

CITY OF MORaine, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007



Prepared by:
Department of Finance

James V. Kimmel
Finance Director



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Moraine, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 11, 2008

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CITY OF MORAIN, OHIO

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007**

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CITY OF MORAINE, OHIO

INTRODUCTORY SECTION







City of Moraine

Finance Department

June 27, 2008

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

The Comprehensive Annual Financial Report of the City of Moraine, Ohio, for the fiscal year ended December 31, 2007, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The City provides the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services. This report includes all the funds of the City of Moraine and all of its component units, which make up the financial reporting entity for the City. Component units are legally separate entities for which the City is financially responsible. At December 31, 2007 the City had no component units.

Six other local governmental entities overlap the City's boundaries: Montgomery County, West Carrollton City School District, Kettering City School District, Jefferson Township Local School District, and Miami Valley Regional Transit Authority. These organizations do not meet the reporting entity criteria of governmental generally accepted accounting principles and, therefore, are not included in the City's financial report.

HISTORY AND BACKGROUND

The area now known as the City of Moraine was so named because of the vast amounts of sand and gravel deposited over the terrain by the pre-historic Wisconsin glacier. Many of the hills and valleys in various parts of the City contain layers of the sand and gravel.

In February 1953, residents voted to detach from the Village of Kettering and form the Township of Moraine. The Township grew to Village status in July 1957. On May 12, 1965 Moraine became a City. The original City Charter was presented in 1966. The City adopted the Council-Manager form of city government. This form of government unifies the authority and political responsibility in an elected council and also centralizes the administrative responsibility. The Council is the governing body of the City and the City Manager is responsible for proper administration of the municipal government.

ECONOMIC CONDITION AND OUTLOOK

Contributions from several businesses, coupled with the diligence of our proactive and business-friendly City Council, assisted the City with retention of nearly five hundred jobs and creation of another two-hundred seventy-five, once all investments are completed in 2007. DMAX announces capital investment of over \$56 million and celebrates the production of its 1 millionth engine.

GM has reduced its work force at the truck plant in 2007 and even more during the first half of 2008. This has negatively affected the cash flow of the City.

A Tax Increment Financing (TIF) Incentive District encompassing the proposed Oak Point development on Lamme Road was established by the City. The creation of this TIF Incentive District provides funding to proceed with the development of a single-family residential subdivision. During 2007 we have seen the first house go up in Oak Point and a few more as we get into the middle of 2008.

During the year, there were nine new single-family home permits and no new multi-family apartment permits issued. In total, there were 189 building permits issued during the year. Of the building permits issued there were 105 commercial permits and 84 residential permits.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting

principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

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

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 Moraine for its comprehensive annual financial report for the year ended December 31, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an informative and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is applicable to one year only. The City of Moraine has received a Certificate of Achievement for the last 21 consecutive years (fiscal years ended 1986-2006). We believe our current report will also conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another Certificate.

Acknowledgments

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

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

Respectfully submitted,



James V. Kimmel
Finance Director

CITY OF MORaine, OHIO

CITY COUNCIL

Leonard Johnson, Mayor

Elaine Allison, Council Member (At Large)

Regina Matheny, Council Member (At Large)

Ora Allen, Council Member (Ward 1)

John Shady, Council Member (Ward 2)

Erica Watts, Council Member (Ward 3)

Bryon Blake, Council Member (Ward 4)

APPOINTED OFFICIALS

David Hicks, City Manager

Robert Portune, Law Director

James V. Kimmel, Finance Director

Mandy Fernandez, Clerk of Council

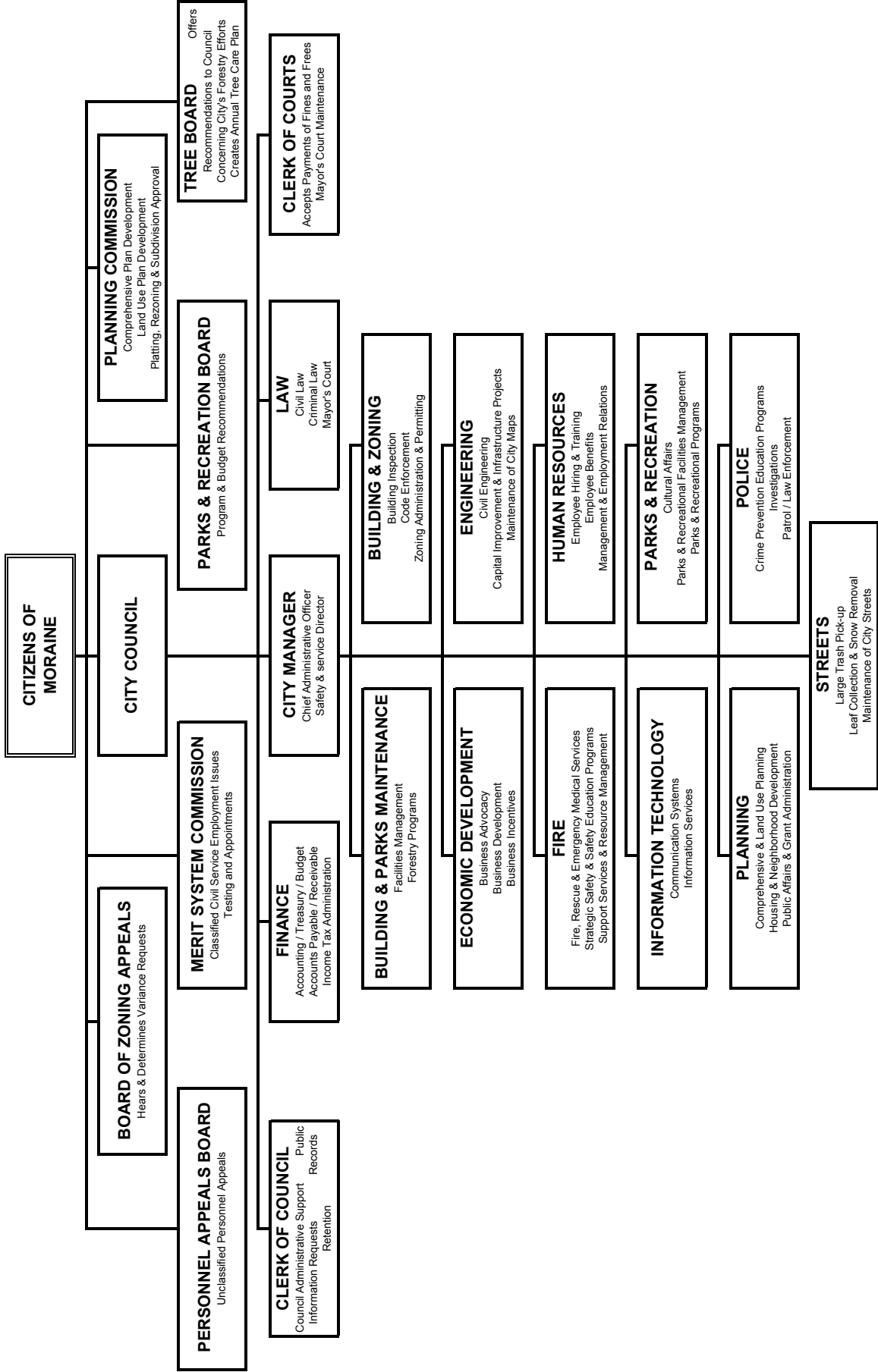
CITY OF MORAINÉ, OHIO

DEPARTMENT OF FINANCE

STAFF

James V. Kimmel	Finance Director
Jennifer A. Arp	Deputy Finance Director
Lora L. Marlett	Tax Administrator
Sherry L. Marcum	Financial Assistant
Paula G. Cox	Financial Assistant
Penny C. Tincher	Financial Assistant
Elizabeth G. Ward	Financial Assistant
Amanda M. Haraldson	Finance Clerk

Organization of the City of Moraine



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moraine
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF MORAINE, OHIO

FINANCIAL SECTION





Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS
www.cshco.com

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information the of City of Moraine, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio, as of December 31, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 27, 2008



CITY OF MORAINE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Our discussion and analysis of the City of Moraine's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2007.

