



**CITY OF TROY  
MIAMI COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2005**



**Auditor of State  
Betty Montgomery**



CITY OF TROY  
MIAMI COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	1

**This page intentionally left blank.**



**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, Ohio, (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 19, 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**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 19, 2006, 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 19, 2006, 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, Mayor and City 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 19, 2006

# 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, 2005**





**CITY OF TROY, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**TABLE OF CONTENTS**

---

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	vii
Listing of Principal City Officials	xv
City Organizational Chart	xvi
Certificate of Achievement for Excellence in Financial Reporting	xvii
 <b>FINANCIAL SECTION</b>	
Report of Independent Accountants	1
Management's Discussion and Analysis	3
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	17
Statement of Net Assets - Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Statement of Fiduciary Net Assets - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund	22
Notes to the Basic Financial Statements	23
 Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	48
Notes to the Required Supplementary Information	49
 Combining Statements and Individual Fund Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	55
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	60

**TABLE OF CONTENTS**

---

	<u>Page</u>
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	64
Nonmajor Enterprise Funds:	
Combining Statement of Net Assets	66
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	68
Combining Statement of Cash Flows	70
Agency Funds:	
Statement of Changes in Assets and Liabilities	72
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis):	
Street Construction, Maintenance and Repair Fund	75
State Highway Improvement Fund	76
Cemetery Fund	77
Safety-Income Tax Fund	78
Municipal Real Property Fund	79
Miami Conservancy District Fund	80
Recreational Programs Fund	81
Parks and Recreation Improvement Fund	82
Community Development Block Grant Fund	83
Parking Improvement Fund	84
Drug Law Enforcement Fund	85
Law Enforcement Fund	86
Cemetery Endowment Fund	87
Bond Retirement Fund	88
Capital Improvement Fund	89
OPWC Project Fund	90
TIF 2003 Fund	91

City of Troy, Ohio  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2005

**TABLE OF CONTENTS**

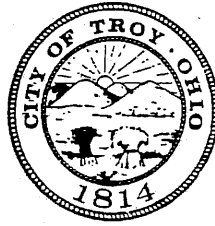
---

	<u>Table</u>	<u>Page</u>
<b>STATISTICAL SECTION</b>		
General Governmental Revenues by Source	1	93
General Governmental Expenditures by Function	2	94
Assessed and Estimated Actual Value of Taxable Property	3	95
Property Tax Rates - Direct and Overlapping Governments	4	96
Real-Property Tax Levies and Collection Real and Public Utility	5	97
Tangible-Personal Property Collections	6	98
Special Assessment Collections	7	99
Computation of Legal Debt Margin	8	100
Computation of Direct and Overlapping Debt	9	101
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	10	102
Ratio of Net General Debt to Assessed Valuation and Net Bonded Debt Per Capita	11	103
Demographic Statistics	12	104
Construction and Bank Deposits	13	105
Principal Taxpayers	14	106
Other Statistics	15	107
OWDA Note Coverage - Sanitary Sewer Fund	16	108

**THIS PAGE INTENTIONALLY LEFT BLANK**

**INTRODUCTORY  
SECTION**

# City of Troy, Ohio



May 19, 2006

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, 2005 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.

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

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, a list of principal officials and the Certificate of Achievement for excellence in financial reporting for the City's 2004 CAFR. The financial section begins with the Independent Accountants' Report 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 2005. 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 2005 included:

- Continuation of the Sidewalk Improvement Program (year three), in combination with the Tree Reforestation Program.
- Completion, or substantial completion, of a number of Capital projects – Troy Aquatic Park, backup generators for the utility plants, Cemetery Maintenance Building, re-roofing of Fire Station One, North Elm Street reconstruction project, work on the Treasure Island Property.
- Cordial resolution of the agreements with both Concord Township and Staunton Township for the City providing fire and EMS services to the township residents.
- Completion of negotiations with the Staunton Grange to purchase the land for Fire Station Two.
- The visit to Troy by the Budweiser Clydesdale horses and traveling exhibit prior to and during the Troy Strawberry Festival.
- The volunteers of Operation Cloverleaf continuation of the landscape efforts to enhance the I-75/SR 41 interchange entrance to the City.
- The completion and dedication of the Mayor's Gateway Park on West Main Street.
- The Troy Foundation purchasing the former Stebelton Property on West Franklin Street. This not only cleaned up an on-going property maintenance issue, but, more importantly is preserving and restoring a structure to its original grandeur.
- The implementation of the Emergency Operations Plan and the use of the County-wide Hazmat Operation to respond to an August hazardous chemical spill at Deltech Polymers.
- The Troy Memorial Stadium Project continued to work towards completion.
- Continued economic development efforts locally with the ongoing Retention and Expansion program and internationally by participating in a European recruitment trip, including visits to a number of companies that are interested in expanding into the United States.
- Continued cooperative partnerships and working relationships with the Townships, the County, neighboring communities, the Board of Education, the downtown merchants, the Troy Development Council, and Troy Main Street.
- Provided a number of training opportunities for City staff, emphasizing the first line supervisors.

- Continued a cooperative agreement with the First United Methodist Church for City Hall employees and Chamber employees to utilize their parking lot during the day, thus freeing up 36 on-street parking spaces for visitors and business patrons.
- Continuation of the more proactive stance in property code enforcement issues, and established two new programs to financially assist property owners (Paint Voucher Program and Garage Demolition Program).
- Finalized the update of the Comprehensive Plan.
- Codified Ordinances now available on-line.
- Troy Town Park, the City's only Tax Incentive Financing (TIF) District, continues to develop consistent with financial projections.

### **DEPARTMENTAL FOCUS – MUNICIPAL SWIMMING POOL**

The City of Troy has operated an outdoor pool since the early 1970's. The old facility had operated and lasted beyond its useful life and was in need of major repair and or replacement. An evaluation of the existing pool was completed in 2003 and the study identified numerous structural and mechanical problems. A cost benefit comparison indicated it was more economically feasible to build a new facility instead of trying to renovate and repair the existing pool. The old pool had lost some of its appeal to the general public as witnessed by decline attendance and revenue over the past few years. City Council determined that building a new pool was the best option for the City of Troy. The City Council not only wanted to improve the quality of the facilities by building a new aquatic center, but also to improve the financial outcome and cash flow for the City as well. A new aquatic center with improved safety and operations efficiency along with inclusion of shallow water play features, water slides, interactive play features and sprays along with a separate baby pool would enhance the image and financial viability of the aquatic program for the citizens of Troy.

In the summer of 2004, the City of Troy approved the construction of a 3.7 million dollar Aquatic Park. Funding was provided through a bond issues. On June 6, 2005, the City of Troy presented to the community a state-of-the-art facility accommodating 1,000+ swimmers that included a 9,909 square foot main pool and a 600 square foot baby pool for a total of 302,242 gallons of water. The facility also had two giant water slides (148 ft. body slide and 160 ft. tube slide), 1 meter diving board, six lanes (25 yards) for lap swimming and competitive swimming, a pool depth range from 0 - 12' 6", interactive water play equipment in zero depth area, zero depth entrance, concession stand with umbrellas, chairs and tables, 150 lounge chairs, 9 giant shade structures: "Funbrellas", 20 ft. in diameter, heated pool water, restrooms which included 2 family changing restrooms and administrative offices.

The City of Troy Aquatic Park is located at 460 Staunton Road and is operated by the City of Troy Recreation Department. The Troy Recreation Department is comprised of Director, Assistant Director, Office Manager, Secretary, Clerk Typist and four maintenance staff that enjoy their daily tasks knowing that the services they provide directly correlate to the good quality of life enjoyed by Troy residents. The Assistant Recreation Director oversees the operation of the Troy Aquatic Park. The Troy Aquatic Park employed 61 employees that include:

- 1 Pool Manager - Assistant Recreation Director
- 3 Assistant Managers – Teachers at local high schools
- 6 Admissions/Cashiers – All adults
- 35 Lifeguards – Ages range 16 to 21
- 13 Boogie Board Café Employees – 5 adults and 8 students (ages 16 to 22)
- 3 Swim Team Coaches

The staff at the Troy Aquatic Park are trained by the American Red Cross lifeguards and are all certified as Professional rescuers in CPR and First Aid. The staff continuously trains and practices their skills to promote a safe atmosphere for the public.

The City of Troy Recreation Department wanted to promote and market the facility as a clean, safe, family atmosphere. The department provided a Friday Family swim night for families and implemented a progressive disciplinary plan to keep the facility safe and swimmers acting appropriately. The City also managed the concession stand with the goal of providing quality food at a reasonable price for all to enjoy and afford. The facility was also available for private pool party rentals after hours on the weekends.

The Troy Aquatic Park had larger than expected crowds due to the sustained and unusually hot, dry weather for the summer of 2005. The facility had 46,775 visitors with a daily average of 477 swimmers a day.

### **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.
- Monitor revenues for possible enhancements and reduce the financial impact on the General Fund by other budgetary funds where appropriate without creating an undue burden for taxpayers.
- Streamline operations and expenses where possible without diluting the services to the citizens.
- Review the Comprehensive Plan to see that dated tasks are done.
- 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; extend recreational trails.
- 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.

### **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, 2005.

### **CASH MANAGEMENT**

Cash temporarily idle during the year, was invested in demand deposits, money market fund, U.S. Treasuries and the State Treasurer's Investment Pool (Star Ohio). The City earned \$1,559,819 on all investments for the year ended December 31, 2005.

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 other geared to the needs of the staff.

Wellness Program – This program has existed for approximately 16 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 (when vaccine is available), 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 and other recommendations for healthy life styles. The program elements were extended to include regular “flyers” distributed to employees that provide a variety of information in a single and simple one page format. Employees are encouraged to share the flyers 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, 2004. 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 16<sup>th</sup> time for the year ended December 31, 2004. 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

Arthur D. Haddad  
Interim Director of Public Service and Safety

Richard L. Cultice  
City Auditor

# CITY OF TROY, OHIO

## Listing of Principal City Officials

December 31, 2005

### 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	Thomas M. Kendall
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

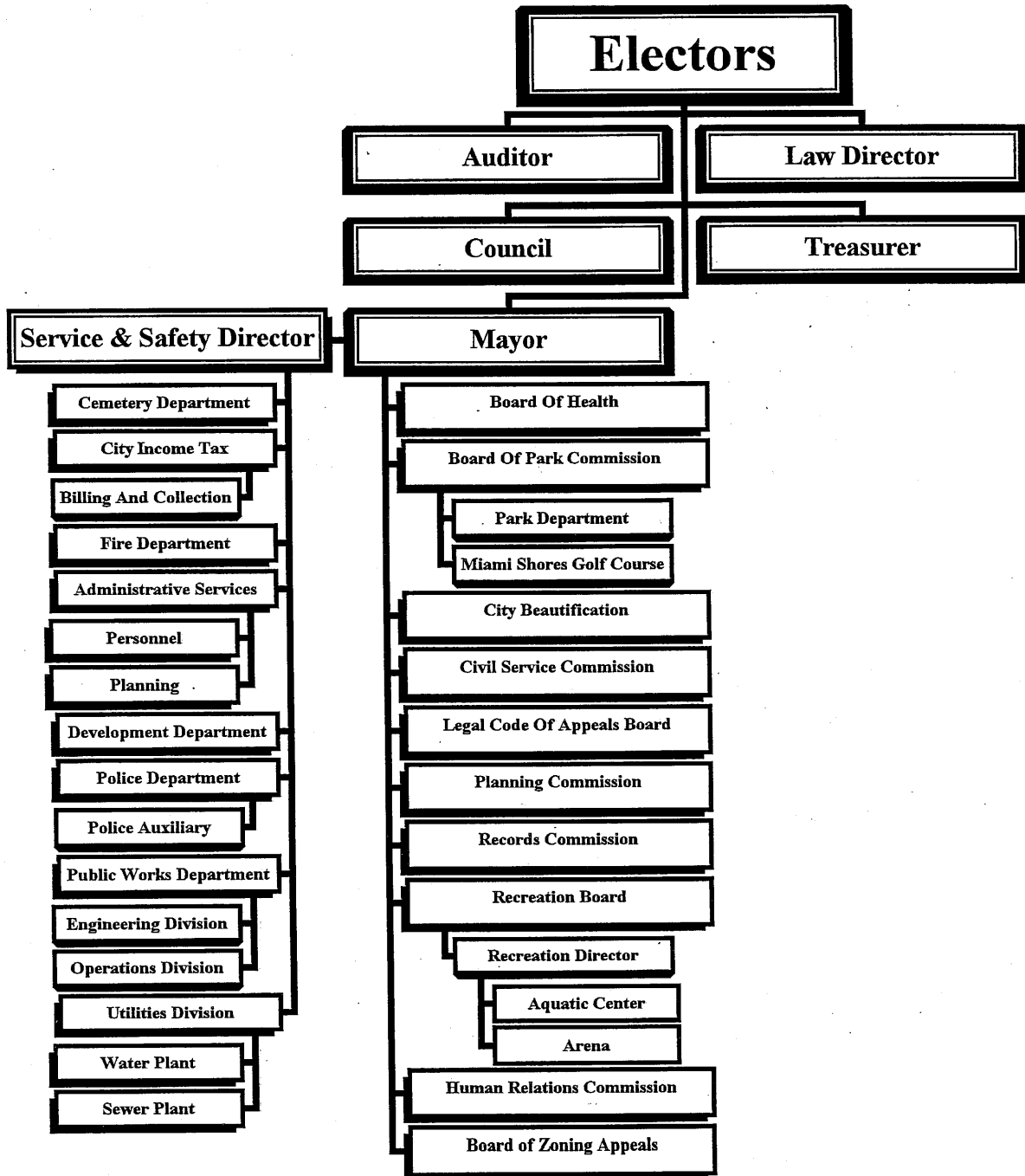
### Appointed Officials

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

\* Resigned on April 19, 2006, Arthur D. Haddad is Interim  
Director of Public Service and Safety



# City Of Troy



# 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, 2004

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



*Carla E. Perry*

President

*Jeffrey R. Emmer*

Executive Director

**THIS PAGE INTENTIONALLY LEFT BLANK**

**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, Ohio (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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, Ohio, as of December 31, 2005, 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 19, 2006, 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 budgetary comparison for the General Fund are not required parts of the basic financial statements but are supplementary information accounting principles accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting 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 nonmajor 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 nonmajor 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 19, 2006

## **City of Troy**

### **Management's Discussion and Analysis For The Year Ended December 31, 2005**

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, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's performance.

