008
Materials and Supplies	80,381	20,420	1,185	186,031
Depreciation	114,032	8,750	4,200	74,007
Other Expenses	53,383	1,706	4,736	59,794
<b>Total Operating Expenses</b>	<b>753,838</b>	<b>85,855</b>	<b>44,077</b>	<b>770,821</b>
<b>Operating Income (Loss)</b>	<b>(463,733)</b>	<b>(52,098)</b>	<b>(23,640)</b>	<b>(131,199)</b>
<b>Non-Operating Revenues (Expenses):</b>				
Investment Earnings	0	0	780	2,729
Interest (Expense)	(1,162)	0	0	(13,730)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,162)</b>	<b>0</b>	<b>780</b>	<b>(11,001)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(464,895)</b>	<b>(52,098)</b>	<b>(22,860)</b>	<b>(142,200)</b>
Capital Grants and Contributions	0	0	0	0
Transfers In	545,000	0	0	310,000
<b>Change in Net Assets</b>	<b>80,105</b>	<b>(52,098)</b>	<b>(22,860)</b>	<b>167,800</b>
<b>Net Assets Beginning of Year</b>	<b>2,539,704</b>	<b>177,987</b>	<b>263,463</b>	<b>298,481</b>
<b>Net Assets End of Year</b>	<b>\$2,619,809</b>	<b>\$125,889</b>	<b>\$240,603</b>	<b>\$466,281</b>



Stadium	Total Nonmajor Enterprise Funds
\$0	\$3,816
0	733,574
<u>12,000</u>	<u>258,531</u>
<u>12,000</u>	<u>995,921</u>
0	697,321
0	348,645
0	288,017
0	200,989
<u>0</u>	<u>119,619</u>
<u>0</u>	<u>1,654,591</u>
<u>12,000</u>	<u>(658,670)</u>
0	3,509
<u>0</u>	<u>(14,892)</u>
<u>0</u>	<u>(11,383)</u>
12,000	(670,053)
148,400	148,400
<u>0</u>	<u>855,000</u>
160,400	333,347
<u>3,113,478</u>	<u>6,393,113</u>
<u>\$3,273,878</u>	<u>\$6,726,460</u>

City of Troy, Ohio  
 Combining Statement of Cash Flows  
 Nonmajor Enterprise Funds  
 For the Fiscal Year Ended December 31, 2004

	Hobart Arena	Swimming Pool	Parking Meter	Miami Shores
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$301,170	\$33,757	\$20,677	\$640,122
Cash Payments to Employees	(304,733)	(31,723)	(33,406)	(301,251)
Cash Payments to Suppliers	(324,690)	(44,140)	(5,091)	(375,281)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(328,253)</b>	<b>(42,106)</b>	<b>(17,820)</b>	<b>(36,410)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Payments from Other Funds	500,000	0	0	225,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>225,000</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Payments for Capital Acquisitions	0	0	0	(20,758)
Debt Proceeds	90,000	0	0	170,000
Debt Principal Payments	(90,000)	0	0	(235,000)
Debt Interest Payments	(1,162)	0	0	(14,041)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,162)</b>	<b>0</b>	<b>0</b>	<b>(99,799)</b>
<b>Cash Flows from Investing Activities:</b>				
Earnings on Investments	0	0	852	2,840
<b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>	<b>0</b>	<b>0</b>	<b>852</b>	<b>2,840</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>170,585</b>	<b>(42,106)</b>	<b>(16,968)</b>	<b>91,631</b>
Cash and Cash Equivalents Beginning of Year	87,160	102,529	56,751	50,762
<b>Cash and Cash Equivalents End of Year</b>	<b>257,745</b>	<b>60,423</b>	<b>39,783</b>	<b>142,393</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	(463,733)	(52,098)	(23,640)	(131,199)
<b>Adjustments:</b>				
Depreciation	114,032	8,750	4,200	74,007
<b>Changes in Assets &amp; Liabilities:</b>				
(Increase) Decrease in Receivables	11,065	0	240	500
Increase (Decrease) in Payables	5,455	1,242	830	(448)
Increase (Decrease) in Accrued Liabilities	4,928	0	550	20,730
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(\$328,253)</b>	<b>(\$42,106)</b>	<b>(\$17,820)</b>	<b>(\$36,410)</b>
<b>Schedule of Noncash Capital Activities:</b>				
During the fiscal year, these amounts were received representing noncash contributions of:				
Capital Assets	\$0	\$0	\$0	\$0

Stadium	Total Nonmajor Enterprise Funds
\$12,000	\$1,007,726
0	(671,113)
0	(749,202)
<u>12,000</u>	<u>(412,589)</u>
0	725,000
0	725,000
0	(20,758)
0	260,000
0	(325,000)
0	(15,203)
<u>0</u>	<u>(100,961)</u>
0	3,692
0	3,692
12,000	215,142
<u>31,947</u>	<u>329,149</u>
<u>43,947</u>	<u>544,291</u>
12,000	(658,670)
0	200,989
0	11,805
0	7,079
0	26,208
<u>\$12,000</u>	<u>(\$412,589)</u>
<u>\$148,400</u>	<u>\$148,400</u>