FINANCIAL HIGHLIGHTS

1. The City's total net assets increased by over \$3.1 million while actual cash flow decreased by nearly \$440,000.
2. The City created a new fund in 2006 to account for Tax Increment Financing (T.I.F.) project within the City. A \$5 Million bond anticipation note (BAN) was issued in 2006 and will be due in March 2008. The BAN will be reissued in March of 2008 for \$5.3 Million and purchased into the City's own portfolio. The actual 30 year bond will be issued by the end of 2008.
3. In these hard economic times the City's Revenues have only fallen around \$500,000 from the previous year's program revenues.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine if the City of Moraine 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 need to take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds is presented later in the Management's Discussion and Analysis section. 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 Finance Director, with approval of City 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 the General, Parks & Recreation, Economic Development, Capital Improvement and T.I.F. funds.

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 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. Internal service funds are used to report activities that provide services to the City’s other funds and departments.

Fiduciary Funds – The City’s fiduciary funds are used to account for undistributed receipts of the Moraine Mayor’s Court and miscellaneous deposits received by the City. All of the City’s fiduciary activities are reported in the Statement of Fiduciary Net Assets. 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

The following two tables present condensed information on Net Assets and Changes in Net Assets for the year.

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and Other Assets	\$29,696,617	\$29,873,107	\$500,061	\$475,058	\$30,196,678	\$30,348,165
Capital Assets (Net)	<u>31,549,476</u>	<u>28,464,381</u>			<u>31,549,476</u>	<u>28,464,381</u>
Total Assets	<u>61,246,093</u>	<u>58,337,488</u>	<u>500,061</u>	<u>475,058</u>	<u>61,746,154</u>	<u>58,812,546</u>
Liabilities:						
Current and Other Liabilities	3,340,201	3,032,461			3,340,201	3,032,461
Long-term Liabilities:						
Due within One Year	5,388,987	459,348			5,388,987	459,348
Due in More Than One Year	<u>2,387,973</u>	<u>7,809,326</u>			<u>2,387,973</u>	<u>7,809,326</u>
Total Liabilities	11,117,161	11,301,135			11,117,161	11,301,135
Net Assets:						
Invested in Capital Assets Net of Debt	26,273,936	23,019,538			26,273,936	23,019,538
Restricted:						
Debt Service	130,693	124,291			130,693	124,291
Special Revenue	2,188,196	1,976,426			2,188,196	1,976,426
Capital Projects	3,755,909	4,054,168			3,755,909	4,054,168
Unrestricted	<u>17,780,198</u>	<u>17,861,930</u>	<u>500,061</u>	<u>475,058</u>	<u>18,280,259</u>	<u>18,336,988</u>
Total Net Assets	<u>\$50,128,932</u>	<u>\$47,036,353</u>	<u>\$500,061</u>	<u>\$475,058</u>	<u>\$50,628,993</u>	<u>\$47,511,411</u>

Cash and investments decreased by nearly \$.7 million, Capital assets grew by over \$3 million due to the TIF project that put in infrastructure for a new housing development in a blighted area. Total long term liabilities due with in one year grew by \$5 million due to a bond anticipation note that is due March of 2008 and will be rolled into another BAN that will be rolled into the actual 30 year bond by year end. At the end of the 30 years the City will break even on the project.

**Table 2
Changes in Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program Revenues:						
Charges for Services	\$1,216,247	\$1,206,989	\$968	\$1,169	\$1,217,215	\$1,208,158
Operating Grants	382,115	233,051			382,115	233,051
Capital Grants	<u>808,618</u>	<u>1,487,036</u>			<u>808,618</u>	<u>1,487,036</u>
Total Program Revenues	<u>2,406,980</u>	<u>2,927,076</u>	<u>968</u>	<u>1,169</u>	<u>2,407,948</u>	<u>2,928,245</u>
General Revenues:						
Income Taxes	19,617,652	19,866,552			19,617,652	19,866,552
Property Taxes	759,409	708,048			759,409	708,048
Other Taxes	81,527	102,360			81,527	102,360
Shared Revenues	870,654	775,190			870,654	775,190
Special Assessments						
Rents and Royalties						
Misc. Receipts & Reimb.	300,667	368,586			300,667	368,586
Investment Earnings	<u>1,220,862</u>	<u>493,774</u>	<u>24,035</u>	<u>13,359</u>	<u>1,244,897</u>	<u>507,133</u>
Total General Revenues	<u>22,850,771</u>	<u>22,314,510</u>	<u>24,035</u>	<u>13,359</u>	<u>22,874,806</u>	<u>22,327,869</u>
Total Revenues	<u>25,257,751</u>	<u>25,241,586</u>	<u>25,003</u>	<u>14,528</u>	<u>25,282,754</u>	<u>25,256,114</u>
Program Expenses:						
General Government	5,111,868	4,952,956		56	5,111,868	4,953,012
Public Safety	9,512,617	9,460,322			9,512,617	9,460,322
Highways & Streets	3,761,148	3,345,029			3,761,148	3,345,029
Sanitation	339,454	304,760			339,454	304,760
Culture & Recreation	2,744,986	2,881,780			2,744,986	2,881,780
Economic Development	283,208	997,631			283,208	997,631
Health and Welfare	143,740	133,528			143,740	133,528
Debt Service	<u>268,152</u>	<u>164,593</u>			<u>268,152</u>	<u>164,593</u>
Total Expenses	<u>22,165,173</u>	<u>22,240,599</u>		<u>56</u>	<u>22,165,173</u>	<u>22,240,655</u>
Increase (Decrease) in Net Assets	<u>\$3,092,578</u>	<u>\$3,000,987</u>	<u>\$25,003</u>	<u>\$14,472</u>	<u>\$3,117,581</u>	<u>3,015,459</u>

The following table presents the cost of each of the City's four largest programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

	Governmental Activities Total Cost Of Services	Net Cost Of Services
Public Safety	9,512,617	\$9,317,862
General Government	5,111,868	4,634,991
Highways & Streets	3,761,148	3,244,155
Culture and Recreation	2,744,986	1,865,372
All Others	1,034,554	695,813

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the Balance Sheet – Governmental Funds page 23) reported a combined fund balance of \$23.65 million, which is 5.7% lower than last year's total of \$24.55 million.

The Economic Development issued \$188,000 in new forgiveness loans to assist local business in return of a pledge of maintaining a given level of payroll dollars for a given period of time (see statement on page 59).

Budgeting Highlights

The City's budget is adopted on a fund basis. Before the budget is adopted the City Manager and Finance Director review the work papers of each department within the General Fund with City Council. City Council then adopts the budget on a fund basis.

The yearly City budget for 2007 was \$40,839,035 which included an original appropriation of \$36,417,722, carry-over encumbrances of \$2,734,246 and supplemental appropriations of \$1,909,000. At the end of the year \$2,204,884 remained encumbered and was added to the 2008 budget. The City expenditures were \$4,314,222 less than its budget in 2007. \$1.1 million of the carry-over encumbrance was from the Capital Improvement Fund for projects that were not completed by years end. Of the \$4 million returned over \$1.2 million was from the General Fund, \$1.4 million from the Capital Improvement Fund, \$677,000 from the Economic Development Grant Fund.

The City's General Fund out performed the budget by nearly \$2.5 million or 11% of the budgeted expenditures for 2007 (as presented tin the Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Non-GAAP Basis page 54.) The majority of this increase was due to the mangers of the departments under spending their budgets.

During 2007, there was one supplemental appropriation made to the General Fund budget for a \$200,000 transfer to the T.I.F. Fund. There was approximately \$120,000 of carryover encumbrances net of releases that affected the final budget of the General Fund.