#### **Financial Highlights**

- The City's total net assets increased \$2,799,283. Net assets of governmental activities increased \$546,797, net assets of business-type activities increased by \$2,252,486.
- The General Fund reported a net change in fund balance of \$154,765.
- Business-type operations reflected operating income of \$405,857.

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

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

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

The analysis of the City as a whole begins with the Government-wide Financial Statements. These reports provide information that will help the reader to determine if the City of 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 Government-wide Financial Statements, the City is divided into two kinds of activities.

- **Governmental Activities** - Most of the City's services are reported here including police, fire, 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.

### **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.



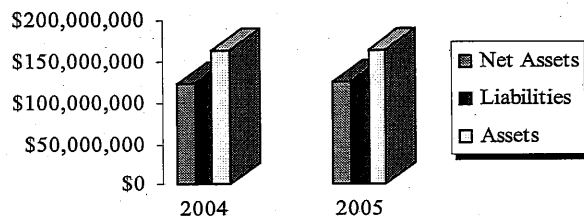
**Fiduciary Funds** - The City is the fiscal agent for one private purpose trust and six agency funds. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Statement of Changes in Assets and Liabilities. We exclude these activities from the City's other 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 2005 compared to 2004.

**Table 1**  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004 Restated	2005	2004 Restated	2005
<b>Assets</b>						
Current Assets	\$57,786,340	\$53,508,142	\$20,152,686	\$20,435,381	\$77,939,026	\$73,943,523
Capital Assets, Net	37,747,572	41,919,186	47,612,590	48,289,577	85,360,162	90,208,763
<b>Total Assets</b>	<b>95,533,912</b>	<b>95,427,328</b>	<b>67,765,276</b>	<b>68,724,958</b>	<b>163,299,188</b>	<b>164,152,286</b>
<b>Liabilities</b>						
Long-Term Liabilities	14,661,017	13,820,204	20,951,359	19,424,837	35,612,376	33,245,041
Other Liabilities	4,004,371	4,191,803	447,691	681,409	4,452,062	4,873,212
<b>Total Liabilities</b>	<b>18,665,388</b>	<b>18,012,007</b>	<b>21,399,050</b>	<b>20,106,246</b>	<b>40,064,438</b>	<b>38,118,253</b>
<b>Net Assets</b>						
Invested in Capital						
Assets Net of Debt	24,472,572	29,562,186	27,335,706	29,577,577	51,808,278	59,139,763
Restricted	17,059,880	12,517,653	0	0	17,059,880	12,517,653
Unrestricted	35,336,072	35,335,482	19,030,520	19,041,135	54,366,592	54,376,617
<b>Total Net Assets</b>	<b>\$76,868,524</b>	<b>\$77,415,321</b>	<b>\$46,366,226</b>	<b>\$48,618,712</b>	<b>\$123,234,750</b>	<b>\$126,034,033</b>



Total net assets of the City as a whole increased \$2,799,283. Net assets of the City's governmental activities increased \$546,797. The increase in net assets was mainly due to the decrease in bonds payable of \$918,000.

The net assets of the City's business-type activities increased \$2,252,486 from 2004. The increase in net assets is a result of the increase in net capital assets. The City added \$1,165,329 in Infrastructure, while bonds, notes and loans payable decreased by \$1,564,884 for 2005.

Table 2 shows the changes in net assets for the year ended December 31, 2005.

**Table 2**  
Changes in Net Assets

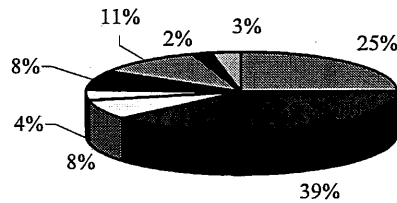
	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004 Restated	2005	2004 Restated	2005
<b>Program Revenues:</b>						
Charges for Services	\$1,650,872	\$1,926,249	\$9,312,131	\$9,590,865	\$10,963,003	\$11,517,114
Operating Grants, Contributions	1,316,515	1,207,394	50,770	79,150	1,367,285	1,286,544
Capital Grants and Contributions	2,502,281	2,650,155	1,244,147	1,354,320	3,746,428	4,004,475
<b>Total Program Revenues</b>	<b>5,469,668</b>	<b>5,783,798</b>	<b>10,607,048</b>	<b>11,024,335</b>	<b>16,076,716</b>	<b>16,808,133</b>
<b>General Revenue:</b>						
Income Taxes	13,989,707	12,681,511	0	0	13,989,707	12,681,511
Property Taxes	2,158,678	1,929,852	0	0	2,158,678	1,929,852
Grants and Entitlements	1,926,126	2,193,117	0	0	1,926,126	2,193,117
Unrestricted Contributions	32,800	44,600	0	0	32,800	44,600
Investment Earnings	910,902	1,143,110	323,723	416,709	1,234,625	1,559,819
Refunds and Reimbursements	40,094	44,338	0	0	40,094	44,338
Other	205,935	65,705	358,337	288,991	564,272	354,696
<b>Total General Revenues</b>	<b>19,264,242</b>	<b>18,102,233</b>	<b>682,060</b>	<b>705,700</b>	<b>19,946,302</b>	<b>18,807,933</b>
<b>Total Revenues</b>	<b>24,733,910</b>	<b>23,886,031</b>	<b>11,289,108</b>	<b>11,730,035</b>	<b>36,023,018</b>	<b>35,616,066</b>
<b>Program Expenses:</b>						
General Government	5,033,894	5,660,201	0	0	5,033,894	5,660,201
Public Safety	8,169,075	8,787,052	0	0	8,169,075	8,787,052
Leisure Time Activities	1,859,158	1,884,611	0	0	1,859,158	1,884,611
Community Development	952,247	836,887	0	0	952,247	836,887
Basic Utility Service	1,624,988	1,852,260	0	0	1,624,988	1,852,260
Transportation and Street Repair	2,544,171	2,392,805	0	0	2,544,171	2,392,805
Public Health and Welfare	404,448	500,215	0	0	404,448	500,215
Other	163,284	11,135	0	0	163,284	11,135
Interest and Fiscal Charges	425,988	589,068	0	0	425,988	589,068
Water Utility	0	0	5,130,033	4,574,926	5,130,033	4,574,926
Sewer Utility	0	0	3,840,388	3,776,760	3,840,388	3,776,760
Arena Facilities	0	0	755,000	683,886	755,000	683,886
Pool	0	0	85,855	323,370	85,855	323,370
Parking	0	0	44,077	44,624	44,077	44,624
Golf Course	0	0	784,551	814,751	784,551	814,751
Stadium Facilities	0	0	0	84,232	0	84,232
<b>Total Program Expenses</b>	<b>21,177,253</b>	<b>22,514,234</b>	<b>10,639,904</b>	<b>10,302,549</b>	<b>31,817,157</b>	<b>32,816,783</b>
<b>Increase (Decrease) in Net Assets before Transfers</b>	<b>3,556,657</b>	<b>1,371,797</b>	<b>649,204</b>	<b>1,427,486</b>	<b>4,205,861</b>	<b>2,799,283</b>
<b>Transfers - Internal Activities</b>	<b>(765,158)</b>	<b>(825,000)</b>	<b>765,158</b>	<b>825,000</b>	<b>0</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>2,791,499</b>	<b>546,797</b>	<b>1,414,362</b>	<b>2,252,486</b>	<b>4,205,861</b>	<b>2,799,283</b>
<b>Beginning Net Assets</b>	<b>74,077,025</b>	<b>76,868,524</b>	<b>44,951,864</b>	<b>46,366,226</b>	<b>119,028,889</b>	<b>123,234,750</b>
<b>Ending Net Assets</b>	<b>\$76,868,524</b>	<b>\$77,415,321</b>	<b>\$46,366,226</b>	<b>\$48,618,712</b>	<b>\$123,234,750</b>	<b>\$126,034,033</b>

***Governmental Activities***

Troy has continued attracting large-scale employers to our city in the year 2005, 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 70% of the City’s governmental activities general revenues. During 2005, when most communities were faced with budget cuts due to the economic downturn of the economy, the City’s 2005 earnings tax revenues decreased approximately 9% over 2004 tax revenues.

Governmental activities program expenses for 2005 were as follows:

<u>Program Expenses</u>	<u>Percent of Total</u>
General Government	25%
Public Safety	39%
Leisure Time Activities	8%
Community Development	4%
Basic Utility Service	8%
Transportation & Street Repair	11%
Public Health & Welfare	2%
Interest & Fiscal Charges	3%
<b>Total</b>	<b>100%</b>



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 operating revenues of \$9,879,856 and operating expenses of \$9,473,999 for fiscal year 2005. Business activities receive no support from tax revenues. The business activities net assets at the end of the year was \$48,618,712, which increased \$2,252,486 from 2004. The City had two business-type (enterprise) funds that were major funds: the Water fund and the Sanitary Sewer fund.

The City of Troy’s Water Department serves 9,918 customers, this represents a population base of nearly 21,999 people. The average daily consumption for the city is 5.02 million gallons and 133.67 miles of water mains in its distribution system. The water fund had operating income of \$710,757 for 2005.

The City of Troy’s Sewer Department includes 123.90 miles of sanitary sewer main, which provide the collection and treatment of public wastewater. Miles of sanitary sewer main increase 2.00 miles from 2004. The Sewer fund had operating income of \$344,286 for 2005.

## The City's Funds

The City has two major governmental funds: the General Fund and Capital Improvement Fund. Assets of the general fund comprised \$39,125,055 (73%) and the capital improvement fund comprised \$5,701,335 (11%) of the total \$53,508,142 governmental funds assets.

**General Fund:** Fund balance at December 31, 2005 was \$35,777,284 an increase in fund balance of \$154,765 from 2004. The general fund remained fairly consistent from 2004 to 2005

**Capital Improvement Fund:** Fund balance at December 31, 2005 was \$3,889,541 including \$3,413,823 of unreserved balance. The decrease in fund balance of \$3,214,301 from 2004 was mainly due to a decrease in the amount of monies transferred in from other funds and in 2004 the City had an issuance of debt.

### 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 \$35,396,868, 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 2005.

## Capital Assets and Debt Administration

### Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004 Restated	2005	2004 Restated	2005
Land	\$11,793,975	\$12,014,731	\$538,683	\$538,683	\$12,332,658	\$12,553,414
Construction in Progress	3,596,147	5,642,929	4,246,415	1,093,931	7,842,562	6,736,860
Buildings and Improvements	7,087,135	6,721,369	25,207,404	27,568,982	32,294,539	34,290,351
Equipment	2,745,566	2,940,127	5,960,952	6,735,824	8,706,518	9,675,951
Infrastructure	12,524,749	14,600,030	11,659,136	12,352,157	24,183,885	26,952,187
Total Net Capital Assets	\$37,747,572	\$41,919,186	\$47,612,590	\$48,289,577	\$85,360,162	\$90,208,763

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

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

**Debt**

At year-end the City had \$31,069,000 in general obligation bonds and special assessment bonds.