City of Troy, Ohio  
 Statement of Changes In Assets and Liabilities  
 Agency Funds  
 For the Fiscal Year Ended December 31, 2004

	Stouder Playground			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$13,518	\$2,878	\$62	\$16,334
Receivables:				
Interest	27	40	27	40
Total Assets	<u>13,545</u>	<u>2,918</u>	<u>89</u>	<u>16,374</u>
Liabilities:				
Other Liabilities	13,545	2,918	89	16,374
Total Liabilities	<u>\$13,545</u>	<u>\$2,918</u>	<u>\$89</u>	<u>\$16,374</u>

	Paul G. Duke			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$10,965	\$155	\$42	\$11,078
Receivables:				
Interest	27	27	27	27
Total Assets	<u>10,992</u>	<u>182</u>	<u>69</u>	<u>11,105</u>
Liabilities:				
Other Liabilities	10,992	182	69	11,105
Total Liabilities	<u>\$10,992</u>	<u>\$182</u>	<u>\$69</u>	<u>\$11,105</u>

	Unclaimed Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$3,125	\$310	\$0	\$3,435
Total Assets	<u>3,125</u>	<u>310</u>	<u>0</u>	<u>3,435</u>
Liabilities:				
Other Liabilities	3,125	310	0	3,435
Total Liabilities	<u>\$3,125</u>	<u>\$310</u>	<u>\$0</u>	<u>\$3,435</u>

Continued

City of Troy, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2004

	Tri-Centennial			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$894	\$8	\$0	\$902
Total Assets	<u>894</u>	<u>8</u>	<u>0</u>	<u>902</u>
Liabilities:				
Other Liabilities	894	8	0	902
Total Liabilities	<u>\$894</u>	<u>\$8</u>	<u>\$0</u>	<u>\$902</u>

	Imprest Cash			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$1,775	\$0	\$425	\$1,350
Total Assets	<u>1,775</u>	<u>0</u>	<u>425</u>	<u>1,350</u>
Liabilities:				
Other Liabilities	1,775	0	425	1,350
Total Liabilities	<u>\$1,775</u>	<u>\$0</u>	<u>\$425</u>	<u>\$1,350</u>

	Enterprise Zone			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$103,724	\$25,611	\$1,167	\$128,168
Total Assets	<u>103,724</u>	<u>25,611</u>	<u>1,167</u>	<u>128,168</u>
Liabilities:				
Accounts Payable	1,167	0	1,167	0
Other Liabilities	102,557	25,611	0	128,168
Total Liabilities	<u>\$103,724</u>	<u>\$25,611</u>	<u>\$1,167</u>	<u>\$128,168</u>

Continued

City of Troy, Ohio  
Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2004

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$134,001	\$28,962	\$1,696	\$161,267
Receivables:				
Interest	54	67	54	67
Total Assets	<u>134,055</u>	<u>29,029</u>	<u>1,750</u>	<u>161,334</u>
Liabilities:				
Accounts Payable	1,167	0	1,167	0
Other Liabilities	132,888	29,029	583	161,334
Total Liabilities	<u>\$134,055</u>	<u>\$29,029</u>	<u>\$1,750</u>	<u>\$161,334</u>

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Fines, Licenses & Permits	\$0	\$1,500	\$0	(\$1,500)
Intergovernmental	522,893	800,000	873,093	73,093
Charges for Services	3,247	3,000	5,422	2,422
Other Revenues	4,593	3,000	7,669	4,669
<b>Total Revenues</b>	<b>530,733</b>	<b>807,500</b>	<b>886,184</b>	<b>78,684</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Transportation & Street Repair	2,544,203	2,544,203	2,366,260	177,943
<b>Total Expenditures</b>	<b>2,544,203</b>	<b>2,544,203</b>	<b>2,366,260</b>	<b>177,943</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,013,470)</b>	<b>(1,736,703)</b>	<b>(1,480,076)</b>	<b>256,627</b>
<b>Other financing sources (uses):</b>				
Transfers In	928,291	1,550,000	1,550,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>928,291</b>	<b>1,550,000</b>	<b>1,550,000</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(1,085,179)</b>	<b>(186,703)</b>	<b>69,924</b>	<b>256,627</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>352,657</b>	<b>352,657</b>	<b>352,657</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>(\$732,522)</b>	<b>\$165,954</b>	<b>\$422,581</b>	<b>\$256,627</b>

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50,158	\$62,200	\$70,791	\$8,591
Investment Earnings	1,934	700	2,729	2,029
Other Revenues	25	100	35	(65)
<b>Total Revenues</b>	<b>52,117</b>	<b>63,000</b>	<b>73,555</b>	<b>10,555</b>
Expenditures:				
Current:				
Transportation & Street Repair	78,720	78,720	73,257	5,463
<b>Total Expenditures</b>	<b>78,720</b>	<b>78,720</b>	<b>73,257</b>	<b>5,463</b>
Net Change in Fund Balance	(26,603)	(15,720)	298	16,018
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	44,411	44,411	44,411	0
<b>Fund Balance End of Year</b>	<b>\$17,808</b>	<b>\$28,691</b>	<b>\$44,709</b>	<b>\$16,018</b>