At years end the general fund had encumbrances of \$276,155 to carry over to the 2008 budget and had expenditures that were \$1.6 million less than its budget in 2007.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The increase in governmental activities capital assets was over \$3 million due to expenditures from the T.I.F. fund for infrastructure costs for the Oak Point housing development in 2007.

Debt Administration

The City has \$5 million in bond anticipation notes outstanding at year-end. The City also has \$275,540 of promissory notes outstanding.

The City's overall legal debt margin was \$24.9 million at year-end.

Detailed information relating to capital assets (note 4 page 40) and debt (starting with note 7 on page 42) is presented in the notes to the financial statements.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Moraine, 4200 Dryden Road, Moraine, Ohio 45439.

CITY OF MORaine, OHIO
Statement of Net Assets
December 31, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$26,002,184	\$492,845	\$26,495,029
Receivables:			
Income Tax	1,869,199		1,869,199
Property Tax	579,710		579,710
Accounts	121,671	69	121,740
Intergovernmental	378,387		378,387
Loans (net of allowance for uncollectible)	408,025	7,147	415,172
Inventories	224,600		224,600
Prepays	112,841		112,841
Total Current Assets	<u>29,696,617</u>	<u>500,061</u>	<u>30,196,678</u>
CAPITAL ASSETS (net of accumulated depreciation)			
Non depreciable Assets:			
Land	12,542,503		12,542,503
Construction in Progress	4,630,829		4,630,829
Depreciable Assets:			
Infrastructure	5,296,172		5,296,172
Buildings and Improvements	6,643,549		6,643,549
Machinery and Equipment	2,436,423		2,436,423
Total Capital Assets	<u>31,549,476</u>		<u>31,549,476</u>
Total Assets	<u>61,246,093</u>	<u>500,061</u>	<u>61,746,154</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	1,339,863		1,339,863
Salaries and Benefits Payable	1,318,800		1,318,800
Insurance Claims Payable	101,828		101,828
Unearned Revenue	579,710		579,710
Total Current Liabilities	<u>3,340,201</u>		<u>3,340,201</u>
LONG TERM LIABILITIES			
Due within one year	5,388,987		5,388,987
Due in more than 1 year	2,387,973		2,387,973
Total Long Term Liabilities	<u>7,776,960</u>		<u>7,776,960</u>
Total Liabilities	<u>11,117,161</u>		<u>11,117,161</u>
NET ASSETS			
Invested in Capital Assets Net of Related Debt	26,273,936		26,273,936
Restricted for:			
Debt Service	130,693		130,693
Special Revenue	2,188,196		2,188,196
Capital Projects	3,755,909		3,755,909
Unrestricted	17,780,198	500,061	18,280,259
Total Net Assets	<u>\$50,128,932</u>	<u>\$500,061</u>	<u>\$50,628,993</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORAIN, OHIO
Statement of Activities
For the Year Ended December 31, 2007

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary Government:							
Governmental Activities:							
General government	\$5,111,868	\$285,327	\$166,550	\$25,000	(\$4,634,991)		(\$4,634,991)
Public safety	9,512,617	45,408	149,347		(9,317,862)		(9,317,862)
Highways and streets	3,761,148	33,375		483,618	(3,244,155)		(3,244,155)
Sanitation	339,454				(339,454)		(339,454)
Culture and recreation	2,744,986	813,396	66,218		(1,865,372)		(1,865,372)
Economic development	283,208			300,000	16,792		16,792
Health and welfare	143,740	38,741			(104,999)		(104,999)
Debt service							
Interest Expense	268,152				(268,152)		(268,152)
Total Governmental Activities	<u>22,165,173</u>	<u>1,216,247</u>	<u>382,115</u>	<u>808,618</u>	<u>(19,758,193)</u>		<u>(19,758,193)</u>
Business Type Activities							
Loan Program		968				\$968	968
Total Business Type Activities		<u>968</u>				<u>968</u>	<u>968</u>
Total Primary Government	<u>\$22,165,173</u>	<u>\$1,217,215</u>	<u>\$382,115</u>	<u>\$808,618</u>	<u>(\$19,758,193)</u>	<u>\$968</u>	<u>(\$19,757,225)</u>
General Revenues							
Income tax					19,617,652		19,617,652
Property tax levied for							
General purposes					619,085		619,085
Police pensions					70,162		70,162
Fire pensions					70,162		70,162
Other taxes					81,527		81,527
Shared revenues (unrestricted)					870,654		870,654
Miscellaneous receipts & reimbursements					300,667		300,667
Investment earnings					1,220,862	24,035	1,244,897
Total General Revenues					<u>22,850,771</u>	<u>24,035</u>	<u>22,874,806</u>
Change in Net Assets					3,092,578	25,003	3,117,581
Net Assets - Beginning					47,036,354	475,058	47,511,412
Net Assets - Ending					<u>\$50,128,932</u>	<u>\$500,061</u>	<u>\$50,628,993</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORAIN, OHIO
Balance Sheet - Governmental Funds
December 31, 2007

	GENERAL FUND	PARKS & RECREATION	ECONOMIC DEVELOPMENT	CAPITAL IMPROVEMENT	T.I.F.	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
ASSETS							
Cash and Investments	\$15,706,376	\$842,128	\$1,071,317	\$4,349,371	\$223,907	\$1,813,282	\$24,006,381
Receivables:							
Income Tax	1,684,161			185,038			1,869,199
Property Tax	439,386					140,324	579,710
Accounts	99,171	6,104		16,321		75	121,671
Intergovernmental	157,026					221,361	378,387
Loans (net of allowance for uncollectible)			408,025				408,025
Due from Other Funds	845,000						845,000
Inventories	4,948						73,833
Prepays	111,989	406				361	112,756
Total Assets	<u>19,048,057</u>	<u>848,638</u>	<u>1,479,342</u>	<u>4,550,730</u>	<u>223,907</u>	<u>2,244,288</u>	<u>28,394,962</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	268,446	23,126	130,000	734,749	15,376	11,726	1,183,423
Salaries and Benefits Payable	609,534	68,716				355,934	1,034,184
Compensated Absences Payable	198,482	4,436				7,513	210,431
Due to Other Funds			845,000				845,000
Deferred Revenue	1,083,881			60,072		326,050	1,470,003
Total Liabilities	<u>2,160,343</u>	<u>96,278</u>	<u>975,000</u>	<u>794,821</u>	<u>15,376</u>	<u>701,223</u>	<u>4,743,041</u>
FUND BALANCES:							
Reserved for:							
Encumbrances	276,155	44,723		1,136,414	133,871	33,138	1,624,301
Prepays	111,989	406				361	112,756
Inventories	4,948					68,885	73,833
Loans			408,025				408,025
Unreserved, Undesignated, Reported in:							
General Fund	16,494,622	707,231	96,317		74,660	1,309,988	16,494,622
Special Revenue Funds						130,693	2,188,196
Debt Service Fund							130,693
Capital Projects Fund				2,619,495			2,619,495
Total Fund Balance	<u>16,887,714</u>	<u>752,360</u>	<u>504,342</u>	<u>3,755,909</u>	<u>208,531</u>	<u>1,543,065</u>	<u>23,651,921</u>
Total Liabilities and Fund Balances	<u>\$19,048,057</u>	<u>\$848,638</u>	<u>\$1,479,342</u>	<u>\$4,550,730</u>	<u>\$223,907</u>	<u>\$2,244,288</u>	<u>\$50,128,932</u>
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:							31,515,112
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:							
Income tax receivable							704,567
Shared taxes receivable							185,726
Internal service funds are used by management to charge the costs of certain activities. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.							1,911,774
The following long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:							
Vacation, sick leave and compensatory time benefits							(2,501,420)
Notes payable							(5,275,540)
Accrued interest on Long Term Debt							(63,208)
Net Assets of Governmental Activities							<u>\$50,128,932</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORAINE, OHIO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	GENERAL FUND	PARKS & RECREATION	ECONOMIC DEVELOPMENT	CAPITAL IMPROVEMENT	T.I.F.	NON-MAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
REVENUES							
Taxes:							
Income	\$17,287,274			\$1,956,944			\$19,244,218
Property	588,751					\$183,480	772,231
Other	64,655					4,050	68,705
Shared Revenues	545,010					476,833	1,021,843
Licenses and Permits	69,611					28,785	98,396
Charges for Services	30,015	\$806,250				5,950	842,215
Fines	228,750			11,325			240,075
Investment Earnings	1,084,427	38,457			\$22,510	75,468	1,220,862
Contribution and Donations		32,341					32,341
Rents and Royalties	35,561						35,561
Intergovernmental	206,130	33,877	\$300,000	483,618			1,023,625
Miscellaneous Receipts & Reimbursements	116,590	46,688		65,000	650	4,539	233,467
Total Revenues	20,256,774	957,613	300,000	2,516,887	23,160	779,105	24,833,539
EXPENDITURES							
Current:							
General government	4,856,257					2,883	4,859,140
Public Safety	8,469,979					1,038,706	9,508,685
Highways and streets	493,795					1,905,452	2,399,247
Sanitation	339,454						339,454
Economic development	481,758		222,500		2,427,374		3,131,632
Health and welfare	133,320						133,320
Culture and recreation	126,599	2,466,684					2,593,283
Debt service:							
Principal				169,304			169,304
Interest				513	204,431		204,944
Capital Outlays:							
General government				201,418			201,418
Public Safety				313,104			313,104
Highways and streets				2,069,579			2,069,579
Economic development				23,097			23,097
Culture and recreation				38,131			38,131
Total Expenditures	14,901,162	2,466,684	222,500	2,815,146	2,631,805	2,947,041	25,984,338
Excess (deficiency) of Revenues							
Over (under) Expenditures	5,355,612	(1,509,071)	77,500	(298,259)	(2,608,645)	(2,167,936)	(1,150,799)
OTHER FINANCING SOURCES (USES)							
Transfers in		1,600,000			1,800,000	2,625,000	6,025,000
Transfers out	(6,025,000)						(6,025,000)
Proceeds from the sale of capital assets	42,642				209,895	0	252,537
Total Other Financing Sources (Uses)	(5,982,358)	1,600,000			2,009,895	2,625,000	252,537
Net Change in Fund Balance	(626,746)	90,929	77,500	(298,259)	(598,750)	457,064	(898,262)
Fund Balance - Beginning	17,514,460	661,431	426,842	4,054,168	807,281	1,086,001	24,550,183
Fund Balance - Ending	<u>\$16,887,714</u>	<u>\$752,360</u>	<u>\$504,342</u>	<u>\$3,755,909</u>	<u>\$208,531</u>	<u>\$1,543,065</u>	<u>23,651,921</u>