**Table 4**  
Outstanding Debt at Year End

		<u>2004</u>	<u>2005</u>
<b>Governmental Activities</b>			
<u>General Obligation Bonds</u>			
Central Maintenance Facility	6.25%	\$160,000	\$80,000
McKaig Storm Sewer Phase II	6.25%	60,000	30,000
McKaig Storm Sewer Phase III	7.13%	160,000	120,000
Safety Facilities	4.70%	360,000	0
Stadium Improvement	2.00%	2,890,000	2,780,000
Tax Increment Financing	6.00%	1,800,000	1,775,000
Elm Street Improvements	2.00-4.75%	595,000	580,000
Aquatic Center	2.00-4.75%	3,945,000	3,840,000
Cemetery Maintenance Building	2.00-4.75%	455,000	445,000
Fire Station	2.00-4.75%	2,515,000	2,445,000
Total General Obligation Bonds		<u>12,940,000</u>	<u>12,095,000</u>
<u>Special Assessment Bonds</u>			
Street Improvement - Exp. Farm Rd.	8.50%	9,000	0
Street Improvement - St. Rt. 55	7.13%	56,000	42,000
Street Improvement - Dorset Rd.	7.35%	200,000	160,000
Street Improvement - Exp. Farm Rd.	3.35%	70,000	60,000
Total Special Assessment Bonds		<u>335,000</u>	<u>262,000</u>
<b>Business Type Activities</b>			
<u>General Obligation Bonds</u>			
Southwest Interceptor Sewer	6.25%	\$140,000	\$70,000
Water Improvement Towers	3.35%	1,570,000	1,375,000
Wastewater System Improvement	4.70%	3,055,000	220,000
Waterplant Expansion I	4.55%	3,575,000	1,580,000
Golf Course Improvement	5.75%	141,000	72,000
Waterplant Expansion II	4.38%	5,270,000	620,000
Wastewater System Improvement	4.35%	2,730,000	2,605,000
Wastewater Improvement IIIC&VA	0.00%	400,000	375,000
Water Line Extension	2.00%	855,000	760,000
Southeast Area Sewer	2.00-4.75%	1,310,000	1,275,000
Generators	2.00-4.75%	1,210,000	1,175,000
Refunding Wastewater System Improvement	4.00-5.00%	0	2,550,000
Refunding Waterplant Expansion I	5.00%	0	1,705,000
Refunding Waterplant Expansion II	4.00-5.00%	0	4,330,000
Total General Obligation Bonds		<u>20,256,000</u>	<u>18,712,000</u>
Total Debt		<u>\$33,531,000</u>	<u>\$31,069,000</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.

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

### **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 Financial 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, 2005

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$43,689,826	\$19,347,579	\$63,037,405
<b>Receivables:</b>			
Taxes	2,708,991	0	2,708,991
Accounts	382,184	476,354	858,538
Interest	431,299	68,874	500,173
Intergovernmental	3,202,986	79,150	3,282,136
Notes	1,904,255	0	1,904,255
Special Assessments	1,188,601	0	1,188,601
Inventory	0	463,424	463,424
Nondepreciable Capital Assets	17,657,660	1,632,614	19,290,274
Depreciable Capital Assets, Net	24,261,526	46,656,963	70,918,489
<b>Total Assets</b>	<b>95,427,328</b>	<b>68,724,958</b>	<b>164,152,286</b>
<b>Liabilities:</b>			
Accounts Payable	157,007	313,181	470,188
Accrued Wages and Benefits	1,013,198	221,809	1,235,007
Retainage Payable	93,293	72,886	166,179
Accrued Interest Payable	72,722	73,533	146,255
Unearned Revenue	2,855,583	0	2,855,583
<b>Long-Term Liabilities:</b>			
Due Within One Year	1,105,556	1,659,353	2,764,909
Due In More Than One Year	12,714,648	17,765,484	30,480,132
<b>Total Liabilities</b>	<b>18,012,007</b>	<b>20,106,246</b>	<b>38,118,253</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	29,562,186	29,577,577	59,139,763
<b>Restricted for:</b>			
Special Revenue	6,389,422	0	6,389,422
Debt Service	360,794	0	360,794
Capital Projects	5,767,437	0	5,767,437
Unrestricted	35,335,482	19,041,135	54,376,617
<b>Total Net Assets</b>	<b>\$77,415,321</b>	<b>\$48,618,712</b>	<b>\$126,034,033</b>

See accompanying notes to the basic financial statements.

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

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$5,660,201	\$160,545	\$4,194	\$0
Public Safety	8,787,052	1,132,278	0	0
Leisure Time Activities	1,884,611	178,506	0	0
Community Development	836,887	0	213,095	151,730
Basic Utility Service	1,852,260	302,450	0	437,165
Transportation and Street Repair	2,392,805	9,636	990,105	2,061,260
Public Health and Welfare	500,215	142,834	0	0
Interest and Fiscal Charges	589,068	0	0	0
Other	11,135	0	0	0
<b>Total Governmental Activities</b>	<b>22,514,234</b>	<b>1,926,249</b>	<b>1,207,394</b>	<b>2,650,155</b>
<b>Business-Type Activities:</b>				
Water Utility	4,574,926	4,795,403	79,150	576,187
Sewer Utility	3,776,760	3,784,736	0	589,142
Arena Facilities	683,886	71,053	0	0
Pool	323,370	224,303	0	0
Parking	44,624	19,521	0	0
Golf Course	814,751	695,849	0	0
Stadium Facilities	84,232	0	0	188,991
<b>Total Business-Type Activities</b>	<b>10,302,549</b>	<b>9,590,865</b>	<b>79,150</b>	<b>1,354,320</b>
<b>Totals</b>	<b>\$32,816,783</b>	<b>\$11,517,114</b>	<b>\$1,286,544</b>	<b>\$4,004,475</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, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements.



Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,495,462)	\$0	(\$5,495,462)
(7,654,774)	0	(7,654,774)
(1,706,105)	0	(1,706,105)
(472,062)	0	(472,062)
(1,112,645)	0	(1,112,645)
668,196	0	668,196
(357,381)	0	(357,381)
(589,068)	0	(589,068)
(11,135)	0	(11,135)
(16,730,436)	0	(16,730,436)
0	875,814	875,814
0	597,118	597,118
0	(612,833)	(612,833)
0	(99,067)	(99,067)
0	(25,103)	(25,103)
0	(118,902)	(118,902)
0	104,759	104,759
0	721,786	721,786
(\$16,730,436)	\$721,786	(\$16,008,650)
12,681,511	0	12,681,511
1,927,756	0	1,927,756
2,096	0	2,096
2,193,117	0	2,193,117
44,600	0	44,600
1,143,110	416,709	1,559,819
44,338	0	44,338
65,705	288,991	354,696
(825,000)	825,000	0
17,277,233	1,530,700	18,807,933
546,797	2,252,486	2,799,283
76,868,524	46,366,226	123,234,750
\$77,415,321	\$48,618,712	\$126,034,033

City of Troy, Ohio  
 Balance Sheet  
 Governmental Funds  
 December 31, 2005

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$34,986,223	\$3,959,195	\$4,744,408	\$43,689,826
<b>Receivables:</b>				
Taxes	2,482,740	0	226,251	2,708,991
Accounts	370,878	0	11,306	382,184
Interest	422,682	0	8,617	431,299
Intergovernmental	803,356	916,000	1,483,630	3,202,986
Notes	0	0	1,904,255	1,904,255
Special Assessments	59,176	826,140	303,285	1,188,601
<b>Total Assets</b>	<b>39,125,055</b>	<b>5,701,335</b>	<b>8,681,752</b>	<b>53,508,142</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	102,405	17,826	36,776	157,007
Accrued Wages and Benefits	932,070	0	81,128	1,013,198
Compensated Absences	45,865	0	0	45,865
Retainage Payable	0	51,828	41,465	93,293
Deferred Revenue	2,267,431	1,742,140	1,219,851	5,229,422
<b>Total Liabilities</b>	<b>3,347,771</b>	<b>1,811,794</b>	<b>1,379,220</b>	<b>6,538,785</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	352,871	475,718	385,392	1,213,981
Reserved for Notes Receivable	0	0	1,904,255	1,904,255
<b>Unreserved, Undesignated, Reported in:</b>				
General Fund	35,424,413	0	0	35,424,413
Special Revenue Funds	0	0	3,983,478	3,983,478
Debt Service Funds	0	0	135,285	135,285
Capital Projects Funds	0	3,413,823	894,122	4,307,945
<b>Total Fund Balances</b>	<b>35,777,284</b>	<b>3,889,541</b>	<b>7,302,532</b>	<b>46,969,357</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$39,125,055</b>	<b>\$5,701,335</b>	<b>\$8,681,752</b>	<b>\$53,508,142</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, 2005

---

Total Governmental Fund Balance \$46,969,357

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. 41,919,186

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds.

Delinquent Property Taxes	48,455
Intergovernmental	1,068,270
Other	<u>1,257,114</u>

2,373,839

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.

(72,722)

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>(1,417,339)</u>
----------------------	--------------------

(1,417,339)

Long-term liabilities, are not due and payable in the current  
period and therefore are not reported in the funds.

(12,357,000)

Net Assets of Governmental Activities

\$77,415,321

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, 2005

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$13,950,889	\$0	\$719,642	\$14,670,531
Fines, Licenses & Permits	95,177	0	17,119	112,296
Charges for Services	1,311,336	0	321,880	1,633,216
Investment Earnings	1,078,273	0	64,838	1,143,111
Intergovernmental	1,751,852	87,500	1,708,087	3,547,439
Special Assessments	2,063	100,172	92,814	195,049
Other Revenues	287,344	10,947	91,422	389,713
<b>Total Revenues</b>	<b>18,476,934</b>	<b>198,619</b>	<b>3,015,802</b>	<b>21,691,355</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	3,992,768	0	60,307	4,053,075
Public Safety	8,369,858	0	0	8,369,858
Leisure Time Activities	1,312,998	0	197,231	1,510,229
Community Development	767,373	61,995	2,689	832,057
Basic Utility Service	1,559,172	0	0	1,559,172
Transportation and Street Repair	0	0	2,066,280	2,066,280
Public Health and Welfare	0	0	467,916	467,916
Capital Outlay	0	3,935,925	1,352,456	5,288,381
<b>Debt Service:</b>				
Principal Retirement	0	0	918,000	918,000
Interest and Fiscal Charges	0	0	673,225	673,225
Other	0	0	11,135	11,135
<b>Total Expenditures</b>	<b>16,002,169</b>	<b>3,997,920</b>	<b>5,749,239</b>	<b>25,749,328</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,474,765</b>	<b>(3,799,301)</b>	<b>(2,733,437)</b>	<b>(4,057,973)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	419,006	585,000	2,885,000	3,889,006
Transfers (Out)	(2,739,006)	0	(1,975,000)	(4,714,006)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,320,000)</b>	<b>585,000</b>	<b>910,000</b>	<b>(825,000)</b>
<b>Net Change in Fund Balance</b>	<b>154,765</b>	<b>(3,214,301)</b>	<b>(1,823,437)</b>	<b>(4,882,973)</b>
<b>Fund Balance Beginning of Year</b>	<b>35,622,519</b>	<b>7,103,842</b>	<b>9,125,969</b>	<b>51,852,330</b>
<b>Fund Balance End of Year</b>	<b>\$35,777,284</b>	<b>\$3,889,541</b>	<b>\$7,302,532</b>	<b>\$46,969,357</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, 2005

---

Net Change in Fund Balance - Total Governmental Funds (\$4,882,973)

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	5,614,979	
Depreciation Expense	<u>(1,400,354)</u>	4,214,625

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. (43,011)

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

Delinquent Property Taxes	(59,169)	
Intergovernmental	(62,727)	
Other	<u>452,047</u>	330,151

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 918,000

In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due. 84,157

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>(74,152)</u>	<u>(74,152)</u>
----------------------	-----------------	-----------------

Change in Net Assets of Governmental Activities \$546,797

See accompanying notes to the basic financial statements.