City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Cemetery Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$143,664	\$114,000	\$127,010	\$13,010
Other Revenues	5	100	4	(96)
<b>Total Revenues</b>	<b>143,669</b>	<b>114,100</b>	<b>127,014</b>	<b>12,914</b>
Expenditures:				
Current:				
Public Health and Welfare	416,652	416,652	398,710	17,942
<b>Total Expenditures</b>	<b>416,652</b>	<b>416,652</b>	<b>398,710</b>	<b>17,942</b>
Excess of Revenues Over (Under) Expenditures	(272,983)	(302,552)	(271,696)	30,856
Other financing sources (uses):				
Transfers In	254,503	225,000	225,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>254,503</b>	<b>225,000</b>	<b>225,000</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(18,480)</b>	<b>(77,552)</b>	<b>(46,696)</b>	<b>30,856</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	92,241	92,241	92,241	0
<b>Fund Balance End of Year</b>	<b>\$73,761</b>	<b>\$14,689</b>	<b>\$45,545</b>	<b>\$30,856</b>

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Safety - Income Tax Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,020	\$292,505	\$386,075	\$93,570
Total Revenues	2,020	292,505	386,075	93,570
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	2,020	292,505	386,075	93,570
Other financing sources (uses):				
Transfers (Out)	(975,000)	(975,000)	(975,000)	0
Total Other Financing Sources (Uses)	(975,000)	(975,000)	(975,000)	0
Net Change in Fund Balance	(972,980)	(682,495)	(588,925)	93,570
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,096,770	3,096,770	3,096,770	0
Fund Balance End of Year	<u>\$2,123,790</u>	<u>\$2,414,275</u>	<u>\$2,507,845</u>	<u>\$93,570</u>

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Municipal Real Property Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$83,783	\$66,000	\$66,032	\$32
Investment Earnings	17,798	16,000	14,027	(1,973)
Other Revenues	4,516	0	3,559	3,559
<b>Total Revenues</b>	<b>106,097</b>	<b>82,000</b>	<b>83,618</b>	<b>1,618</b>
Expenditures:				
Current:				
Capital Outlay	316,354	346,354	328,872	17,482
<b>Total Expenditures</b>	<b>316,354</b>	<b>346,354</b>	<b>328,872</b>	<b>17,482</b>
<b>Net Change in Fund Balance</b>	<b>(210,257)</b>	<b>(264,354)</b>	<b>(245,254)</b>	<b>19,100</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	870,480	870,480	870,480	0
<b>Fund Balance End of Year</b>	<b>\$660,223</b>	<b>\$606,126</b>	<b>\$625,226</b>	<b>\$19,100</b>

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Miami Conservancy District Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$57,682	\$57,414	\$57,378	(\$36)
Intergovernmental	4,196	3,900	4,174	274
<b>Total Revenues</b>	<b>61,878</b>	<b>61,314</b>	<b>61,552</b>	<b>238</b>
Expenditures:				
Current:				
General Government	67,000	67,000	57,742	9,258
<b>Total Expenditures</b>	<b>67,000</b>	<b>67,000</b>	<b>57,742</b>	<b>9,258</b>
<b>Net Change in Fund Balance</b>	<b>(5,122)</b>	<b>(5,686)</b>	<b>3,810</b>	<b>9,496</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	73,184	73,184	73,184	0
<b>Fund Balance End of Year</b>	<b>\$68,062</b>	<b>\$67,498</b>	<b>\$76,994</b>	<b>\$9,496</b>

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Recreational Programs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$85,327	\$134,950	\$137,374	\$2,424
Investment Earnings	1,625	2,000	2,617	617
Other Revenues	5,563	7,000	8,957	1,957
<b>Total Revenues</b>	<b>92,515</b>	<b>143,950</b>	<b>148,948</b>	<b>4,998</b>
Expenditures:				
Current:				
Leisure Time Activities	115,072	140,072	133,877	6,195
<b>Total Expenditures</b>	<b>115,072</b>	<b>140,072</b>	<b>133,877</b>	<b>6,195</b>
<b>Net Change in Fund Balance</b>	<b>(22,557)</b>	<b>3,878</b>	<b>15,071</b>	<b>11,193</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	120,939	120,939	120,939	0
<b>Fund Balance End of Year</b>	<b>\$98,382</b>	<b>\$124,817</b>	<b>\$136,010</b>	<b>\$11,193</b>

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Parks and Recreation Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$254	\$0	\$3,021	\$3,021
Other Revenues	5,503	56,050	65,388	9,338
Total Revenues	<u>5,757</u>	<u>56,050</u>	<u>68,409</u>	<u>12,359</u>
Expenditures:				
Current:				
Leisure Time Activities	42,165	52,165	45,771	6,394
Total Expenditures	<u>42,165</u>	<u>52,165</u>	<u>45,771</u>	<u>6,394</u>
Net Change in Fund Balance	(36,408)	3,885	22,638	18,753
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>129,115</u>	<u>129,115</u>	<u>129,115</u>	<u>0</u>
Fund Balance End of Year	<u>\$92,707</u>	<u>\$133,000</u>	<u>\$151,753</u>	<u>\$18,753</u>