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

Net change in fund balances - total governmental funds	(898,262)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of assets:	
Capital outlays	4,827,087
Depreciation expense	(1,558,388)
In the Statement of Activities, only the gain on the sale of city assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differ from the change in fund balance by the net book value of the asset sold.	(185,337)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Income taxes receivable and Shared taxes receivable	357,012
Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	169,304
Accrued Interest on Long Term Debt is not an expenditure in the governmental funds	(63,208)
Some expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Vacation, sick leave and compensatory time benefits	175,034
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of the internal funds is reported with governmental activities	269,336
Change in net assets of governmental activities	<u><u>\$3,092,578</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORaine, OHIO
Statement of Net Assets
Proprietary Funds
December 31, 2007

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	MORaine LOAN PROGRAM	INTERNAL SERVICE FUNDS
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$492,845	\$1,995,803
Receivables	69	
Loans (net of Allowance for uncollectible)	7,147	
Inventories		150,767
Prepays		85
Total Current Assets	<u>500,061</u>	<u>2,146,655</u>
CAPITAL ASSETS (net of accumulated depreciation)		
Machinery and Equipment		34,364
Total Capital Assets		<u>34,364</u>
Total Assets	<u>500,061</u>	<u>2,181,019</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable		93,232
Salaries and Benefits Payable		15,245
Compensated Absences Payable		58,940
Insurance Claims Payable		101,828
Total Current Liabilities		<u>269,245</u>
Total Liabilities		<u>269,245</u>
NET ASSETS		
Invested in Capital Assets		34,364
Unrestricted	500,061	1,877,410
Total Net Assets	<u>\$500,061</u>	<u>\$1,911,774</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORaine, OHIO
Statement of Revenues, Expenses and Changes in Net Assets
PROPRIETARY FUNDS
For the Year Ended December 31, 2007

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS MORaine LOAN PROGRAM	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
Operating Revenues		
Charges for Services	\$968	\$2,724,974
Miscellaneous Receipts & Reimbursements		161,827
Total Operating Revenues	<u>968</u>	<u>2,886,801</u>
Operating Expenses		
Current:		
Cost of Services		2,683,937
Depreciation		12,862
Total Operating Expenses		<u>2,696,799</u>
Operating Income	<u>968</u>	<u>190,002</u>
Non-Operating Revenues		
Investment earnings	24,035	79,334
Total Non-Operating Revenues	<u>24,035</u>	<u>79,334</u>
Change in Net Assets	25,003	269,336
Total Net Assets - Beginning	475,058	1,642,438
Total Net Assets - Ending	<u>\$500,061</u>	<u>\$1,911,774</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MORaine, OHIO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES
	MORaine LOAN PROGRAM	INTERNAL SERVICE FUNDS
Cash Flows From Operating Activities		
Cash received for services	\$3,016	\$2,724,974
Miscellaneous receipts & reimbursements		161,827
Cash paid to suppliers for goods or services		(2,495,965)
Cash paid to employees for services		(203,790)
Net cash provided by operating activities	3,016	187,046
Cash Flows From Capital Assets and Related Financing Activities		
Acquisition of capital assets		(14,595)
Net cash used by capital assets and related financing activities		(14,595)
Cash Flows From Investing Activities		
Investment earnings	24,035	79,334
Net cash provided by investing activities	24,035	79,334
Net Increase in Cash	27,051	251,785
Cash and Investments at Beginning of Year	465,794	1,744,018
Cash and Investments at End of Year	\$492,845	\$1,995,803
 Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$968	\$190,002
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		12,862
(Increase) decrease in inventories		(18,425)
(Increase) decrease in prepaid expenses		(1)
Increase (decrease) in accounts payable		49,850
Increase (decrease) in salaries and benefits payable		(1,064)
Increase (decrease) in compensated absences payable		(57,758)
Increase (decrease) in insurance claims payable		11,580
(Increase) decrease in receivables	2,048	
Net cash provided by operating activities	\$3,016	\$187,046

The notes to the financial statements are an integral part of this statement.

CITY OF MORAIN, OHIO
Statement of Fiduciary Net Assets
FIDUCIARY FUNDS
December 31, 2007

	Agency Funds
ASSETS	
Cash and Investments	\$69,881
Total Assets	\$69,881
 LIABILITIES	
Deposits	\$40,415
Due to Other Governments	3,022
Escrow Bonds and Deposits	26,444
Total Liabilities	\$69,881

The notes to the financial statements are an integral part of this statement.

CITY OF MORaine, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The financial reporting entity consists of the primary government, component units and organizations that are included to ensure that financial statements are not misleading.

The primary government for the City includes the departments that provide the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing 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 organization. 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.

B. Basis of Presentation

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 business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to

implement FASB Statements after November 30, 1989. The most significant of the City's accounting policies are described below.

Government-wide Statements

The statement of net assets and the statement of activities display information about the primary government. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. This is done by adjusting the expenses in the government activities to eliminate the change in net assets for all the service funds. This does not eliminate the expenses or revenues used by the general government. These statements distinguish between those activities of the City that are governmental and those that are considered business type activities. Fiduciary Funds are not included as a part of the Government-wide Statements.