City of Troy, Ohio  
Statement of Net Assets  
Proprietary Funds  
December 31, 2005

Business-Type Activities -Enterprise Funds

	Water	Sanitary Sewer	Other Enterprise Funds	Total Business-Type Activities
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$8,070,284	\$10,467,001	\$810,294	\$19,347,579
<b>Receivables:</b>				
Accounts	227,579	204,249	44,526	476,354
Interest	29,689	38,506	679	68,874
Intergovernmental	79,150	0	0	79,150
Inventory	463,424	0	0	463,424
<b>Total Current Assets</b>	<b>8,870,126</b>	<b>10,709,756</b>	<b>855,499</b>	<b>20,435,381</b>
Nondepreciable Capital Assets	261,351	1,053,317	317,946	1,632,614
Depreciable Capital Assets, Net	22,247,646	18,285,799	6,123,518	46,656,963
<b>Total Noncurrent Assets</b>	<b>22,508,997</b>	<b>19,339,116</b>	<b>6,441,464</b>	<b>48,289,577</b>
<b>Total Assets</b>	<b>31,379,123</b>	<b>30,048,872</b>	<b>7,296,963</b>	<b>68,724,958</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	187,547	93,886	31,748	313,181
Accrued Wages and Benefits	104,269	76,251	41,289	221,809
Compensated Absences	105,153	53,859	23,341	182,353
Retainage Payable	36,482	36,404	0	72,886
Accrued Interest Payable	42,380	30,808	345	73,533
Long-Term Liabilities Due Within One Year	845,000	560,000	72,000	1,477,000
<b>Total Current Liabilities</b>	<b>1,320,831</b>	<b>851,208</b>	<b>168,723</b>	<b>2,340,762</b>
<b>Long-Term Liabilities:</b>				
Compensated Absences	356,542	134,708	39,234	530,484
Bonds, Notes & Loans Payable	9,525,000	7,710,000	0	17,235,000
<b>Total Noncurrent Liabilities</b>	<b>9,881,542</b>	<b>7,844,708</b>	<b>39,234</b>	<b>17,765,484</b>
<b>Total Liabilities</b>	<b>11,202,373</b>	<b>8,695,916</b>	<b>207,957</b>	<b>20,106,246</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	12,138,997	11,069,116	6,369,464	29,577,577
Unrestricted	8,037,753	10,283,840	719,542	19,041,135
<b>Total Net Assets</b>	<b>\$20,176,750</b>	<b>\$21,352,956</b>	<b>\$7,089,006</b>	<b>\$48,618,712</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, 2005

	Business-Type Activities -Enterprise Funds			
	Water	Sanitary Sewer	Other Enterprise Funds	Total Business-Type Activities
Operating Revenues:				
Fines, Licenses & Permits	\$0	\$0	\$3,305	\$3,305
Charges for Services	4,795,403	3,784,736	1,007,421	9,587,560
Other Revenues	5,380	437	283,174	288,991
Total Operating Revenues	4,800,783	3,785,173	1,293,900	9,879,856
Operating Expenses:				
Personal Services	1,562,410	1,318,172	714,399	3,594,981
Contractual Services	835,988	608,715	394,402	1,839,105
Materials and Supplies	762,572	246,396	426,320	1,435,288
Depreciation	874,644	759,711	284,592	1,918,947
Other Expenses	54,412	507,893	123,373	685,678
Total Operating Expenses	4,090,026	3,440,887	1,943,086	9,473,999
Operating Income (Loss)	710,757	344,286	(649,186)	405,857
Non-Operating Revenues (Expenses):				
Investment Earnings	179,466	231,725	5,518	416,709
Interest (Expense)	(484,900)	(335,873)	(7,777)	(828,550)
Operating Grants	79,150	0	0	79,150
Total Non-Operating Revenues (Expenses)	(226,284)	(104,148)	(2,259)	(332,691)
Income (Loss) Before Contributions and Transfers	484,473	240,138	(651,445)	73,166
Capital Grants and Contributions	576,187	589,142	188,991	1,354,320
Transfers In	0	0	825,000	825,000
Change in Net Assets	1,060,660	829,280	362,546	2,252,486
Net Assets Beginning of Year, Restated	19,116,090	20,523,676	6,726,460	46,366,226
Net Assets End of Year	\$20,176,750	\$21,352,956	\$7,089,006	\$48,618,712

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, 2005

Business-Type Activities - Enterprise Funds

	Water	Sanitary Sewer	Other Enterprise Funds	Total Business-Type Activities
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$4,812,233	\$3,785,325	\$1,278,538	\$9,876,096
Cash Payments to Employees	(1,514,150)	(1,282,041)	(739,346)	(3,535,537)
Cash Payments to Suppliers	(1,469,623)	(1,296,916)	(937,773)	(3,704,312)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,828,460</b>	<b>1,206,368</b>	<b>(398,581)</b>	<b>2,636,247</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Payments from Other Funds	0	0	825,000	825,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>0</b>	<b>0</b>	<b>825,000</b>	<b>825,000</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Payments for Capital Acquisitions	(358,418)	(794,605)	(88,591)	(1,241,614)
Debt Principal Payments	(815,000)	(520,884)	(69,000)	(1,404,884)
Debt Interest Payments	(575,476)	(441,306)	(8,108)	(1,024,890)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,748,894)</b>	<b>(1,756,795)</b>	<b>(165,699)</b>	<b>(3,671,388)</b>
<b>Cash Flows from Investing Activities:</b>				
Earnings on Investments	168,830	219,521	5,283	393,634
<b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>	<b>168,830</b>	<b>219,521</b>	<b>5,283</b>	<b>393,634</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>248,396</b>	<b>(330,906)</b>	<b>266,003</b>	<b>183,493</b>
Cash and Cash Equivalents Beginning of Year	7,821,888	10,797,907	544,291	19,164,086
Cash and Cash Equivalents End of Year	8,070,284	10,467,001	810,294	19,347,579
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	710,757	344,286	(649,186)	405,857
Adjustments:				
Depreciation	874,644	759,711	284,592	1,918,947
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	11,450	152	(15,362)	(3,760)
(Increase) Decrease in Inventory	6,783	0	0	6,783
Increase (Decrease) in Payables	176,566	66,088	6,322	248,976
Increase (Decrease) in Accrued Liabilities	48,260	36,131	(24,947)	59,444
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$1,828,460</b>	<b>\$1,206,368</b>	<b>(\$398,581)</b>	<b>\$2,636,247</b>
<b>Schedule of Noncash Capital Activities:</b>				
During the fiscal year, these amounts were received representing noncash contributions of:				
Capital Assets	\$576,187	\$589,142	\$188,991	\$1,354,320

See accompanying notes to the basic financial statements.



City of Troy, Ohio  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2005

---

	<u>Cemetery</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Investments	\$266,499	\$163,782
Receivables:		
Interest	<u>980</u>	<u>102</u>
Total Assets	<u>267,479</u>	<u>\$163,884</u>
Liabilities:		
Accounts Payable	330	0
Other Liabilities	<u>0</u>	<u>163,884</u>
Total Liabilities	<u>330</u>	<u>\$163,884</u>
Net Assets:		
Restricted for Endowment - Expendable	157,057	
Restricted for Endowment - Nonexpendable	<u>110,092</u>	
Total Net Assets	<u>\$267,149</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, 2005

---

	<u>Cemetery</u>
Additions:	
Investment Earnings	\$5,963
Other	<u>5</u>
Total Additions	<u>5,968</u>
Deductions:	
Public Health and Welfare	<u>5,336</u>
Total Deductions	<u>5,336</u>
Change in Net Assets	632
Net Assets Beginning of Year	<u>266,517</u>
Net Assets End of Year	<u>\$267,149</u>

See accompanying notes to the basic financial statements.

## City of Troy

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

#### 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. The Cemetery private purpose trust fund is used to account for the receipt of monies (investment earnings) to be used for general care and maintenance of the cemetery. It also accounts for donations received where the donor desires the principal amount donated to remain intact and investment earnings to be used for the general care and maintenance of the cemetery. The Stouder Playground agency fund is used to account for the receipt of monies to be used for the acquisition and maintenance of playground equipment. The Paul G. Duke agency fund is used to account for the receipt of monies to be used for the acquisition and improvement of parks and recreation facilities. The Unclaimed Funds agency fund is used for the receipt of unclaimed monies. The Tri-Centennial agency fund is used to account for receipt of monies to be used for tri-centennial activities. The Imprest Cash agency fund is used to account for assets and liabilities of the imprest cash fund. The Enterprise Zone agency fund is used to account for assets received and disbursed as agent relative to enterprise zone activities.

## **Basis of Accounting**

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

## Revenues - Exchange and Non-exchange Transactions

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

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

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

#### Deferred Revenue

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

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

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

#### Unearned Revenue

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

#### Expenses/Expenditures

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

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



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

To improve cash management the City's cash and investments are pooled. Monies for all funds, except cash and investments held in segregated accounts, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the 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), but not at year-end. 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.

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 2005 amounted to \$1,559,819. The general fund interest revenue was \$1,078,273, which includes \$696,501 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 and Trucks	3-20 years	5-20 years

### **Compensated Absences**

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

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

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

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

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

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

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

### **Estimates**

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

### **3. EQUITY IN POOLED CASH AND INVESTMENTS**

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

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

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

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

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

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

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

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

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

### **Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2005, \$1,612,325 of the City's bank balance of \$1,872,536 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

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

### **Investments**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Government Securities	\$55,772,120	2.22
Money Market Fund	4,318,283	0.00
Troy Long-Term Debt		
Held by the City	<u>1,847,000</u>	27.61
Total Fair Value	<u>\$61,937,403</u>	
Portfolio Weighted Average Maturity		2.82

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

Credit Risk – It is the City’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The City’s investments in Federal Government Securities and in Money Market Funds were rated AAA by Standard and Poor’s and Fitch ratings and Aaa by Moody’s Investors Service. The City’s Troy Long-Term Debt held by the City is not rated.

Concentration of credit risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 90% of the City’s investments in Federal Government Securities, 7% in money market funds and 3% in repurchase agreements and Troy Long-Term Debt held by the City.

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

#### 4. RECEIVABLES

Receivables at year end, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements 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 \$1,188,601.

##### Property Taxes

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

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 100 percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

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

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

Real Property	\$406,825,130
Public Utility	11,115,360
Tangible Personal Property	<u>125,877,320</u>
Total Valuation	<u>\$543,817,810</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.



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

General Liability: \$7,000,000/occurrence  
Automobile Liability: \$7,000,000/occurrence  
MVRMA coverage: \$2 million/occurrence with \$1 million excess \$1 million reinsured by Government Entities Mutual, Inc. (GEM)  
Excess Insurance: \$5 million/occurrence excess \$2 million insured by Illinois Union Insurance Co. (ACE) – Annual Aggregate \$15 million per member

Police Professional Liability  
MVRMA coverage: \$2 million/occurrence with \$1 million excess \$1 million reinsured by GEM  
Excess Insurance: \$5 million/occurrence excess \$2 million insured by Illinois Union Insurance Co. (ACE) – Annual Aggregate \$10 million per member\*

Employment Practices Liability and Public Officials Liability  
MVRMA coverage: \$2 million/occurrence and aggregate per member with \$1 million excess \$1 million reinsured by GEM  
Excess Insurance: \$5 million/occurrence excess \$2 million insured by Illinois Union Insurance Co. (ACE) – Annual Aggregate \$10 million per member\*

Property:  
\$1 billion/occurrence  
MVRMA SIR: \$200,000/occurrence  
Coverage excess SIR provided by PEPiP USA with carriers as follows:  
Lexington Insurance Company (Primary \$10 million)  
Excess carriers (\$990 million excess \$10 million):  
Lloyds of London  
Great Lakes  
Commonwealth Ins. Co.  
Essex Insurance Corp.  
Arch Insurance  
Insurance Company of the West

Flood (included in property policy):  
\$25 million/occurrence and annual aggregate (Flood Zone A & V -\$5 million/occurrence and annual aggregate)  
MVRMA SIR: \$100,000/occurrence excluding Flood Zones A & V  
MVRMA SIR: \$250,000/occurrence Flood Zones A & V

Earthquake (included in property policy):  
\$25 million/occurrence and annual aggregate  
MVRMA SIR: \$100,000/occurrence

Boiler & Machinery (included in PEPiP Program):  
\$100,000,000/occurrence  
MVRMA SIR: \$5,000/occurrence  
Coverage excess SIR provided by Continental Casualty

\*Note: Police Professional, Employment Practices & Public Officials Liability are combined in a single aggregate limit of \$10 million per member by Illinois Union Insurance Co. (ACE).