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Community Development Block Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$1,581	\$1,000	\$1,701	\$701
Intergovernmental	197,064	212,000	212,074	74
Investment Earnings	4,365	1,500	4,698	3,198
Other Revenues	286,840	280,000	308,688	28,688
Total Revenues	489,850	494,500	527,161	32,661
Expenditures:				
Current:				
Community Development	422,418	422,418	231,138	191,280
Total Expenditures	422,418	422,418	231,138	191,280
Net Change in Fund Balance	67,432	72,082	296,023	223,941
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	247,533	247,533	247,533	0
Fund Balance End of Year	\$314,965	\$319,615	\$543,556	\$223,941

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Parking Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$14,957	\$15,100	\$16,240	\$1,140
Investment Earnings	2,885	2,800	3,133	333
Other Revenues	35	50	38	(12)
<b>Total Revenues</b>	<b>17,877</b>	<b>17,950</b>	<b>19,411</b>	<b>1,461</b>
Expenditures:				
Current:				
Transportation & Street Repair	20,080	20,080	138	19,942
<b>Total Expenditures</b>	<b>20,080</b>	<b>20,080</b>	<b>138</b>	<b>19,942</b>
<b>Net Change in Fund Balance</b>	<b>(2,203)</b>	<b>(2,130)</b>	<b>19,273</b>	<b>21,403</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>157,980</b>	<b>157,980</b>	<b>157,980</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$155,777</b>	<b>\$155,850</b>	<b>\$177,253</b>	<b>\$21,403</b>



City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$0	\$100	\$545	\$445
Total Revenues	0	100	545	445
Expenditures:				
Current:				
Public Safety	3,000	3,000	0	3,000
Total Expenditures	3,000	3,000	0	3,000
Net Change in Fund Balance	(3,000)	(2,900)	545	3,445
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,274	7,274	7,274	0
Fund Balance End of Year	\$4,274	\$4,374	\$7,819	\$3,445

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$1,509	\$1,500	\$1,908	\$408
Other Revenues	6	0	8	8
Total Revenues	<u>1,515</u>	<u>1,500</u>	<u>1,916</u>	<u>416</u>
Expenditures:				
Current:				
Public Safety	6,000	6,000	3,764	2,236
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>3,764</u>	<u>2,236</u>
Net Change in Fund Balance	(4,485)	(4,500)	(1,848)	2,652
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>31,775</u>	<u>31,775</u>	<u>31,775</u>	<u>0</u>
Fund Balance End of Year	<u>\$27,290</u>	<u>\$27,275</u>	<u>\$29,927</u>	<u>\$2,652</u>

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	Cemetery Endowment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$17,222	\$13,200	\$14,014	\$814
Investment Earnings	13,660	10,300	11,115	815
Other Revenues	176	100	143	43
<b>Total Revenues</b>	<b>31,058</b>	<b>23,600</b>	<b>25,272</b>	<b>1,672</b>
Expenditures:				
Current:				
Public Health and Welfare	1,000	1,000	0	1,000
<b>Total Expenditures</b>	<b>1,000</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>
<b>Net Change in Fund Balance</b>	<b>30,058</b>	<b>22,600</b>	<b>25,272</b>	<b>2,672</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	607,512	607,512	607,512	0
<b>Fund Balance End of Year</b>	<b>\$637,570</b>	<b>\$630,112</b>	<b>\$632,784</b>	<b>\$2,672</b>

City of Troy, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2004

	Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$38,465	\$378,495	\$378,495	\$0
Special Assessments	9,397	0	92,468	92,468
Investment Earnings	1,148	0	11,296	11,296
Other Revenues	1,142	0	11,240	11,240
<b>Total Revenues</b>	<b>50,152</b>	<b>378,495</b>	<b>493,499</b>	<b>115,004</b>
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	4,678,000	8,678,000	8,678,000	0
Interest and Fiscal Charges	289,775	324,161	324,659	(498)
Other	9,000	164,000	163,284	716
<b>Total Expenditures</b>	<b>4,976,775</b>	<b>9,166,161</b>	<b>9,165,943</b>	<b>218</b>
Excess of Revenues Over (Under) Expenditures	(4,926,623)	(8,787,666)	(8,672,444)	115,222
Other financing sources (uses):				
Issuance of Debt	673,333	7,215,000	6,625,661	(589,339)
Transfers In	180,306	1,299,225	1,774,225	475,000
Transfers (Out)	0	(85,159)	(85,158)	1
<b>Total Other Financing Sources (Uses)</b>	<b>853,639</b>	<b>8,429,066</b>	<b>8,314,728</b>	<b>(114,338)</b>
Net Change in Fund Balance	(4,072,984)	(358,600)	(357,716)	884
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	376,287	376,287	376,287	0
<b>Fund Balance End of Year</b>	<b>(\$3,696,697)</b>	<b>\$17,687</b>	<b>\$18,571</b>	<b>\$884</b>