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 service offered by the programs, 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 that are not classified as program revenues are presented as general revenues of the City, with certain limited expectations. 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 transaction related to City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

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

Governmental Funds

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

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

Parks & Recreation Fund – This fund accounts for money received and expended for the Parks & Recreation Department programs and activities.

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

T.I.F. Fund - This fund is used to account for expenditures and revenues associated with a redevelopment of an area financed by Tax Incremental Financing.

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

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

Proprietary Funds

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

Enterprise Funds – Enterprise funds may be used to account for an activity for which a fee is charged to external users for goods or services. The

City has one enterprise fund, the Moraine Improvement Loan Fund, which accounts for home improvement and business loans offered to residents and businesses located within the City.

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

Fiduciary Funds

Fiduciary funds use the economic resources measurement focus. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the City's own programs. The City currently has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not have a measurement focus. The City's agency funds account for undistributed receipts of the Moraine Mayor's Court and miscellaneous deposits receive by the City.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on other 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

Non-exchange 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 are 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 fiscal 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 non-exchange 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, licenses and permits, interest, grants, fees and rentals.

Unearned Deferred Revenue

Unearned/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 unearned revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue to indicate they are not available for appropriations.

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.

E. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, except the Health Insurance Program Fund, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as “Cash and Investments” on the financial statements.

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

The City of Moraine has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2007. STAROhio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at

STAROhio's share price, which is the price the investment could be sold for on December 31, 2007.

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

F. Inventory

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

On fund financial statements, inventories of governmental funds are valued at cost, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined using the first-in/first-out method. The proprietary fund inventories are recorded as expenses when used. Inventory in governmental funds consists of expandable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are used.

G. Prepaids

Certain payments to vendors reflect costs applicable to the future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

H. Capital Assets

Assets are classified as a capital asset if their acquisition cost is over \$3,000 for all asset classes except improvements to infrastructure. Improvements to infrastructure over \$50,000 are capitalized. Capital 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 government-wide statements or 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 bridges, culverts, curbs, sidewalks, storm sewers and streets. 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 capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Class</u>	<u>Estimated Useful Life</u>
Land Improvements	20 to 25 years
Building and Improvements	20 to 40 years
Machinery and Equipment	2 to 25 years
Infrastructure	20 to 50 years

I. Reserves and Designations

Reserves are portions of fund equity not appropriable for expenditures/expenses or are legally segregated for a specific future use, or both. The City recognizes reserves of fund balances for outstanding encumbrances, prepaid expenses, inventories and long-term loans.

Designations are tentative plans for financial resources used in a future period. Such plans or intent are subject to change. They may never be legally authorized or result in expenditure/expenses.

J. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation 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 liability includes the employees who are currently eligible to receive payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end, taking into consideration any limits specified in the City's personnel manual.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, a liability for the amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In proprietary funds the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Net Assets

Net assets represent the difference between asset 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 improvements 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 had no restricted net assets at December 31, 2007.

M. 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 and service that are the primary activity of the fund.

N. 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 as non-operating 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.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

P. Estimates

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

2. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits: At-year end, the carrying amount of the City’s deposits was \$1,852,234 and the bank balance was \$2,051,341. Of the bank balance, \$211,928 was covered by the Federal depository insurance. The remaining \$1,839,413 was uninsured and uncollateralized. GASB Statement No. 40 defines this entire amount as being collateralized with securities held by the pledging financial institution’s trust department or agent but not in the City’s name. The City requires at a minimum that the depository provide collateral with a single pool of securities pledged toward all deposits of public funds held by the depository. The City also maintains \$6,505 of petty cash in the various departments.

Investments: The City’s investment policy authorizes investment in fully collateralized repurchase agreements, United States Treasury Bonds and Notes, United States Treasury Bills, bankers’ acceptances, commercial paper of the highest ranking and such other investment instruments as permitted by the *Ohio Revised Code*. Financial institutions and agencies in which the City places its investments must be located within the United States. Funds invested by fiscal agents are maintained under the same criteria as those investments maintained by the City as stated above. Investments are carried at fair value.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturing</u>			
		<u>Less than One Year</u>	<u>One to Two Years</u>	<u>More than Two Years</u>	<u>Percent</u>
Fed Home Loan Bank	\$2,284,540	\$1,769,900	199,632	315,008	9.3%
Fed Home Loan Mtg Corp	1,906,407	306,866	174,654	1,424,887	7.7%
Fed Natl MTG Assn	13,721,687	81,407	195,991	13,444,289	55.5%
Government Nat Mort Asso	19			19	0.0%
US Treasury Notes	131,168	131,168			0.5%
Money Markets	859,314	859,314			3.5%
STAR Ohio	5,803,036	5,803,036			23.5%
Total Investments	<u>\$24,706,171</u>	<u>\$8,951,691</u>	<u>\$570,277</u>	<u>\$15,184,203</u>	

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from fluctuating interest rates and in accordance with the ORC, the City’s investment policy limits investments in the portfolio to having an average life of five years or less. The investment policy also requires sufficient liquidity to be maintained in the portfolio, and that investments be scheduled to mature concurrently with ongoing cash requirements so that the City’s obligations can be met without selling securities.

The City’s investment policy authorized investment in the following securities and diversification limits:

<u>Diversification of Instrument</u>	<u>Maximum Percent Allowed</u>
U.S. Treasury Obligations	100%
Authorized U.S. Federal Agency Securities and U.S. Government-sponsored Corporations	100%
Nonnegotiable Certificates of Deposit	50%
Authorized Bankers Acceptance	20%
State of Ohio’s Treasurer’s Investment Pool (STAR Ohio)	25%
Prime Commercial Paper	20%

3. LOANS RECEIVABLE

The City operates a long-term loan program as an enterprise fund. Loans receivable at December 31, 2007 were:

Loans Receivable	\$10,979
Less Allowance for bad debts	<u>3,832</u>
Net Loans Receivable	<u>\$7,147</u>

There were no outstanding loan commitments at December 31, 2007.

In 2001, as an economic development tool, the City began offering business loans that would be forgiven if the business met certain employment and financial conditions over the life of the loan. The first such loan was made during 2001. The loans receivable in the Economic Fund at December 31, 2007 were as follows:

Loans Receivable 1/1/2007	\$ 312,525
New Loans	188,000
Forgiven Loans	92,500
Loans Written Off	0
Less allowance for bad debts	<u>0</u>
Loans Receivable 12/31/2007	<u>\$ 408,025</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being Depreciated:				
Land	\$ 12,532,475	\$ 194,900	184,872	\$ 12,542,503
Construction in Progress	<u>583,404</u>	<u>4,047,425</u>	<u> </u>	<u>4,630,829</u>
Subtotal	<u>13,115,879</u>	<u>4,242,325</u>	<u>184,872</u>	<u>17,173,332</u>
Capital assets being Depreciated:				
Building and improvements	12,399,840	5,660		12,405,500
Machinery and equipment	8,976,757	590,684	260,426	9,307,015
Infrastructure	<u>15,446,803</u>	<u>3,013</u>	<u> </u>	<u>15,449,816</u>
Subtotal	<u>36,823,400</u>	<u>599,357</u>	<u>260,426</u>	<u>37,162,331</u>
Accumulated depreciation:				
Buildings and improvements	(5,375,379)	(386,572)		(5,761,951)
Machinery and Equipment	(6,536,370)	(594,183)	(259,961)	(6,870,592)
Infrastructure	<u>(9,563,149)</u>	<u>(590,495)</u>	<u> </u>	<u>(10,153,644)</u>
Subtotal	<u>(21,474,898)</u>	<u>(1,571,250)</u>	<u>(259,961)</u>	<u>(22,786,187)</u>
Net capital assets being Depreciated	<u>15,348,502</u>	<u>971,893</u>	<u>465</u>	<u>14,376,144</u>
Net capital assets	<u>\$ 28,464,381</u>	<u>\$ 3,270,432</u>	<u>\$ 185,337</u>	<u>\$ 31,549,476</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 207,947
Public Safety	368,836
Highways and Streets	707,280
Culture & Recreation	249,364
Health and Welfare	13,518
Garage	12,862
Economic Development	11,443
Total Annual Depreciation	<u>\$1,571,250</u>

Capital assets of the Internal Service City Garage Fund include machinery and equipment with a cost of \$173,851 and accumulated depreciation of \$139,487 or Net Capital Assets of \$34,364.

5. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. Property taxes are levied each January 1 on the assessed value listed as of the prior January. Assessed values are established for real and public utility property at 35% of true value, and for tangible property at 25% of true value (excluding the first \$10,000 of value). Property values are required to be updated every three years and revalued every six years. A reevaluation was completed in 2002 and another is scheduled for January 2008. The property tax calendar is as follows:

Levy date	January 1, 2006
Lien date	January 1, 2007
Tax bill mailed	January 20, 2007
First installment payment due	February 15, 2007
Second installment payment due	July 15, 2007

The assessed values for the City at the lien date of January 1, 2006, were as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$148,961,200
Public Utility Real	268,420
Tangible Personal	44,302,542
Public Utility Personal	<u>43,954,960</u>
Total	<u>\$237,487,122</u>

The County Treasurer collects property taxes on behalf of all taxing districts, including the City of Moraine. The County Auditor periodically remits to the City its

portion of taxes collected. Property taxes may be paid in full on either an annual or semiannual basis.

Ohio law prohibits taxation of property from all taxing authorities in excess of \$10.00 (10.0 mills) per \$1,000 of assessed value without a vote of the citizens. The City's share is currently \$2.50 (2.5 mills) of assessed value.

6. INCOME TAXES

The City levies a two percent income tax on substantially all income earned within the City. In addition, City residents pay City tax on income earned outside the City; however, a credit is allowed for income taxes paid to another municipality.

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

Council has designated that 10% of all income taxes are to be recorded in the Capital Projects Fund to help fund annual capital improvements.

7. LONG-TERM OBLIGATIONS

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bond Anticipation Note	\$5,000,000			\$5,000,000	\$5,000,000
Accrued vacation, sick leave and comp time benefits	2,823,830	\$1,081,061	\$1,134,100	2,770,791	321,277
Ohio Public Works Commission Long-term Promissory Notes, 0.0%	263,250		27,710	235,540	27,710
National City Bank Capital Equipment Lease, 2.13% and 3.00%	26,594		26,594		
Narayan, Inc. Long-term Promissory Note, 0.0%	75,000		75,000		
City of Dayton, Promissory Note, 0.0%	<u>80,000</u>	<u> </u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Total long-term liabilities	<u>\$8,268,674</u>	<u>\$1,081,061</u>	<u>\$1,303,404</u>	<u>\$8,046,331</u>	<u>\$5,388,987</u>

The compensated absences are liquidated from the General Fund, Parks, and Recreation Fund and the Street Construction and Maintenance Fund. The Bond Anticipation Note will be paid from the T.I.F. Fund and remaining debt of \$275,540 will be paid from the Capital Improvement Fund.

8. LEASES AND COMMITMENTS

As of December 31, 2007, the City had the following significant construction and other contractual commitments outstanding:

<u>Vendor</u>	<u>Outstanding Commitment</u>
Brumbaugh Construction Company	\$375,664
DP&L Energy Resources, Inc.	126,947
Northwest Consultants	96,159
LJB Inc.	75,701
Envision-Works Inc.	44,486
The Armrel Byrnes Co.	23,538
ODNR Division-Soil & Water	22,987
Kinnison Excavation, Inc.	20,705
ATC Associates Inc.	9,865
Walker Plumbing	<u>5,250</u>
Total	<u>\$801,302</u>

9. BOND ANTICIPATION NOTES

The City has a \$5,000,000 bond anticipation note with interest rate of 4.1% with semi-annual interest payment of \$102,500 due March 2008.

10. OTHER LONG-TERM OBLIGATIONS

Ohio Public Works Commission Long-term Promissory Notes

The following is a summary of debt transactions for the year ended December 31, 2007:

Loans payable, January 1, 2007	\$263,250
Loan payments	<u>27,710</u>
Loans payable December 31, 2007	<u>\$235,540</u>

The loan was an interest free loan for street improvements from the Ohio Public Works Commission issued in 1996 with the first payment due July 1, 1996. Semi-annual payments are due January 1st and July 1st each year.

Annual principal payments required on the Dryden Road Loan are:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>
2008	\$27,710	2012	27,710
2009	27,710	2013	27,710
2010	27,710	2014	27,710
2011	27,710	2015	27,710
		2016	<u>13,860</u>
Totals			<u>\$235,250</u>

City of Dayton Long-term Promissory Note

This loan is an interest free loan for the purchase of property from City of Dayton. Annual payments are due in March. Payments required are:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>
2008	<u>\$40,000</u>
Totals	<u>\$40,000</u>

11. PENSION PLAN OBLIGATIONS

Substantially all City employees are covered by one of two pension plans, the Ohio Public Employees Retirement System (OPERS) or the Ohio Police and Fire Pension Fund (OP&F).

Ohio Public Employees Retirement System (OPERS)

- A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
1. The Traditional Pension Plan —a cost sharing, multiple-employer defined benefit pension plan.
 2. The Member-Directed Plan —a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan—a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provide retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member- Directed Plan do not qualify for ancillary benefits.
 - C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
 - D. OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.
 - E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2007 member contribution rates were 9.5% for members in state and local classifications. Public safety members contributed 9.75%. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.1%. The 2007 employer contribution rate for state employers was 13.77% of covered payroll. For local government employer units, the rate was 13.85% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2007 was 17.17%.
 - F. The City's contributions for the years ending December 31, 2005, 2006 and 2007, were \$619,459, \$695,894 and \$732,214, respectively, equal to the required contributions for the year.

Ohio Police and Fire Pension Fund (OP&F)

OP&F is a cost-sharing multiple-employer defined pension plan, which provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a publicly available financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164, or by calling (614) 228-2975.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 10.0% of their annual covered salary and the City is required to contribute 19.5% and 24.0%, respectively, for police officers and firefighters. The City's contributions to the plan for the years ending December 31, 2005, 2006 and 2007, were \$965,274, \$959,207, and \$994,465, respectively, or 73% of the required contributions for 2006, 79% of the required contributions for 2005 and 88% of the required contributions for 2004.

12. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 12, both the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F) provide postretirement health care coverage, commonly referred to as OPEB (other post employment benefits). For both systems, the Ohio Revised Code provides the authority for public employers to fund postretirement health care through their contributions.

Ohio Public Employees Retirement System OPEB

A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provide retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2007, state employers contributed at a rate of 13.77% of covered payroll, local government employer units contributed at 13.85% of covered payroll and public safety and law enforcement employer units contributed at 17.17%. The portion of employer contributions, for all employers, allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post employment health care through their contributions to OPERAS.

C. Summary of Assumptions:

Actuarial Review—The assumptions and calculations below were based on OPERAS' latest actuarial review performed as of December 31, 2006

Funding Method—The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method—All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return—The investment assumption rate for 2006 was 6.50%.

Active Employee Total Payroll—An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care—Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 5.00% for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

D. OPEB is advance-funded on an actuarially determined basis. The following disclosures are required:

1. The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130.
2. The City's contribution for the year ended December 31, 2007, was \$291,645 to fund post-employment benefits.
3. The amount of \$12.0 billion represents the actuarial value of OPERAS' net assets available for OPEB at December 31, 2006.

4. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.
- E. OPERS Board of Trustees Implements its Health Care Preservation Plan. The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund OPEB

OP&F provides post-retirement 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.

Health care funding and accounting is on a pay-as-you-go basis. The Ohio Revised Code provides that health care costs paid shall be included in the employer’s contribution rate. In addition, all retirees and survivors are required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. The 2007 employer contribution rate was 19.5% of covered payroll for Police and 24.0% for Fire of which 6.75% was used to fund health insurance. The City’s contribution for the year ended December 31, 2007 was \$82,744 for Police and \$61,448 for Fire to pay post-employment benefits.