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:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$11,793,975	\$220,756	\$0	\$12,014,731
Construction in Progress	3,596,147	2,845,589	798,807	5,642,929
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	10,741,597	7,359	7,388	10,741,568
Equipment	7,252,795	860,229	460,986	7,652,038
Infrastructure	21,697,148	2,479,853	0	24,177,001
Totals at Historical Cost	<u>55,081,662</u>	<u>6,413,786</u>	<u>1,267,181</u>	<u>60,228,267</u>
Less Accumulated Depreciation:				
Buildings and Improvements	3,654,462	373,125	7,388	4,020,199
Equipment	4,507,229	622,657	417,975	4,711,911
Infrastructure	9,172,399	404,572	0	9,576,971
Total Accumulated Depreciation	<u>\$17,334,090</u>	<u>\$1,400,354</u>	<u>\$425,363</u>	<u>\$18,309,081</u>
Governmental Activities Capital Assets, Net	<u>\$37,747,572</u>	<u>\$5,013,432</u>	<u>\$841,818</u>	<u>\$41,919,186</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$538,683	\$0	\$0	\$538,683
Construction in Progress	4,246,415	1,072,883	4,225,367	1,093,931
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	37,385,918	3,388,325	0	40,774,243
Equipment	7,989,766	1,251,368	76,552	9,164,582
Infrastructure	21,467,398	1,165,329	0	22,632,727
Totals at Historical Cost	<u>71,628,180</u>	<u>6,877,905</u>	<u>4,301,919</u>	<u>74,204,166</u>
Less Accumulated Depreciation:				
Buildings and Improvements	12,178,514	1,026,747	0	13,205,261
Equipment	2,028,814	419,892	19,948	2,428,758
Infrastructure	9,808,262	472,308	0	10,280,570
Total Accumulated Depreciation	<u>\$24,015,590</u>	<u>\$1,918,947</u>	<u>\$19,948</u>	<u>\$25,914,589</u>
Business-Type Activities Capital Assets, Net	<u>\$47,612,590</u>	<u>\$4,958,958</u>	<u>\$4,281,971</u>	<u>\$48,289,577</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$505,088
Public Safety	268,451
Leisure Time	300,908
Transporation	215,757
Basic Utility	70,665
Community Development	39,485
Total Depreciation Expense	<u>\$1,400,354</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. Compensated absences are reported in governmental funds only if they have matured. 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. 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>						
Central Maintenance Facility	6.25%	\$160,000	\$0	(\$80,000)	\$80,000	\$80,000
McKaig Storm Sewer Phase II	6.25%	60,000	0	(30,000)	30,000	30,000
McKaig Storm Sewer Phase III	7.13%	160,000	0	(40,000)	120,000	40,000
Safety Facilities	4.70%	360,000	0	(360,000)	0	0
Stadium Improvement	2.00%	2,890,000	0	(110,000)	2,780,000	115,000
Tax Increment Financing	6.00%	1,800,000	0	(25,000)	1,775,000	25,000
Elm Street Improvements	2.00-4.75%	595,000	0	(15,000)	580,000	20,000
Aquatic Center	2.00-4.75%	3,945,000	0	(105,000)	3,840,000	150,000
Cemetery Maintenance Building	2.00-4.75%	455,000	0	(10,000)	445,000	15,000
Fire Station	2.00-4.75%	2,515,000	0	(70,000)	2,445,000	95,000
Total General Obligation Bonds		<u>12,940,000</u>	<u>0</u>	<u>(845,000)</u>	<u>12,095,000</u>	<u>570,000</u>
<u>Special Assessment Bonds</u>						
Street Improvement - Exp. Farm Rd.	8.50%	9,000	0	(9,000)	0	0
Street Improvement - St. Rt. 55	7.13%	56,000	0	(14,000)	42,000	14,000
Street Improvement - Dorset Rd.	7.35%	200,000	0	(40,000)	160,000	40,000
Street Improvement - Exp. Farm Rd.	3.35%	70,000	0	(10,000)	60,000	10,000
Total Special Assessment Bonds		<u>335,000</u>	<u>0</u>	<u>(73,000)</u>	<u>262,000</u>	<u>64,000</u>
Total Long-Term Liabilities Bonds		13,275,000	0	(918,000)	12,357,000	634,000
Compensated Absences		<u>1,386,017</u>	<u>549,634</u>	<u>(472,447)</u>	<u>1,463,204</u>	<u>471,556</u>
Total Governmental Activities		<u>\$14,661,017</u>	<u>\$549,634</u>	<u>(\$1,390,447)</u>	<u>\$13,820,204</u>	<u>\$1,105,556</u>

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Business Type Activities</b>						
<u>General Obligation Bonds</u>						
Southwest Interceptor Sewer	6.25%	\$140,000	\$0	(\$70,000)	\$70,000	\$70,000
Water Improvement Towers	3.35%	1,570,000	0	(195,000)	1,375,000	205,000
Wastewater System Improvement*	4.70%	3,055,000	0	(2,835,000)	220,000	220,000
Waterplant Expansion I*	4.55%	3,575,000	0	(1,995,000)	1,580,000	225,000
Golf Course Improvement	5.75%	141,000	0	(69,000)	72,000	72,000
Waterplant Expansion II*	4.38%	5,270,000	0	(4,650,000)	620,000	300,000
Wastewater System Improvement	4.35%	2,730,000	0	(125,000)	2,605,000	135,000
Wastewater Improvement IIIC&VA	0.00%	400,000	0	(25,000)	375,000	25,000
Water Line Extension	2.00%	855,000	0	(95,000)	760,000	95,000
Southeast Area Sewer Generators	2.00-4.75%	1,310,000	0	(35,000)	1,275,000	50,000
	2.00-4.75%	1,210,000	0	(35,000)	1,175,000	45,000
Refunding Wastewater System Improvement	4.00-5.00%	0	2,550,000	0	2,550,000	15,000
Refunding Waterplant Expansion I	5.00%	0	1,705,000	0	1,705,000	0
Refunding Waterplant Expansion II	4.00-5.00%	0	4,330,000	0	4,330,000	20,000
<b>Total General Obligation Bonds</b>		<u>20,256,000</u>	<u>8,585,000</u>	<u>(10,129,000)</u>	<u>18,712,000</u>	<u>1,477,000</u>
<b>Notes Payable</b>						
Ohio Water Development Authority, Sewer System Improvements	5.50%	20,884	0	(20,884)	0	0
<b>Compensated Absences</b>		<u>674,475</u>	<u>253,794</u>	<u>(215,432)</u>	<u>712,837</u>	<u>182,353</u>
<b>Total Business-Type Activities</b>		<u>\$20,951,359</u>	<u>\$8,838,794</u>	<u>(\$10,365,316)</u>	<u>\$19,424,837</u>	<u>\$1,659,353</u>

\* - \$8,585,000 of \$9,480,000 retired represents advance refunding dated December 1, 2005.

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 December 31</u>	<u>General Obligation Bonds</u>		<u>Special Assessment Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$2,047,000	\$1,417,927	\$64,000	\$17,628
2007	1,860,000	1,333,073	64,000	13,235
2008	1,910,000	1,258,116	64,000	8,833
2009	1,965,000	1,177,036	50,000	4,420
2010	2,050,000	1,089,421	10,000	995
2011-2015	10,110,000	4,064,728	10,000	500
2016-2020	6,465,000	1,940,171	0	0
2021-2025	3,515,000	695,973	0	0
2026-2030	430,000	216,300	0	0
2031-2034	455,000	70,200	0	0
<b>Total</b>	<u>\$30,807,000</u>	<u>\$13,262,945</u>	<u>\$262,000</u>	<u>\$45,611</u>

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.

## **9. ADVANCED REFUNDING**

On December 1, 2005, the City issued \$9,283,811 in General Obligation bonds with an average interest rate of 4.85% of which \$8,585,000 was used to advance refund \$8,745,000 of outstanding 1995 Wastewater System Improvement, 1996 Water Plant Expansion I and 1997 Water Plant Expansion II bonds with an average interest rate of 5.24%. The net proceeds of \$9,096,448 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the 1995 Wastewater System Improvement, 1996 Water Plant Expansion I and 1997 Water Plant Expansion II bonds. As a result, \$8,745,000 of the 1995 Wastewater System Improvement, 1996 Water Plant Expansion I and 1997 Water Plant Expansion II bonds are considered to be defeased and the related liability for those bonds has been removed from the Statement of Net Assets.

The City partially advance refunded the 1995 Wastewater System Improvement, 1996 Water Plant Expansion I and 1997 Water Plant Expansion II bonds to reduce its total debt service payments by \$524,264 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$417,419.

## **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 or by calling 614-222-6701 or 800-222-7377.

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, 2005, 2004 and 2003 were \$938,267, \$859,438, and \$836,613, respectively. The full amount has been contributed for 2004 and 2003 and 100% has been contributed for 2005.

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer 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, 2005, 2004 and 2003 were \$1,136,612, \$1,042,776 and \$1,019,641, respectively. The full amount has been contributed for 2004 and 2003 and 71% has been contributed for 2005.

## **11. POST EMPLOYMENT BENEFITS**

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

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

At December 31, 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$276,979. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

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

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

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



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

The City's actual contributions for the current year that were used to fund postemployment benefits were \$204,608 for police and \$200,787 for fire. The OP&F's total health care expenses for the year ended December 31, 2004, (the latest information available) were \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

## 12. CONSTRUCTION AND OTHER COMMITMENTS

The City had the following outstanding commitments at year end:

Projects	Amount
Sewer Plant	\$243,397
Water Treatment Plant	710,924
Pool Design	30,803
Street Lighting	49,094
Public Restrooms Improvements	165,160
Sidewalk Replacement	187,188
Generators	36,339
Fire Station	63,039
Street Improvements	272,753
Other	<u>102,062</u>
Total	<u>\$1,860,759</u>

## 13. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2005 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$419,006	\$2,739,006
Capital Improvement	585,000	0
Other Governmental Funds	2,885,000	1,975,000
Other Enterprises Funds	<u>825,000</u>	<u>0</u>
Total All Funds	<u>\$4,714,006</u>	<u>\$4,714,006</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 \$157,057. The City authorizes expenditures from donor-restricted endowment in compliance with the wishes expressed by the donor and the Ohio Revised Code.

**15. PRIOR PERIOD ADJUSTMENT**

The beginning net assets has been adjusted for correction to the capital assets detail due to an overstatement of depreciation expense in the Water Fund and an understatement of depreciation expense in the Sewer Fund.

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Business Type Activities</u>
December 31, 2004 Net Assets, as previously stated	\$19,030,009	\$20,673,223	\$46,429,692
Net Capital Assets	<u>86,081</u>	<u>(149,547)</u>	<u>(63,466)</u>
December 31, 2004 Net Assets, as restated	<u>\$19,116,090</u>	<u>\$20,523,676</u>	<u>\$46,366,226</u>

**16. CHANGE IN ACCOUNTING PRINCIPLE**

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

**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, 2005

General  
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$13,423,058	\$13,445,537	\$13,967,576	\$522,039
Fines, Licenses & Permits	90,794	86,900	94,477	7,577
Intergovernmental	1,743,680	1,792,960	1,814,414	21,454
Special Assessments	1,983	1,000	2,063	1,063
Charges for Services	1,244,560	1,272,010	1,295,047	23,037
Investment Earnings	1,396,522	1,377,877	1,453,173	75,296
Other Revenues	273,853	213,400	284,962	71,562
<b>Total Revenues</b>	<b>18,174,450</b>	<b>18,189,684</b>	<b>18,911,712</b>	<b>722,028</b>
Expenditures:				
Current:				
General Government	4,903,903	4,958,905	4,223,172	735,733
Public Safety	8,567,677	8,567,152	8,347,035	220,117
Leisure Time Activities	1,474,064	1,474,064	1,371,045	103,019
Community Development	872,181	872,181	734,699	137,482
Basic Utility Service	1,809,973	1,809,973	1,692,550	117,423
<b>Total Expenditures</b>	<b>17,627,798</b>	<b>17,682,275</b>	<b>16,368,501</b>	<b>1,313,774</b>
Excess of Revenues Over (Under) Expenditures	546,652	507,409	2,543,211	2,035,802
Other financing sources (uses):				
Transfers In	10,722,702	11,157,600	11,157,678	78
Transfers (Out)	(13,700,000)	(13,980,000)	(13,477,105)	502,895
<b>Total Other Financing Sources (Uses)</b>	<b>(2,977,298)</b>	<b>(2,822,400)</b>	<b>(2,319,427)</b>	<b>502,973</b>
<b>Net Change in Fund Balance</b>	<b>(2,430,646)</b>	<b>(2,314,991)</b>	<b>223,784</b>	<b>2,538,775</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	35,173,084	35,173,084	35,173,084	0
<b>Fund Balance End of Year</b>	<b>\$32,742,438</b>	<b>\$32,858,093</b>	<b>\$35,396,868</b>	<b>\$2,538,775</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	\$154,765
Net Adjustment for Revenue Accruals	11,173,450
Net Adjustment for Expenditure Accruals	(10,680,587)
Encumbrances	<u>(423,844)</u>
Budget Basis	<u>\$223,784</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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$4,048,807	\$135,285	\$560,316	\$4,744,408
<b>Receivables:</b>				
Taxes	226,251	0	0	226,251
Accounts	11,306	0	0	11,306
Interest	8,617	0	0	8,617
Intergovernmental	503,930	0	979,700	1,483,630
Notes	1,904,255	0	0	1,904,255
Special Assessments	5,054	298,231	0	303,285
<b>Total Assets</b>	<b>6,708,220</b>	<b>433,516</b>	<b>1,540,016</b>	<b>8,681,752</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	36,776	0	0	36,776
Accrued Wages and Benefits	81,128	0	0	81,128
Retainage Payable	3,205	0	38,260	41,465
Deferred Revenue	471,620	298,231	450,000	1,219,851
<b>Total Liabilities</b>	<b>592,729</b>	<b>298,231</b>	<b>488,260</b>	<b>1,379,220</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	227,758	0	157,634	385,392
Reserved for Notes Receivable	1,904,255	0	0	1,904,255
<b>Unreserved, Undesignated, Reported in:</b>				
Special Revenue Funds	3,983,478	0	0	3,983,478
Debt Service Funds	0	135,285	0	135,285
Capital Projects Funds	0	0	894,122	894,122
<b>Total Fund Balances</b>	<b>6,115,491</b>	<b>135,285</b>	<b>1,051,756</b>	<b>7,302,532</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$6,708,220</b>	<b>\$433,516</b>	<b>\$1,540,016</b>	<b>\$8,681,752</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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$342,362	\$377,280	\$0	\$719,642
Fines, Licenses & Permits	17,119	0	0	17,119
Charges for Services	321,880	0	0	321,880
Investment Earnings	49,391	15,447	0	64,838
Intergovernmental	1,178,387	0	529,700	1,708,087
Special Assessments	0	92,814	0	92,814
Other Revenues	91,422	0	0	91,422
<b>Total Revenues</b>	<b>2,000,561</b>	<b>485,541</b>	<b>529,700</b>	<b>3,015,802</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	60,307	0	0	60,307
Leisure Time Activities	197,231	0	0	197,231
Community Development	2,689	0	0	2,689
Transportation and Street Repair	2,066,280	0	0	2,066,280
Public Health and Welfare	467,916	0	0	467,916
Capital Outlay	274,225	0	1,078,231	1,352,456
<b>Debt Service:</b>				
Principal Retirement	0	893,000	25,000	918,000
Interest and Fiscal Charges	0	565,225	108,000	673,225
Other	0	11,135	0	11,135
<b>Total Expenditures</b>	<b>3,068,648</b>	<b>1,469,360</b>	<b>1,211,231</b>	<b>5,749,239</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,068,087)</b>	<b>(983,819)</b>	<b>(681,531)</b>	<b>(2,733,437)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,515,000	1,100,000	270,000	2,885,000
Transfers (Out)	(1,975,000)	0	0	(1,975,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(460,000)</b>	<b>1,100,000</b>	<b>270,000</b>	<b>910,000</b>
<b>Net Change in Fund Balance</b>	<b>(1,528,087)</b>	<b>116,181</b>	<b>(411,531)</b>	<b>(1,823,437)</b>
<b>Fund Balance Beginning of Year</b>	<b>7,643,578</b>	<b>19,104</b>	<b>1,463,287</b>	<b>9,125,969</b>
<b>Fund Balance End of Year</b>	<b>\$6,115,491</b>	<b>\$135,285</b>	<b>\$1,051,756</b>	<b>\$7,302,532</b>