City of Troy, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2004

	Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$20,611	\$133,000	\$64,400	(\$68,600)
Special Assessments	29,564	0	92,374	92,374
<b>Total Revenues</b>	<b>50,175</b>	<b>133,000</b>	<b>156,774</b>	<b>23,774</b>
Expenditures:				
Current:				
Community Development	211,000	211,000	126,862	84,138
Capital Outlay	7,089,360	7,089,360	6,875,876	213,484
<b>Total Expenditures</b>	<b>7,300,360</b>	<b>7,300,360</b>	<b>7,002,738</b>	<b>297,622</b>
Excess of Revenues Over (Under) Expenditures	(7,250,185)	(7,167,360)	(6,845,964)	321,396
Other financing sources (uses):				
Issuance of Debt	1,537,815	4,800,000	4,805,000	5,000
Transfers In	72,010	225,000	225,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,609,825</b>	<b>5,025,000</b>	<b>5,030,000</b>	<b>5,000</b>
<b>Net Change in Fund Balance</b>	<b>(5,640,360)</b>	<b>(2,142,360)</b>	<b>(1,815,964)</b>	<b>326,396</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,555,520	5,555,520	5,555,520	0
<b>Fund Balance End of Year</b>	<b>(\$84,840)</b>	<b>\$3,413,160</b>	<b>\$3,739,556</b>	<b>\$326,396</b>

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	OPWC Project Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$379,540	\$686,918	\$687,529	\$611
Total Revenues	379,540	686,918	687,529	611
Expenditures:				
Current:				
Capital Outlay	811,850	1,025,850	1,021,152	4,698
Total Expenditures	811,850	1,025,850	1,021,152	4,698
Excess of Revenues Over (Under) Expenditures	(432,310)	(338,932)	(333,623)	5,309
Other financing sources (uses):				
Transfers In	120,460	218,000	218,210	210
Total Other Financing Sources (Uses)	120,460	218,000	218,210	210
Net Change in Fund Balance	(311,850)	(120,932)	(115,413)	5,519
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	120,951	120,951	120,951	0
Fund Balance End of Year	(\$190,899)	\$19	\$5,538	\$5,519

City of Troy, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

	TIF 2003 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Capital Outlay	0	949,025	914,982	34,043
Debt Service:				
Interest and Fiscal Charges	421,000	96,975	88,500	8,475
Total Expenditures	421,000	1,046,000	1,003,482	42,518
Net Change in Fund Balance	(421,000)	(1,046,000)	(1,003,482)	42,518
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,345,000	1,345,000	1,345,000	0
Fund Balance End of Year	<u>\$924,000</u>	<u>\$299,000</u>	<u>\$341,518</u>	<u>\$42,518</u>

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**STATISTICAL  
SECTION**

Table I

City of Troy, Ohio  
 General Governmental Revenues By Source (A)  
 Last Ten Fiscal Years

Year	Taxes	Intergovernmental Revenues	Special Assessments	Charges For Services	Fines, Licenses and Permits	Interest Revenue	Other Revenue	Total
1995	\$10,510,719	\$2,046,170	\$125,669	\$521,381	\$428,533	\$616,045	\$452,975	\$14,701,492
1996	11,323,104	2,201,171	134,971	580,052	300,220	764,362	289,668	15,593,548
1997	10,441,128	3,130,223	130,206	570,320	330,338	827,379	402,921	15,832,515
1998	11,032,201	2,428,989	134,967	667,696	230,147	870,717	626,584	15,991,301
1999	11,417,425	2,855,296	120,450	689,787	245,446	889,962	261,219	16,479,585
2000	11,765,812	3,326,165	115,703	981,097	136,958	1,067,784	323,372	17,716,891
2001	12,171,308	2,715,441	110,059	1,151,549	137,493	882,904	527,042	17,695,796
2002	11,529,535	2,969,309	105,715	1,216,667	149,571	775,349	1,358,936	18,105,082
2003	13,078,788	2,648,034	104,108	1,288,668	127,364	1,028,664	690,462	18,966,088
2004	16,137,437	3,229,048	98,298	1,385,158	111,916	910,902	476,614	22,349,373

Source: Auditor, City of Troy, Ohio

A. Includes general, special revenue and debt service funds.

City of Troy, Ohio  
 General Governmental Expenditures By Function (A) (B)  
 Last Ten Fiscal Years

Year	General Government	Public Safety	Leisure Time Activities	Community Development	Basic Utility Services	Transportation and Street Repair	Public Health and Welfare	Total
1995	\$2,149,206	\$5,242,314	\$1,148,935	\$457,687	\$945,549	\$1,361,477	\$229,501	\$11,534,669
1996	2,434,614	5,810,100	1,412,779	533,877	919,175	1,201,433	228,890	12,540,868
1997	2,489,008	5,841,055	1,404,491	705,390	1,123,763	1,628,292	256,097	13,448,096
1998	2,952,022	6,295,009	1,435,693	734,750	1,135,629	1,783,185	270,160	14,606,448
1999	3,079,040	6,628,054	1,563,357	778,371	1,092,524	1,555,358	304,258	15,000,962
2000	3,322,874	6,836,977	1,647,315	624,298	1,182,245	1,738,595	464,164	15,816,468
2001	3,758,271	6,971,369	1,718,024	588,405	1,408,231	1,770,247	409,096	16,623,643
2002	3,780,885	7,330,132	1,631,182	652,782	1,281,122	2,227,376	407,651	17,311,130
2003	4,085,269	8,025,594	1,824,597	907,655	1,888,840	2,065,992	405,234	19,203,181
2004	4,594,783	7,924,826	1,493,876	842,353	1,595,015	2,379,777	403,470	19,234,100