The number of participants eligible to receive health care benefits was 14,120 for Police and 10,563 for Fire, as of December 31, 2006. OP&F total health care expense for the year ended December 31, 2006 was \$120,373,722, which was net of member contributions of \$58,532,848.

13. INTERFUND TRANSACTIONS

Interfund receivables and payables at December 31, 2007 were as follows:

Fund	Due From <u>Other Funds</u>	Due to <u>Other Funds</u>
General Fund	\$845,000	
Economic Development Fund		\$845,000
Total	<u>\$845,000</u>	<u>\$845,000</u>

The outstanding balance between funds is the result from a working capital loan. None of the balance is scheduled to be collected in the subsequent year.

Interfund transfers for 2007 were as follows:

Fund	<u>From</u> <u>Other Funds</u>	<u>To</u> <u>Other Funds</u>
General Fund		\$6,025,000
Parks & Rec.	\$1,600,000	
T.I.F. Fund	1,800,000	
Non-Major Funds	<u>2,625,000</u>	
Total	<u>\$6,025,000</u>	<u>\$6,025,000</u>

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

14. CONTINGENT LIABILITIES

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

15. RISK MANAGEMENT

Property and Liability Coverage

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

The following is a summary of insurance coverage through the pool at year-end:

General Liability	\$5,000,000 per occurrence
Automotive Liability	\$5,000,000 per occurrence
Real and Personal Property	\$19,865,000 per occurrence
Police Professional Liability	\$5,000,000 per occurrence
Public Officials Liability	\$5,000,000 per occurrence

Over the past three years, the insurance coverages carried by the City have been substantially higher than the settlements made by our insurance carrier.

Health Insurance Coverage

The City provides health insurance coverage for its employees. This program is accounted for in the Internal Service Fund, Health Insurance Program Fund. This coverage is provided by the City self-funding a portion of the program with the balance of coverage provided by stop loss coverage through Phoenix Excess Risk Insurance Company. The stop loss carrier provides coverage as follows: the City pays all claims up to \$60,000 per individual or \$2,028,758 in aggregate during the contract year, which runs from August 1 through July 31 of each year.

Stop loss reimbursement for the past three years:

<u>2005</u>	<u>2006</u>	<u>2007</u>
\$267,100	\$56,992	\$0

Below is a claim history for the past three years:

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Claims liability at January 1	\$ 388,596	\$ 397,109	\$ 90,248
Claims incurred	2,105,984	1,167,699	1,617,955
Claims paid	(2,097,471)	(1,474,560)	(1,606,375)
Claims liability at December 31	\$ 397,109	\$ 90,248	\$ 101,828

16. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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

17. Subsequent Events

The City entered into a capital lease during 2007 to purchase a fire ladder truck. This lease is not recorded in the 2007 financial statements because the economic event did not occur until May 28, 2008. The Present Value of the Lease is \$693,399

The City accepted a Grant & Loan from the Ohio Public Works Commission for resurfacing and improving Springboro West and Kreitzer Roads. The Grant is for \$150,000 and the loan is for \$450,000.00. This transaction is not recorded in the 2007 financial statements because the economic event had not occurred before December 31, 2008.

On June 3, 2008 GM, the City's largest employer, announced its plans to discontinue its manufacturing operations in the City at the end of the model year 2010. The City is currently examining the economic impact of that event.



CITY OF MORaine, OHIO

REQUIRED

SUPPLEMENTARY

INFORMATION



CITY OF MORAIN, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Income	\$17,223,500	\$17,223,500	\$17,554,692	\$331,192
Property	520,691	520,691	588,751	68,060
Other	75,000	75,000	58,872	(16,128)
Shared Revenues	460,870	460,870	539,540	78,670
License and Permits	29,920	29,920	51,000	21,080
Charges for Services	52,110	52,110	44,773	(7,337)
Fines	253,000	253,000	248,497	(4,503)
Investment Earnings	720,000	720,000	953,430	233,430
Rents and Royalties	48,000	48,000	35,561	(12,439)
Intergovernmental	124,000	124,000	181,130	57,130
Miscellaneous Receipts & Reimbursements	56,500	56,500	112,079	55,579
Total Revenues	<u>19,563,591</u>	<u>19,563,591</u>	<u>20,368,325</u>	<u>804,734</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Council:				
Personnel services	16,100	16,320	16,032	288
General operating expenses	103,378	109,736	86,003	23,733
Total Council	<u>119,478</u>	<u>126,056</u>	<u>102,035</u>	<u>24,021</u>
Clerk of Council				
Personnel services	62,700	62,700	52,487	10,213
General operating expenses	3,910	3,910	1,591	2,319
Total Clerk of Council	<u>66,610</u>	<u>66,610</u>	<u>54,078</u>	<u>12,532</u>
City Manager				
Personnel services	306,500	306,500	277,382	29,118
General operating expenses	62,452	46,456	36,398	10,058
Total City Manager	<u>368,952</u>	<u>352,956</u>	<u>313,780</u>	<u>39,176</u>
Clerk of Courts				
Personnel services	133,200	133,200	128,216	4,984
General operating expenses	54,030	51,137	24,130	27,007
Total Clerk of Courts	<u>187,230</u>	<u>184,337</u>	<u>152,346</u>	<u>31,991</u>
Law Director				
Personnel services				
General operating expenses	240,204	222,714	218,459	4,255
Total Law Director	<u>240,204</u>	<u>222,714</u>	<u>218,459</u>	<u>4,255</u>
Merit Service				
Personnel services				
General operating expenses	7,250	7,250	1,314	5,936
Total Merit Service	<u>7,250</u>	<u>7,250</u>	<u>1,314</u>	<u>5,936</u>
Mayor				
Personnel services	12,900	12,950	10,140	2,810
General operating expenses	42,273	32,223	27,604	4,619
Total Mayor	<u>55,173</u>	<u>45,173</u>	<u>37,744</u>	<u>7,429</u>

(continued)

**CITY OF MORAIN, OHIO
GENERAL FUND**

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007**

(continued)

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
Finance				
Personnel services	600,350	596,350	559,492	36,858
General operating expenses	75,228	68,998	53,345	15,653
Total Finance	<u>675,578</u>	<u>665,348</u>	<u>612,837</u>	<u>52,511</u>
Information Center				
Personnel services	146,200	142,700	134,813	7,887
General operating expenses	1,000	1,000	125	875
Total Information Center	<u>147,200</u>	<u>143,700</u>	<u>134,938</u>	<u>8,762</u>
Public Buildings				
Personnel services	1,725,000	1,720,134	1,579,498	140,636
General operating expenses	813,378	812,272	727,657	84,615
Total Public Buildings	<u>2,538,378</u>	<u>2,532,406</u>	<u>2,307,155</u>	<u>225,251</u>
General Miscellaneous				
Personnel services	152,200	157,700	107,555	50,145
General operating expenses	477,589	482,236	475,957	6,279
Total General Miscellaneous	<u>629,789</u>	<u>639,936</u>	<u>583,512</u>	<u>56,424</u>
Information Technology				
Personnel services	113,500	113,500	103,566	9,934
General operating expenses	250,488	239,073	184,889	54,184
Total Information Technology	<u>363,988</u>	<u>352,573</u>	<u>288,455</u>	<u>64,118</u>
Human Resources				
Personnel services	106,000	106,000	101,959	4,041
General operating expenses	75,748	70,727	54,963	15,764
Total Human Resources	<u>181,748</u>	<u>176,727</u>	<u>156,922</u>	<u>19,805</u>
TOTAL GENERAL GOVERNMENT	<u>5,581,578</u>	<u>5,515,786</u>	<u>4,963,575</u>	<u>552,211</u>
PUBLIC SAFETY				
Police				
Personnel services	4,109,000	4,103,830	3,938,327	165,503
General operating expenses	617,124	612,199	566,772	45,427
Total Police	<u>4,726,124</u>	<u>4,716,029</u>	<u>4,505,099</u>	<u>210,930</u>
Fire				
Personnel services	3,708,000	3,682,000	3,452,303	229,697
General operating expenses	501,633	494,721	419,592	75,129
Total Fire	<u>4,209,633</u>	<u>4,176,721</u>	<u>3,871,895</u>	<u>304,826</u>
Civil Defense				
Personnel services				
General operating expenses	8,500	8,500	8,115	385
Total Civil Defense	<u>8,500</u>	<u>8,500</u>	<u>8,115</u>	<u>385</u>
TOTAL PUBLIC SAFETY	<u>8,944,257</u>	<u>8,901,250</u>	<u>8,385,109</u>	<u>516,141</u>