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

	Street Construction, Maintenance and Repair	State Highway Improvement	Cemetery	Safety - Income Tax	Municipal Real Property
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$743,325	\$61,069	\$24,090	\$805,625	\$447,571
<b>Receivables:</b>					
Taxes	0	0	0	157,793	0
Accounts	3,308	0	5,810	0	0
Interest	0	225	0	0	1,647
Intergovernmental	444,577	36,047	0	0	19,936
Notes	0	0	0	0	0
Special Assessments	5,054	0	0	0	0
<b>Total Assets</b>	<b>1,196,264</b>	<b>97,341</b>	<b>29,900</b>	<b>963,418</b>	<b>469,154</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	31,604	1,892	3,005	0	275
Accrued Wages and Benefits	63,345	0	17,783	0	0
Retainage Payable	0	0	0	0	3,205
Deferred Revenue	366,898	29,339	0	0	4,984
<b>Total Liabilities</b>	<b>461,847</b>	<b>31,231</b>	<b>20,788</b>	<b>0</b>	<b>8,464</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	177,994	9,622	0	0	9,940
Reserved for Notes Receivable	0	0	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	556,423	56,488	9,112	963,418	450,750
<b>Total Fund Balances</b>	<b>734,417</b>	<b>66,110</b>	<b>9,112</b>	<b>963,418</b>	<b>460,690</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,196,264</b>	<b>\$97,341</b>	<b>\$29,900</b>	<b>\$963,418</b>	<b>\$469,154</b>

Miami Conservancy District	Recreational Programs	Parks and Recreation Improvement	Community Development Block Grant	Parking Improvement	Drug Law Enforcement	Law Enforcement
\$91,385	\$165,434	\$147,056	\$659,682	\$196,020	\$10,101	\$32,322
68,458	0	0	0	0	0	0
0	743	0	0	1,075	0	0
0	609	541	2,427	721	0	0
3,370	0	0	0	0	0	0
0	0	0	1,904,255	0	0	0
0	0	0	0	0	0	0
<u>163,213</u>	<u>166,786</u>	<u>147,597</u>	<u>2,566,364</u>	<u>197,816</u>	<u>10,101</u>	<u>32,322</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
70,399	0	0	0	0	0	0
<u>70,399</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	13,447	0	0	0	0	16,755
0	0	0	1,904,255	0	0	0
<u>92,814</u>	<u>153,339</u>	<u>147,597</u>	<u>662,109</u>	<u>197,816</u>	<u>10,101</u>	<u>15,567</u>
<u>92,814</u>	<u>166,786</u>	<u>147,597</u>	<u>2,566,364</u>	<u>197,816</u>	<u>10,101</u>	<u>32,322</u>
<u>\$163,213</u>	<u>\$166,786</u>	<u>\$147,597</u>	<u>\$2,566,364</u>	<u>\$197,816</u>	<u>\$10,101</u>	<u>\$32,322</u>

Continued

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

	Cemetery Endowment	Total Nonmajor Special Revenue Funds
Assets:		
Equity in Pooled Cash and Investments	\$665,127	\$4,048,807
Receivables:		
Taxes	0	226,251
Accounts	370	11,306
Interest	2,447	8,617
Intergovernmental	0	503,930
Notes	0	1,904,255
Special Assessments	0	5,054
<b>Total Assets</b>	<b>667,944</b>	<b>6,708,220</b>
Liabilities and Fund Balances:		
Liabilities:		
Accounts Payable	0	36,776
Accrued Wages and Benefits	0	81,128
Retainage Payable	0	3,205
Deferred Revenue	0	471,620
<b>Total Liabilities</b>	<b>0</b>	<b>592,729</b>
Fund Balances:		
Reserved for Encumbrances	0	227,758
Reserved for Notes Receivable	0	1,904,255
Unreserved, Undesignated, Reported in: Special Revenue Funds	667,944	3,983,478
<b>Total Fund Balances</b>	<b>667,944</b>	<b>6,115,491</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$667,944</b>	<b>\$6,708,220</b>

**THIS PAGE INTENTIONALLY LEFT BLANK**

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, 2005

	Street Construction, Maintenance and Repair	State Highway Improvement	Cemetery	Safety - Income Tax	Municipal Real Property
Revenues:					
Taxes	\$0	\$0	\$0	\$269,436	\$0
Fines, Licenses & Permits	0	0	0	0	0
Charges for Services	7,031	0	134,497	0	0
Investment Earnings	0	1,794	0	0	13,311
Intergovernmental	1,030,794	79,001	0	0	44,019
Other Revenues	3,476	0	0	0	9
<b>Total Revenues</b>	<b>1,041,301</b>	<b>80,795</b>	<b>134,497</b>	<b>269,436</b>	<b>57,339</b>
Expenditures:					
Current:					
General Government	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Development	0	0	0	0	0
Transportation and Street Repair	2,001,150	65,130	0	0	0
Public Health and Welfare	0	0	467,916	0	0
Capital Outlay	0	0	0	0	274,225
<b>Total Expenditures</b>	<b>2,001,150</b>	<b>65,130</b>	<b>467,916</b>	<b>0</b>	<b>274,225</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(959,849)</b>	<b>15,665</b>	<b>(333,419)</b>	<b>269,436</b>	<b>(216,886)</b>
Other Financing Sources (Uses):					
Transfers In	1,200,000	0	315,000	0	0
Transfers (Out)	0	0	0	(1,975,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,200,000</b>	<b>0</b>	<b>315,000</b>	<b>(1,975,000)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>240,151</b>	<b>15,665</b>	<b>(18,419)</b>	<b>(1,705,564)</b>	<b>(216,886)</b>
<b>Fund Balance Beginning of Year</b>	<b>494,266</b>	<b>50,445</b>	<b>27,531</b>	<b>2,668,982</b>	<b>677,576</b>
<b>Fund Balance End of Year</b>	<b>\$734,417</b>	<b>\$66,110</b>	<b>\$9,112</b>	<b>\$963,418</b>	<b>\$460,690</b>



Miami Conservancy District	Recreational Programs	Parks and Recreation Improvement	Community Development Block Grant	Parking Improvement	Drug Law Enforcement	Law Enforcement
\$68,434	\$0	\$0	\$4,492	\$0	\$0	\$0
0	0	0	0	14,235	489	2,395
0	157,248	0	0	1,075	0	0
0	3,878	3,447	9,020	3,977	0	0
6,649	0	0	17,924	0	0	0
0	4,003	13,230	68,897	4	1,791	0
<u>75,083</u>	<u>165,129</u>	<u>16,677</u>	<u>100,333</u>	<u>19,291</u>	<u>2,280</u>	<u>2,395</u>
60,307	0	0	0	0	0	0
0	146,506	50,725	0	0	0	0
0	0	0	2,689	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>60,307</u>	<u>146,506</u>	<u>50,725</u>	<u>2,689</u>	<u>0</u>	<u>0</u>	<u>0</u>
14,776	18,623	(34,048)	97,644	19,291	2,280	2,395
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
14,776	18,623	(34,048)	97,644	19,291	2,280	2,395
78,038	148,163	181,645	2,468,720	178,525	7,821	29,927
<u>\$92,814</u>	<u>\$166,786</u>	<u>\$147,597</u>	<u>\$2,566,364</u>	<u>\$197,816</u>	<u>\$10,101</u>	<u>\$32,322</u>

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, 2005

	Cemetery Endowment	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>		
Taxes	\$0	\$342,362
Fines, Licenses & Permits	0	17,119
Charges for Services	22,029	321,880
Investment Earnings	13,964	49,391
Intergovernmental	0	1,178,387
Other Revenues	12	91,422
<b>Total Revenues</b>	<b>36,005</b>	<b>2,000,561</b>
<b>Expenditures:</b>		
<b>Current:</b>		
General Government	0	60,307
Leisure Time Activities	0	197,231
Community Development	0	2,689
Transportation and Street Repair	0	2,066,280
Public Health and Welfare	0	467,916
Capital Outlay	0	274,225
<b>Total Expenditures</b>	<b>0</b>	<b>3,068,648</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>36,005</b>	<b>(1,068,087)</b>
<b>Other Financing Sources (Uses):</b>		
Transfers In	0	1,515,000
Transfers (Out)	0	(1,975,000)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(460,000)</b>
<b>Net Change in Fund Balance</b>	<b>36,005</b>	<b>(1,528,087)</b>
<b>Fund Balance Beginning of Year</b>	<b>631,939</b>	<b>7,643,578</b>
<b>Fund Balance End of Year</b>	<b>\$667,944</b>	<b>\$6,115,491</b>

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

	OPWC Project Fund	TIF 2003 Fund	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$353,445	\$206,871	\$560,316
<b>Receivables:</b>			
Intergovernmental	979,700	0	979,700
<b>Total Assets</b>	<b>1,333,145</b>	<b>206,871</b>	<b>1,540,016</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Retainage Payable	38,260	0	38,260
Deferred Revenue	450,000	0	450,000
<b>Total Liabilities</b>	<b>488,260</b>	<b>0</b>	<b>488,260</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	157,634	0	157,634
Unreserved, Undesignated, Reported in: Capital Projects Funds	687,251	206,871	894,122
<b>Total Fund Balances</b>	<b>844,885</b>	<b>206,871</b>	<b>1,051,756</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,333,145</b>	<b>\$206,871</b>	<b>\$1,540,016</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, 2005

	OPWC Project Fund	TIF 2003 Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Intergovernmental	\$529,700	\$0	\$529,700
Total Revenues	529,700	0	529,700
Expenditures:			
Current:			
Capital Outlay	957,295	120,936	1,078,231
Debt Service:			
Principal Retirement	0	25,000	25,000
Interest and Fiscal Charges	0	108,000	108,000
Total Expenditures	957,295	253,936	1,211,231
Excess of Revenues Over (Under) Expenditures	(427,595)	(253,936)	(681,531)
Other Financing Sources (Uses):			
Transfers In	270,000	0	270,000
Total Other Financing Sources (Uses)	270,000	0	270,000
Net Change in Fund Balance	(157,595)	(253,936)	(411,531)
Fund Balance Beginning of Year	1,002,480	460,807	1,463,287
Fund Balance End of Year	\$844,885	\$206,871	\$1,051,756

**THIS PAGE INTENTIONALLY LEFT BLANK**

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

	Hobart Arena	Swimming Pool	Parking Meter	Miami Shores	Stadium
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$370,010	\$199,842	\$19,634	\$164,861	\$55,947
<b>Receivables:</b>					
Accounts	44,526	0	0	0	0
Interest	0	0	72	607	0
<b>Total Current Assets</b>	<b>414,536</b>	<b>199,842</b>	<b>19,706</b>	<b>165,468</b>	<b>55,947</b>
Nondepreciable Capital Assets	20,900	10,450	189,961	46,997	49,638
Depreciable Capital Assets, Net	2,342,506	48,125	10,500	437,335	3,285,052
<b>Total Noncurrent Assets</b>	<b>2,363,406</b>	<b>58,575</b>	<b>200,461</b>	<b>484,332</b>	<b>3,334,690</b>
<b>Total Assets</b>	<b>2,777,942</b>	<b>258,417</b>	<b>220,167</b>	<b>649,800</b>	<b>3,390,637</b>
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts Payable	25,452	3,226	632	2,438	0
Accrued Wages and Benefits	23,044	0	2,224	16,021	0
Compensated Absences	14,634	0	669	8,038	0
Accrued Interest Payable	0	0	0	345	0
Long-Term Liabilities Due Within One Year	0	0	0	72,000	0
<b>Total Current Liabilities</b>	<b>63,130</b>	<b>3,226</b>	<b>3,525</b>	<b>98,842</b>	<b>0</b>
<b>Long-Term Liabilities:</b>					
Compensated Absences	9,541	0	436	29,257	0
<b>Total Noncurrent Liabilities</b>	<b>9,541</b>	<b>0</b>	<b>436</b>	<b>29,257</b>	<b>0</b>
<b>Total Liabilities</b>	<b>72,671</b>	<b>3,226</b>	<b>3,961</b>	<b>128,099</b>	<b>0</b>
<b>Net Assets:</b>					
Invested in Capital Assets, Net of Related Debt	2,363,406	58,575	200,461	412,332	3,334,690
Unrestricted	341,865	196,616	15,745	109,369	55,947
<b>Total Net Assets</b>	<b>\$2,705,271</b>	<b>\$255,191</b>	<b>\$216,206</b>	<b>\$521,701</b>	<b>\$3,390,637</b>