Source: Auditor, City of Troy, Ohio

A. Includes general, special revenue and debt service funds.  
 B. Excludes capital outlay and debt service.

Table 3

City of Troy, Ohio  
Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Tax Year / Collection Year	Real Property		Personal Property Assessed Value	Public Utilities Assessed Value	Total Assessed Value
	Assessed Value	Estimated Actual Value (A)			
1994 / 1995	\$206,075,280	\$588,786,514	\$139,179,390	\$16,551,840	\$361,806,510
1995 / 1996	244,501,470	698,575,628	143,984,821	15,366,290	403,852,581
1996 / 1997	250,293,810	715,125,171	142,600,990	15,070,770	407,965,570
1997 / 1998	260,936,780	745,533,657	128,637,620	15,464,290	405,038,690
1998 / 1999	290,217,440	829,192,686	152,202,420	17,814,530	460,234,390
1999 / 2000	305,673,670	873,353,343	125,248,730	17,178,640	448,101,040
2000 / 2001	313,221,610	894,918,880	125,141,820	14,962,560	453,325,990
2001 / 2002	349,997,450	999,992,714	129,422,940	11,007,460	490,427,850
2002 / 2003	359,593,630	1,027,410,371	138,549,520	11,242,060	509,385,210
2003 / 2004	370,904,790	1,059,727,971	133,736,850	11,002,640	515,644,280

Source: Miami County Auditor

A. Estimated actual value based on assessment level of 35 percent.

Table 4

City of Troy, Ohio  
 Property Tax Rates - Direct and Overlapping Governments  
 (Per \$1,000 of Assessed Valuation)  
 Last Ten Fiscal Years

Tax Year/ Collection Year	City	Miami Conservancy District (A)	Troy City School District	Upper Valley		Total
				Joint Vocational	Miami County	
1994 / 1995	3.10	0.09	44.42	3.40	10.51	61.52
1995 / 1996	3.10	0.08	44.10	4.90	6.02	58.20
1996 / 1997	3.10	0.14	50.10	4.90	7.03	65.27
1997 / 1998	3.10	0.16	50.10	4.90	8.82	67.08
1998 / 1999	3.10	0.19	50.10	4.90	8.82	67.11
1999 / 2000	3.10	0.15	54.60	4.90	8.81	71.56
2000 / 2001	3.10	0.15	54.60	4.90	8.83	71.58
2001 / 2002	3.10	0.16	54.60	4.90	8.43	71.19
2002 / 2003	3.10	0.12	54.60	4.90	9.13	71.85
2003 / 2004	3.10	0.12	54.60	5.46	9.13	72.41

Source: Miami County Auditor

A. Levied by the City for the benefit of the Miami Conservancy District.

Table 5

City of Troy, Ohio  
 Real - Property Tax Levies and Collection  
 Real and Public Utility  
 Last Ten Fiscal Years

Tax Year / Collection Year	Current Levy	Collection Including Delinquencies	Total Collections As Percent of Current Year	Accumulated Delinquency
1994 / 1995	\$756,982	\$760,746	100.40 %	\$29,500
1995 / 1996	907,065	907,861	100.10	22,532
1996 / 1997	930,851	933,101	100.30	20,701
1997 / 1998	969,619	972,102	100.26	18,200
1998 / 1999	1,115,663	1,112,296	99.70	25,025
1999 / 2000	1,137,461	1,110,312	97.61	51,751
2000 / 2001	1,147,523	1,123,667	97.92	52,305
2001 / 2002	1,252,515	1,245,247	99.42	69,539
2002 / 2003	1,266,916	1,270,333	100.27	42,921
2003 / 2004	1,312,974	1,318,922	100.45	40,758

Source: Miami County Auditor

Table 6

City of Troy, Ohio  
Tangible - Personal Property Collections  
Last Ten Fiscal Years

Tax Year / Collection Year	Billed	Collected	Total Collections As Percent of Current Year	Accumulated Delinquency
1994 / 1995	\$449,688	\$467,182	103.89 %	\$13,572
1995 / 1996	450,436	428,489	95.12	23,511
1996 / 1997	436,294	459,234	105.25	29,260
1997 / 1998	503,821	483,638	95.99	30,324
1998 / 1999	486,778	417,926	85.90	17,645
1999 / 2000	397,705	393,688	98.99	12,213
2000 / 2001	411,198	401,582	97.66	6,219
2001 / 2002	442,510	411,201	92.92	83,883
2002 / 2003	423,056	406,928	96.19	92,313
2003 / 2004	399,617	401,445	100.46	96,317

Source: Miami County Auditor

City of Troy, Ohio  
 Special Assessment Collections  
 Last Ten Fiscal Years

Table 7

Fiscal Year	Current Assessments Due	Total Collection Including Delinquencies	Total Collections As Percent of Current Year	Accumulated Delinquency
1995	\$154,300	\$140,896	91.31 %	\$13,260
1996	138,417	136,252	98.44	2,165
1997	145,976	141,674	97.05	4,301
1998	153,707	148,984	96.93	4,722
1999	141,705	137,229	96.84	4,475
2000	133,160	131,146	98.49	2,014
2001	132,290	129,324	97.76	2,966
2002	125,969	121,497	96.45	4,472
2003	149,173	144,042	96.56	5,131
2004	150,213	145,432	96.82	4,781