Total  
Nonmajor  
Enterprise  
Funds

\$810,294

44,526  
679

855,499

317,946  
6,123,518

6,441,464

7,296,963

31,748  
41,289  
23,341  
345  
72,000

168,723

39,234

39,234

207,957

6,369,464  
719,542

\$7,089,006

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, 2005

	Hobart Arena	Swimming Pool	Parking Meter	Miami Shores	Stadium
<b>Operating Revenues:</b>					
Fines, Licenses & Permits	\$0	\$0	\$3,305	\$0	\$0
Charges for Services	71,053	224,303	16,216	695,849	0
Other Revenues	248,295	3,369	0	19,510	12,000
<b>Total Operating Revenues</b>	<b>319,348</b>	<b>227,672</b>	<b>19,521</b>	<b>715,359</b>	<b>12,000</b>
<b>Operating Expenses:</b>					
Personal Services	320,150	94,641	34,867	264,741	0
Contractual Services	202,332	19,841	0	172,229	0
Materials and Supplies	11,610	194,098	1,600	219,012	0
Depreciation	117,985	8,750	4,200	69,425	84,232
Other Expenses	31,809	6,040	3,957	81,567	0
<b>Total Operating Expenses</b>	<b>683,886</b>	<b>323,370</b>	<b>44,624</b>	<b>806,974</b>	<b>84,232</b>
<b>Operating Income (Loss)</b>	<b>(364,538)</b>	<b>(95,698)</b>	<b>(25,103)</b>	<b>(91,615)</b>	<b>(72,232)</b>
<b>Non-Operating Revenues (Expenses):</b>					
Investment Earnings	0	0	706	4,812	0
Interest (Expense)	0	0	0	(7,777)	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>0</b>	<b>0</b>	<b>706</b>	<b>(2,965)</b>	<b>0</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(364,538)</b>	<b>(95,698)</b>	<b>(24,397)</b>	<b>(94,580)</b>	<b>(72,232)</b>
Capital Grants and Contributions	0	0	0	0	188,991
Transfers In	450,000	225,000	0	150,000	0
<b>Change in Net Assets</b>	<b>85,462</b>	<b>129,302</b>	<b>(24,397)</b>	<b>55,420</b>	<b>116,759</b>
<b>Net Assets Beginning of Year, Restated</b>	<b>2,619,809</b>	<b>125,889</b>	<b>240,603</b>	<b>466,281</b>	<b>3,273,878</b>
<b>Net Assets End of Year</b>	<b>\$2,705,271</b>	<b>\$255,191</b>	<b>\$216,206</b>	<b>\$521,701</b>	<b>\$3,390,637</b>



Total  
Nonmajor  
Enterprise  
Funds

\$3,305  
1,007,421  
283,174

1,293,900

714,399  
394,402  
426,320  
284,592  
123,373

1,943,086

(649,186)

5,518  
(7,777)

(2,259)

(651,445)

188,991  
825,000

362,546

6,726,460

\$7,089,006

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

	Hobart Arena	Swimming Pool	Parking Meter	Miami Shores	Stadium
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$303,986	\$227,672	\$19,521	\$715,359	\$12,000
Cash Payments to Employees	(311,419)	(94,641)	(34,646)	(298,640)	0
Cash Payments to Suppliers	(241,711)	(218,612)	(5,755)	(471,695)	0
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(249,144)</b>	<b>(85,581)</b>	<b>(20,880)</b>	<b>(54,976)</b>	<b>12,000</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Payments from Other Funds	450,000	225,000	0	150,000	0
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>450,000</b>	<b>225,000</b>	<b>0</b>	<b>150,000</b>	<b>0</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Payments for Capital Acquisitions	(88,591)	0	0	0	0
Debt Principal Payments	0	0	0	(69,000)	0
Debt Interest Payments	0	0	0	(8,108)	0
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(88,591)</b>	<b>0</b>	<b>0</b>	<b>(77,108)</b>	<b>0</b>
<b>Cash Flows from Investing Activities:</b>					
Earnings on Investments	0	0	731	4,552	0
<b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>	<b>0</b>	<b>0</b>	<b>731</b>	<b>4,552</b>	<b>0</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>112,265</b>	<b>139,419</b>	<b>(20,149)</b>	<b>22,468</b>	<b>12,000</b>
Cash and Cash Equivalents Beginning of Year	257,745	60,423	39,783	142,393	43,947
<b>Cash and Cash Equivalents End of Year</b>	<b>370,010</b>	<b>199,842</b>	<b>19,634</b>	<b>164,861</b>	<b>55,947</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	(364,538)	(95,698)	(25,103)	(91,615)	(72,232)
<b>Adjustments:</b>					
Depreciation	117,985	8,750	4,200	69,425	84,232
<b>Changes in Assets &amp; Liabilities:</b>					
(Increase) Decrease in Receivables	(15,362)	0	0	0	0
Increase (Decrease) in Payables	4,040	1,367	(198)	1,113	0
Increase (Decrease) in Accrued Liabilities	8,731	0	221	(33,899)	0
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(\$249,144)</b>	<b>(\$85,581)</b>	<b>(\$20,880)</b>	<b>(\$54,976)</b>	<b>\$12,000</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	\$188,991

Total  
Nonmajor  
Enterprise  
Funds

\$1,278,538  
(739,346)  
(937,773)

(398,581)

825,000

825,000

(88,591)  
(69,000)  
(8,108)

(165,699)

5,283

5,283

266,003

544,291

810,294

(649,186)

284,592

(15,362)

6,322

(24,947)

(\$398,581)

\$188,991

City of Troy, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2005

	Stouder Playground			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$16,334	\$503	\$167	\$16,670
Receivables:				
Interest	40	61	40	61
Total Assets	<u>16,374</u>	<u>564</u>	<u>207</u>	<u>16,731</u>
Liabilities:				
Other Liabilities	16,374	564	207	16,731
Total Liabilities	<u>\$16,374</u>	<u>\$564</u>	<u>\$207</u>	<u>\$16,731</u>

	Paul G. Duke			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$11,078	\$233	\$112	\$11,199
Receivables:				
Interest	27	41	27	41
Total Assets	<u>11,105</u>	<u>274</u>	<u>139</u>	<u>11,240</u>
Liabilities:				
Other Liabilities	11,105	274	139	11,240
Total Liabilities	<u>\$11,105</u>	<u>\$274</u>	<u>\$139</u>	<u>\$11,240</u>

	Unclaimed Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$3,435	\$0	\$130	\$3,305
Total Assets	<u>3,435</u>	<u>0</u>	<u>130</u>	<u>3,305</u>
Liabilities:				
Other Liabilities	3,435	0	130	3,305
Total Liabilities	<u>\$3,435</u>	<u>\$0</u>	<u>\$130</u>	<u>\$3,305</u>

Continued

City of Troy, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2005

	Tri-Centennial			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$902	\$26	\$0	\$928
Total Assets	902	26	0	928
Liabilities:				
Other Liabilities	902	26	0	928
Total Liabilities	\$902	\$26	\$0	\$928

	Imprest Cash			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$1,350	\$0	\$0	\$1,350
Total Assets	1,350	0	0	1,350
Liabilities:				
Other Liabilities	1,350	0	0	1,350
Total Liabilities	\$1,350	\$0	\$0	\$1,350

	Enterprise Zone			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$128,168	\$2,162	\$0	\$130,330
Total Assets	128,168	2,162	0	130,330
Liabilities:				
Other Liabilities	128,168	2,162	0	130,330
Total Liabilities	\$128,168	\$2,162	\$0	\$130,330

Continued

City of Troy, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2005

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$161,267	\$2,924	\$409	\$163,782
Receivables:				
Interest	67	102	67	102
Total Assets	<u>161,334</u>	<u>3,026</u>	<u>476</u>	<u>163,884</u>
Liabilities:				
Other Liabilities	161,334	3,026	476	163,884
Total Liabilities	<u>\$161,334</u>	<u>\$3,026</u>	<u>\$476</u>	<u>\$163,884</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, 2005

Street Construction,  
 Maintenance  
 and Repair  
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$933,826	\$986,000	\$1,018,453	\$32,453
Charges for Services	6,555	3,000	7,149	4,149
Other Revenues	3,187	2,000	3,476	1,476
<b>Total Revenues</b>	<b>943,568</b>	<b>991,000</b>	<b>1,029,078</b>	<b>38,078</b>
Expenditures:				
Current:				
Transportation & Street Repair	2,269,619	2,269,619	2,231,157	38,462
<b>Total Expenditures</b>	<b>2,269,619</b>	<b>2,269,619</b>	<b>2,231,157</b>	<b>38,462</b>
Excess of Revenues Over (Under) Expenditures	(1,326,051)	(1,278,619)	(1,202,079)	76,540
Other financing sources (uses):				
Transfers In	1,100,287	1,200,000	1,200,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,100,287</b>	<b>1,200,000</b>	<b>1,200,000</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(225,764)</b>	<b>(78,619)</b>	<b>(2,079)</b>	<b>76,540</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>538,878</b>	<b>538,878</b>	<b>538,878</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$313,114</b>	<b>\$460,259</b>	<b>\$536,799</b>	<b>\$76,540</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, 2005

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$52,113	\$75,000	\$78,001	\$3,001
Investment Earnings	1,417	700	2,121	1,421
<b>Total Revenues</b>	<b>53,530</b>	<b>75,700</b>	<b>80,122</b>	<b>4,422</b>
Expenditures:				
Current:				
Transportation & Street Repair	78,952	78,952	74,752	4,200
<b>Total Expenditures</b>	<b>78,952</b>	<b>78,952</b>	<b>74,752</b>	<b>4,200</b>
<b>Net Change in Fund Balance</b>	<b>(25,422)</b>	<b>(3,252)</b>	<b>5,370</b>	<b>8,622</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>44,797</b>	<b>44,797</b>	<b>44,797</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$19,375</b>	<b>\$41,545</b>	<b>\$50,167</b>	<b>\$8,622</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, 2005

	Cemetery Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$119,148	\$121,200	\$128,687	\$7,487
Total Revenues	119,148	121,200	128,687	7,487
Expenditures:				
Current:				
Public Health and Welfare	431,123	469,123	468,680	443
Total Expenditures	431,123	469,123	468,680	443
Excess of Revenues Over (Under) Expenditures	(311,975)	(347,923)	(339,993)	7,930
Other financing sources (uses):				
Transfers In	291,652	315,000	315,000	0
Total Other Financing Sources (Uses)	291,652	315,000	315,000	0
Net Change in Fund Balance	(20,323)	(32,923)	(24,993)	7,930
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	49,086	49,086	49,086	0
Fund Balance End of Year	\$28,763	\$16,163	\$24,093	\$7,930

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, 2005

	Safety - Income Tax Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$510	\$168,000	\$272,781	\$104,781
Total Revenues	510	168,000	272,781	104,781
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	510	168,000	272,781	104,781
Other financing sources (uses):				
Transfers (Out)	(1,975,000)	(1,975,000)	(1,975,000)	0
Total Other Financing Sources (Uses)	(1,975,000)	(1,975,000)	(1,975,000)	0
Net Change in Fund Balance	(1,974,490)	(1,807,000)	(1,702,219)	104,781
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,507,845	2,507,845	2,507,845	0
Fund Balance End of Year	\$533,355	\$700,845	\$805,626	\$104,781

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, 2005

Municipal  
 Real Property  
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$77,533	\$60,000	\$60,977	\$977
Investment Earnings	19,416	13,300	15,270	1,970
Other Revenues	11	0	9	9
Total Revenues	96,960	73,300	76,256	2,956
Expenditures:				
Current:				
Capital Outlay	349,076	349,076	294,910	54,166
Total Expenditures	349,076	349,076	294,910	54,166
Net Change in Fund Balance	(252,116)	(275,776)	(218,654)	57,122
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	660,498	660,498	660,498	0
Fund Balance End of Year	\$408,382	\$384,722	\$441,844	\$57,122

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, 2005

	Miami Conservancy District Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$69,357	\$66,700	\$68,050	\$1,350
Intergovernmental	6,777	6,500	6,649	149
<b>Total Revenues</b>	<b>76,134</b>	<b>73,200</b>	<b>74,699</b>	<b>1,499</b>
Expenditures:				
Current:				
General Government	61,500	61,500	60,307	1,193
<b>Total Expenditures</b>	<b>61,500</b>	<b>61,500</b>	<b>60,307</b>	<b>1,193</b>
<b>Net Change in Fund Balance</b>	<b>14,634</b>	<b>11,700</b>	<b>14,392</b>	<b>2,692</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>76,994</b>	<b>76,994</b>	<b>76,994</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$91,628</b>	<b>\$88,694</b>	<b>\$91,386</b>	<b>\$2,692</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, 2005

	Recreational Programs Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Charges for Services	\$108,096	\$153,350	\$157,782	\$4,432
Investment Earnings	3,242	1,900	4,732	2,832
Other Revenues	2,742	0	4,003	4,003
<b>Total Revenues</b>	<b>114,080</b>	<b>155,250</b>	<b>166,517</b>	<b>11,267</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Leisure Time Activities	126,370	176,370	159,953	16,417
<b>Total Expenditures</b>	<b>126,370</b>	<b>176,370</b>	<b>159,953</b>	<b>16,417</b>
<b>Net Change in Fund Balance</b>	<b>(12,290)</b>	<b>(21,120)</b>	<b>6,564</b>	<b>27,684</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>147,080</b>	<b>147,080</b>	<b>147,080</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$134,790</b>	<b>\$125,960</b>	<b>\$153,644</b>	<b>\$27,684</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, 2005

Parks and  
 Recreation  
 Improvement  
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$617	\$1,900	\$4,152	\$2,252
Other Revenues	3,474	23,000	23,366	366
Total Revenues	4,091	24,900	27,518	2,618
Expenditures:				
Current:				
Leisure Time Activities	72,150	72,150	50,725	21,425
Total Expenditures	72,150	72,150	50,725	21,425
Net Change in Fund Balance	(68,059)	(47,250)	(23,207)	24,043
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	171,738	171,738	171,738	0
Fund Balance End of Year	\$103,679	\$124,488	\$148,531	\$24,043

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, 2005

	Community Development Block Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$5,612	\$1,425	\$4,492	\$3,067
Intergovernmental	22,394	17,000	17,924	924
Investment Earnings	15,591	10,000	12,479	2,479
Other Revenues	334,647	236,400	267,846	31,446
<b>Total Revenues</b>	<b>378,244</b>	<b>264,825</b>	<b>302,741</b>	<b>37,916</b>
Expenditures:				
Current:				
Community Development	113,689	193,689	182,689	11,000
<b>Total Expenditures</b>	<b>113,689</b>	<b>193,689</b>	<b>182,689</b>	<b>11,000</b>
<b>Net Change in Fund Balance</b>	<b>264,555</b>	<b>71,136</b>	<b>120,052</b>	<b>48,916</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	546,244	546,244	546,244	0
<b>Fund Balance End of Year</b>	<b>\$810,799</b>	<b>\$617,380</b>	<b>\$666,296</b>	<b>\$48,916</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, 2005

Parking  
 Improvement  
 Fund

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$15,992	\$14,600	\$15,745	\$1,145
Investment Earnings	5,063	4,200	4,985	785
Other Revenues	4	0	4	4
<b>Total Revenues</b>	<b>21,059</b>	<b>18,800</b>	<b>20,734</b>	<b>1,934</b>
Expenditures:				
Current:				
Transportation & Street Repair	20,200	20,200	0	20,200
<b>Total Expenditures</b>	<b>20,200</b>	<b>20,200</b>	<b>0</b>	<b>20,200</b>
<b>Net Change in Fund Balance</b>	<b>859</b>	<b>(1,400)</b>	<b>20,734</b>	<b>22,134</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>177,254</b>	<b>177,254</b>	<b>177,254</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$178,113</b>	<b>\$175,854</b>	<b>\$197,988</b>	<b>\$22,134</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, 2005

	Drug Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$22	\$100	\$489	\$389
Other Revenues	79	1,700	1,791	91
Total Revenues	101	1,800	2,280	480
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	(2,899)	(1,200)	2,280	3,480
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,819	7,819	7,819	0
Fund Balance End of Year	\$4,920	\$6,619	\$10,099	\$3,480

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, 2005

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$1,515	\$2,395	\$2,395	\$0
Total Revenues	1,515	2,395	2,395	0
Expenditures:				
Current:				
Public Safety	6,000	17,000	16,755	245
Total Expenditures	6,000	17,000	16,755	245
Net Change in Fund Balance	(4,485)	(14,605)	(14,360)	245
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	29,928	29,928	29,928	0
Fund Balance End of Year	\$25,443	\$15,323	\$15,568	\$245

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, 2005

	Cemetery Endowment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Charges for Services	\$17,944	\$20,500	\$21,659	\$1,159
Investment Earnings	14,366	14,400	17,341	2,941
Other Revenues	10	0	12	12
<b>Total Revenues</b>	<b>32,320</b>	<b>34,900</b>	<b>39,012</b>	<b>4,112</b>
Expenditures:				
Current:				
Public Health and Welfare	1,600	1,600	0	1,600
<b>Total Expenditures</b>	<b>1,600</b>	<b>1,600</b>	<b>0</b>	<b>1,600</b>
<b>Net Change in Fund Balance</b>	<b>30,720</b>	<b>33,300</b>	<b>39,012</b>	<b>5,712</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>632,784</b>	<b>632,784</b>	<b>632,784</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$663,504</b>	<b>\$666,084</b>	<b>\$671,796</b>	<b>\$5,712</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, 2005

	Bond Retirement Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Taxes	\$422,157	\$377,280	\$377,280	\$0
Special Assessments	103,854	92,000	92,814	814
Investment Earnings	17,881	15,000	15,980	980
<b>Total Revenues</b>	<b>543,892</b>	<b>484,280</b>	<b>486,074</b>	<b>1,794</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Debt Service:</b>				
Principal Retirement	893,000	893,000	893,000	0
Interest and Fiscal Charges	573,290	573,400	573,290	110
Other	11,135	12,000	11,135	865
<b>Total Expenditures</b>	<b>1,477,425</b>	<b>1,478,400</b>	<b>1,477,425</b>	<b>975</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(933,533)</b>	<b>(994,120)</b>	<b>(991,351)</b>	<b>2,769</b>
<b>Other financing sources (uses):</b>				
Issuance of Debt	9,024	8,000	8,065	65
Transfers In	1,230,844	1,100,000	1,100,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,239,868</b>	<b>1,108,000</b>	<b>1,108,065</b>	<b>65</b>
<b>Net Change in Fund Balance</b>	<b>306,335</b>	<b>113,880</b>	<b>116,714</b>	<b>2,834</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>18,571</b>	<b>18,571</b>	<b>18,571</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$324,906</b>	<b>\$132,451</b>	<b>\$135,285</b>	<b>\$2,834</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, 2005

	Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$212,715	\$87,500	\$87,500	\$0
Special Assessments	243,521	99,000	100,172	1,172
Other Revenues	26,612	0	10,947	10,947
<b>Total Revenues</b>	<b>482,848</b>	<b>186,500</b>	<b>198,619</b>	<b>12,119</b>
Expenditures:				
Current:				
Community Development	147,750	147,750	73,750	74,000
Capital Outlay	8,679,098	6,679,098	4,622,812	2,056,286
<b>Total Expenditures</b>	<b>8,826,848</b>	<b>6,826,848</b>	<b>4,696,562</b>	<b>2,130,286</b>
Excess of Revenues Over (Under) Expenditures	(8,344,000)	(6,640,348)	(4,497,943)	2,142,405
Other financing sources (uses):				
Transfers In	1,422,152	585,000	585,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,422,152</b>	<b>585,000</b>	<b>585,000</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(6,921,848)</b>	<b>(6,055,348)</b>	<b>(3,912,943)</b>	<b>2,142,405</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,378,595	7,378,595	7,378,595	0
<b>Fund Balance End of Year</b>	<b>\$456,747</b>	<b>\$1,323,247</b>	<b>\$3,465,652</b>	<b>\$2,142,405</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, 2005

	OPWC Project 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	1,071,152	1,291,152	1,100,878	190,274
Total Expenditures	1,071,152	1,291,152	1,100,878	190,274
Excess of Revenues Over (Under) Expenditures	(1,071,152)	(1,291,152)	(1,100,878)	190,274
Other financing sources (uses):				
Transfers In	795,000	270,000	270,000	0
Total Other Financing Sources (Uses)	795,000	270,000	270,000	0
Net Change in Fund Balance	(276,152)	(1,021,152)	(830,878)	190,274
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,026,690	1,026,690	1,026,690	0
Fund Balance End of Year	<u>\$750,538</u>	<u>\$5,538</u>	<u>\$195,812</u>	<u>\$190,274</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, 2005

	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	315,339	315,339	166,986	148,353
Debt Service:				
Principal Retirement	25,000	25,000	25,000	0
Interest and Fiscal Charges	108,000	108,000	108,000	0
Total Expenditures	448,339	448,339	299,986	148,353
Net Change in Fund Balance	(448,339)	(448,339)	(299,986)	148,353
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	506,857	506,857	506,857	0
Fund Balance End of Year	\$58,518	\$58,518	\$206,871	\$148,353

**THIS PAGE INTENTIONALLY LEFT BLANK**



**STATISTICAL  
SECTION**

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
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
2005	14,670,531	2,930,239	94,877	1,633,216	112,296	1,143,111	378,766	20,963,036

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
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
2005	4,053,075	8,369,858	1,510,229	770,062	1,559,172	2,066,280	467,916	18,796,592

Source: Auditor, City of Troy, Ohio

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

B. Excludes capital outlay and debt service.

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)				
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
2004 / 2005	406,825,130	1,162,357,514		125,877,320	11,115,360	543,817,810

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	
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
2004 / 2005	3.10	0.14	56.59	5.45	9.11	74.39

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
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
2004 / 2005	1,445,812	1,433,860	99.17	55,724

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 Definquency
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
2004 / 2005	389,424	338,447	86.91	95,695

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
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
2005	167,459	161,427	96.40	6,032

Source: Miami County Auditor



City of Troy, Ohio  
 Computation of Legal Debt Margin  
 December 31, 2005

Table 8

	Debt Outstanding	10 1/2% of Assessed Valuation	5 1/2% of Assessed Valuation
Overall Debt Limitations		\$57,100,870	\$29,909,980
Gross Indebtedness	\$31,069,000		
Less: Debt Outside Limitations (A)	18,974,000		
Less: Bond Retirement Fund Balance	<u>135,285</u>		
Net Debt Within Limitation		<u>11,959,715</u>	<u>11,959,715</u>
Legal Debt Margin Within Limitations		<u>\$45,141,155</u>	<u>\$17,950,265</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, 2005

Table 9

	Net Debt Outstanding	Percentage Applicable to City of Troy	Amount Applicable to City of Troy
City of Troy	\$732,000	100.00%	\$732,000
Miami County	8,407,000	25.67%	2,158,077
Troy City School District	21,059,991	76.70%	16,153,013
Miami East Local School District	11,399,992	3.91%	445,740
Upper Valley Career Center	5,080,000	22.47%	1,141,476
<b>Total</b>	<b>\$46,678,983</b>		<b>\$20,630,306</b>

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) (D)	Ratio of Debt Service to General Governmental Expenditures
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	19,234,100	0.0461
2005	845,000	658,514	1,503,514	18,796,592	0.0800

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.

D. Excludes capital outlay and debt service.

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
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
2005	21,999	543,817,810	12,095,000	135,285	11,959,715	0.0220	544

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.

Table 12

City of Troy, Ohio  
Demographic Statistics  
December 31, 2005

	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		
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
2005	30	31,502,490	270	33,012,180	0	543,817,810

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

City of Troy, Ohio  
Principal Taxpayers  
December 31, 2005

Table 14

Taxpayer	Real Property 2005 Assessed Valuation (A)	Percent of Total for City
MT Picture Display	\$10,824,850	1.99%
American Honda Motor	8,750,000	1.61%
Dayton Power and Light Company	6,621,330	1.22%
Towne Park Apartments, L.L.C.	3,675,600	0.68%
Hobart Brothers Company	2,423,690	0.45%
Lowes Home Centers, Inc.	2,397,850	0.44%
Health Care REIT, Inc.	2,390,990	0.44%
Ramco Properties	2,380,150	0.44%
B F Goodrich, Co.	2,203,760	0.41%
Verizon North, Inc.	2,203,460	0.41%
Total	<u>\$43,871,680</u>	<u>8.09%</u>
Total Assessed Valuation of City	<u>\$543,817,810</u>	<u>100.00%</u>

Source: Miami County Auditor.

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

Table 15

City of Troy, Ohio  
 Other Statistics  
 December 31, 2005

Year of Incorporation	1814
Form of Government	Council / Mayor
Area	10.59 Square Miles
Mile of Streets	109.60 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	9,918
Average Daily Consumption	5.02 Million Gallons
Miles of Water Mains	133.67
Sewers:	
Miles of Storm Sewers	75.19
Miles of Sanitary Sewers	123.9
Buildings:	
2005 Permits Issued	300
2005 Valuation of Construction	\$64,514,670
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	
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
2005	4,012	2,681	1,336	21	0	21	63.62

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 13, 2006**