Source: Miami County Auditor



City of Troy, Ohio  
 Computation of Legal Debt Margin  
 December 31, 2004

Table 8

	Debt Outstanding	10 1/2% of Assessed Valuation	5 1/2% of Assessed Valuation
Overall Debt Limitations		\$54,142,649	\$28,360,435
Gross Indebtedness	\$33,531,000		
Less: Debt Outside Limitations (A)	20,591,000		
Less: Bond Retirement Fund Balance	<u>19,104</u>		
Net Debt Within Limitation		<u>12,920,896</u>	<u>12,920,896</u>
Legal Debt Margin Within Limitations		<u>\$41,221,753</u>	<u>\$15,439,539</u>

Source: Miami County Auditor

A. General obligation bonds in the enterprise funds, special assessment debt with government commitment and bond anticipation notes have been included.

City of Troy, Ohio  
 Computation of Direct and Overlapping Debt  
 December 31, 2004

Table 9

	Net Debt Outstanding	Percentage Applicable to City of Troy	Amount Applicable to City of Troy
City of Troy	\$21,176,171	100.00%	\$21,176,171
Miami County	5,343,000	25.29%	1,351,245
Troy City School District	14,900,000	76.28%	11,365,720
Miami East Local School District	11,704,992	3.02%	353,491
Upper Valley Career Center	6,100,000	22.03%	1,343,830
Total	<u>\$59,224,163</u>		<u>\$35,590,457</u>

Source: Ohio Municipal Advisory Council

Table 10  
 City of Troy, Ohio  
 Ratio of Annual Debt Service Expenditures For  
 General Bonded Debt to Total General Governmental Expenditures  
 Last Ten Fiscal Years

Year	Principal (A)	Interest (A) (B)	Total Debt Service	General Governmental Expenditures (C)	Ratio of Debt Service to General Governmental Expenditures
1995	\$374,000	\$165,399	\$539,399	\$11,534,669	0.0468
1996	624,000	282,048	906,048	12,540,868	0.0723
1997	534,000	240,865	774,865	13,448,096	0.0576
1998	449,000	214,630	663,630	15,000,962	0.0442
1999	460,000	192,419	652,419	15,869,791	0.0411
2000	470,000	169,331	639,331	16,613,788	0.0385
2001	480,000	145,538	625,538	17,397,977	0.0360
2002	495,000	121,019	616,019	18,088,386	0.0341
2003	570,000	273,528	843,528	19,203,181	0.0439
2004	605,000	281,250	886,250	20,581,932	0.0431

Source: Auditor, City of Troy, Ohio

A. General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.

B. Excludes bond issuance and other cost.

C. Includes general, special revenue and debt service funds.

Table 11

City of Troy, Ohio  
 Ratio of Net General Bonded Debt to Assessed  
 Valuation and Net Bonded Debt Per Capita  
 Last Ten Fiscal Years

Year	Population (A)	Assessed Value (B)	Gross General Bonded Debt (C)*	Less Balance In Debt Service Fund (C)	Net General Bonded Debt (C)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995	19,479	\$361,806,510	\$5,591,000	\$415,415	\$5,175,585	0.0143	\$266
1996	19,479	403,852,581	4,638,000	410,590	4,227,410	0.0105	217
1997	19,479	407,965,570	4,104,000	417,013	3,686,987	0.0090	189
1998	19,479	405,038,690	3,655,000	403,685	3,251,315	0.0080	167
1999	19,479	460,234,390	3,195,000	400,874	2,794,126	0.0061	143
2000	19,479	448,101,040	2,725,000	388,339	2,336,661	0.0052	120
2001	21,999	453,325,990	2,245,000	364,817	1,880,183	0.0041	85
2002	21,999	490,427,850	4,805,000	284,406	4,520,594	0.0092	205
2003	21,999	509,385,210	6,035,000	376,327	5,658,673	0.0111	257
2004	21,999	515,644,280	12,940,000	19,104	12,920,896	0.0251	587

## Sources:

A. Federal census.

B. Miami County Auditor.

C. Auditor, City of Troy, Ohio.

\* General obligation bonds reported in the enterprise funds and special assessment debt with government commitment have been excluded.

	1960 Census	1980 Census	1988 (Estimate)	1990 Census	2000 Census
Population	17,577	19,086	19,414	19,479	21,999
Per Capita Income	\$3,239	\$7,303	\$11,613	*	*
Number of Dwelling Units	*	7,253	*	7,649	9,497
Persons Per Household	3.07	2.71	2.54	2.51	2.40
Median Age	*	30.6	32.6	33.1	35.2
Percentage Owner-Occupied Dwelling Units	*	69.4	*	*	60.3
Median Family Income	*	\$20,365	\$25,022	\$29,973	\$46,889
Family Income Distribution:					
\$ 0 - \$ 9,999	*	1,229	883	*	258
10,000 - 14,999	*	1,544	1,055	*	252
15,000 - 24,999	*	2,160	1,543	*	642
25,000 - 49,999	*	1,779	2,989	*	2,053
50,000 and over	*	217	1,051	*	2,811
Total Families		6,929	7,521		6,016
Education Distribution/Grades Years Completed:					
0 - 8	*	1,613	*	*	706
9 - 11	*	1,943	*	*	2,009
12	*	4,711	*	*	5,151
13 - 15	*	1,437	*	*	4,217
16 or more	*	1,626	*	*	2,487

Source: Federal Census  
\*Data Not Available

City of Troy, Ohio  
Construction and Bank Deposits  
Last Ten Fiscal Years

Year	Commercial Construction (A)		Residential Construction (A)		Bank Deposits in Thousands (B)	Assessed Property Value (C)
	Number of Permits	Value	Number of Permits	Value		
1995	338	\$50,412,407	600	\$9,353,737	\$746,675	\$361,806,510
1996	402	42,231,350	978	23,924,920	772,201	403,852,581
1997	288	23,643,525	954	35,313,426	0	407,965,570
1998	240	12,782,644	801	19,803,213	0	405,038,690
1999	410	20,559,141	1,041	21,489,651	0	460,234,390
2000	61	7,761,322	201	11,086,202	0	448,101,040
2001	26	11,153,834	110	15,968,738	0	453,325,990
2002	19	4,416,399	236	23,613,370	0	490,427,850
2003	27	8,723,883	289	32,863,289	0	509,385,210
2004	53	13,530,000	168	28,449,654	0	515,644,280

Sources:

A. City of Troy, Ohio, Planning & Development Department.

B. Federal Reserve Bank of Cleveland - amounts are for Miami County.

(Note: County bank deposits measures total deposits for those banks headquartered within a given county and does not measure total deposits within a county).

C. Miami County Auditor

Table 14

City of Troy, Ohio  
Principal Taxpayers  
December 31, 2004

Taxpayer	Real Property 2004 Assessed Valuation (A)	Percent of Total for City
MT Picture Display	\$10,824,850	2.10%
American Honda Motor	8,750,000	1.70%
Dayton Power and Light Company	6,411,840	1.24%
Verizon North, Inc.	2,630,180	0.51%
Lowes Home Centers, Inc.	2,397,850	0.47%
Health Care REIT, Inc.	2,390,990	0.46%
Ramco Properties	2,380,150	0.46%
Hobart Brothers Company	2,371,810	0.46%
Hobart Corporation	1,940,880	0.38%
Harrison Investments, LTD	1,864,480	0.36%
<b>Total</b>	<b>\$41,963,030</b>	<b>8.14%</b>
<b>Total Assessed Valuation of City</b>	<b>\$515,644,280</b>	<b>100.00%</b>

Source: Miami County Auditor.

A. Property Assessed at 35 percent of Fair Market Value.

Table 15

City of Troy, Ohio  
 Other Statistics  
 December 31, 2004

Year of Incorporation	1814
Form of Government	Council / Mayor
Area	10.59 Square Miles
Mile of Streets	107.49 Miles
Fire Protection and Emergency Rescue:	
Number of Stations	3
Number of Firemen and Officers	41
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	43
Municipal Water Department:	
Number of Consumers	9,885
Average Daily Consumption	5.51 Million Gallons
Miles of Water Mains	131.31
Sewers:	
Miles of Storm Sewers	73.08
Miles of Sanitary Sewers	121.9
Buildings:	
2004 Permits Issued	221
2004 Valuation of Construction	\$41,979,654
Parks and Recreation:	
Number of Parks	25
Number of Acres	297.9
Employees:	
Classified Service	206
Unclassified Service	14
Elected Officials	12

Source: City of Troy, Ohio



City of Troy, Ohio  
 OWDA Note Coverage  
 Sanitary Sewer Fund  
 Last Ten Fiscal Years (A)  
 (Amounts Expressed in Thousands)

Fiscal Year	Gross Revenues (A)	Operating Expenses (B)	Net Revenue Available For Debt Service	Debt Service Requirements (C)			Coverage
				Principal	Interest	Total	
1995	\$2,924	\$2,159	\$765	\$42	\$23	\$65	11.77
1996	3,471	2,777	694	42	21	63	11.02
1997	3,896	3,121	775	42	19	61	12.70
1998	4,002	2,604	1,398	42	17	59	23.69
1999	5,555	2,402	3,153	42	14	56	56.30
2000	4,233	2,800	1,433	42	12	54	26.54
2001	4,286	2,005	2,281	42	10	52	43.87
2002	4,331	2,527	1,804	42	7	49	36.82
2003	4,136	2,610	1,526	42	5	47	32.47
2004	3,992	2,672	1,320	21	1	22	60.00

Source: Auditor, City of Troy, Ohio

A. Total Revenues (including interest).

B. Total operating expenses exclusive of depreciation.

C. Includes principal and interest of the OWDA Note only. Does not include the general obligation bonds reported in the sanitary sewer fund.





**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 TROY**

**MIAMI 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  
JUNE 16, 2005**