(continued)

**CITY OF MORAIN, OHIO
GENERAL FUND**

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007**

(continued)

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
HIGHWAYS AND STREETS				
Engineering				
Personnel services	216,900	216,900	204,526	12,374
General operating expenses	59,730	58,554	55,015	3,539
Total Engineering	<u>276,630</u>	<u>275,454</u>	<u>259,541</u>	<u>15,913</u>
Street Lighting				
Personnel services				
General operating expenses	260,000	260,000	241,232	18,768
Total Street Lighting	<u>260,000</u>	<u>260,000</u>	<u>241,232</u>	<u>18,768</u>
TOTAL HIGHWAYS AND STREETS	<u>536,630</u>	<u>535,454</u>	<u>500,773</u>	<u>34,681</u>
SANITATION				
Waste Collection				
Personnel services				
General operating expenses	388,148	383,710	365,678	18,032
Total Waste Collection	<u>388,148</u>	<u>383,710</u>	<u>365,678</u>	<u>18,032</u>
TOTAL SANITATION	<u>388,148</u>	<u>383,710</u>	<u>365,678</u>	<u>18,032</u>
HEALTH AND WELFARE				
Health & Alcoholism				
Personnel services				
General operating expenses	2,000	2,000	1,113	887
Total Health & Alcoholism	<u>2,000</u>	<u>2,000</u>	<u>1,113</u>	<u>887</u>
Board of Zoning Appeals				
Personnel services				
General operating expenses	1,767	1,200	900	300
Total Board of Zoning Appeals	<u>1,767</u>	<u>1,200</u>	<u>900</u>	<u>300</u>
Building Inspection				
Personnel services	152,530	152,530	110,042	42,488
General operating expenses	44,152	30,915	25,360	5,555
Total Building Inspection	<u>196,682</u>	<u>183,445</u>	<u>135,402</u>	<u>48,043</u>
TOTAL HEALTH AND WELFARE	<u>200,449</u>	<u>186,645</u>	<u>137,415</u>	<u>49,230</u>
CULTURE-RECREATION				
Senior Citizens				
Personnel services				
General operating expenses	12,000	12,000	12,000	
Total Senior Citizens	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	
Summer Jobs				
Personnel services	92,270	112,370	96,415	15,955
General operating expenses	1,500	1,400	889	511
Total Summer Jobs	<u>93,770</u>	<u>113,770</u>	<u>97,304</u>	<u>16,466</u>
Fire Works				
Personnel services				
General operating expenses	35,000	17,000	17,000	
Total Fire Works	<u>35,000</u>	<u>17,000</u>	<u>17,000</u>	
TOTAL CULTURE-RECREATION	<u>140,770</u>	<u>142,770</u>	<u>126,304</u>	<u>16,466</u>

(continued)

CITY OF MORaine, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

(continued)

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
ECONOMIC DEVELOPMENT AND ASSISTANCE				
Planning				
Personnel services	154,900	154,850	150,673	4,177
General operating expenses	61,938	61,795	45,145	16,650
Total Planning	<u>216,838</u>	<u>216,645</u>	<u>195,818</u>	<u>20,827</u>
Planning Commission				
Personnel services				
General operating expenses	8,727	8,100	5,512	2,588
Total Planning Commission	<u>8,727</u>	<u>8,100</u>	<u>5,512</u>	<u>2,588</u>
TOTAL ECONOMIC DEVELOPMENT AND ASSISTANCE	<u>225,565</u>	<u>224,745</u>	<u>201,330</u>	<u>23,415</u>
TOTAL EXPENDITURES	<u>16,017,397</u>	<u>15,890,360</u>	<u>14,680,184</u>	<u>1,210,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,546,194</u>	<u>3,673,231</u>	<u>5,688,141</u>	<u>2,014,910</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,225,000)	(6,425,000)	(6,025,000)	400,000
Proceeds from the sale of capital assets	10,000	10,000	42,642	32,642
Total Other Financing Sources (Uses)	<u>(6,215,000)</u>	<u>(6,415,000)</u>	<u>(5,982,358)</u>	<u>432,642</u>
Net Change in Fund Balance	<u>(2,668,806)</u>	<u>(2,741,769)</u>	<u>(294,217)</u>	<u>2,447,552</u>
Fund Balance - Beginning	15,545,819	15,545,819	15,545,819	
Encumbrances	276,155	276,155	276,155	
Fund Balance - Ending	<u>\$13,153,168</u>	<u>\$13,080,205</u>	<u>\$15,527,757</u>	<u>\$2,447,552</u>

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO
PARKS AND RECREATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUES				
Charges for Services	\$792,660	\$792,660	\$800,467	\$7,807
Investment Earnings	15,000	15,000	33,895	18,895
Contributions and Donations			32,341	32,341
Intergovernmental	50,000	50,000	33,877	(16,123)
Miscellaneous Receipts & Reimbursements			46,688	46,688
Total Revenues	<u>857,660</u>	<u>857,660</u>	<u>947,268</u>	<u>89,608</u>
EXPENDITURES				
Culture-Recreation				
Civic Center				
Personnel services	349,350	349,350	318,527	30,823
General operating expenses	64,385	62,395	54,938	7,457
Total Civic Center	<u>413,735</u>	<u>411,745</u>	<u>373,465</u>	<u>38,280</u>
Parks & Recreation Programs				
Personnel services				
General operating expenses	76,350	72,688	66,908	5,780
Total Parks & Recreation Programs	<u>76,350</u>	<u>72,688</u>	<u>66,908</u>	<u>5,780</u>
Water Park				
Personnel services	634,000	631,834	585,934	45,900
General operating expenses	396,286	453,555	440,250	13,305
Total Water Park	<u>1,030,286</u>	<u>1,085,389</u>	<u>1,026,184</u>	<u>59,205</u>
Recreational Center				
Personnel services	744,340	748,604	712,652	35,952
General operating expenses	355,214	344,176	319,401	24,775
Total Recreational Center	<u>1,099,554</u>	<u>1,092,780</u>	<u>1,032,053</u>	<u>60,727</u>
Total Culture-Recreation	<u>2,619,925</u>	<u>2,662,602</u>	<u>2,498,610</u>	<u>163,992</u>
Total Expenses	<u>2,619,925</u>	<u>2,662,602</u>	<u>2,498,610</u>	<u>163,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,762,265)</u>	<u>(1,804,942)</u>	<u>(1,551,342)</u>	<u>253,600</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	2,000,000	1,600,000	(400,000)
Total Other Financing Sources (Uses)	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,600,000</u>	<u>(400,000)</u>
Net Change in Fund Balance	<u>237,735</u>	<u>195,058</u>	<u>48,658</u>	<u>(146,400)</u>
Fund Balance - Beginning	707,742	707,742	707,742	
Encumbrances	44,723	44,723	44,723	
Fund Balance - Ending	<u>\$990,200</u>	<u>\$947,523</u>	<u>\$801,123</u>	<u>(\$146,400)</u>

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO
ECONOMIC DEVELOPMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$500,000	\$500,000		(\$500,000)
Total Revenues	<u>500,000</u>	<u>500,000</u>		<u>(500,000)</u>
EXPENDITURES				
Economic Development	865,000	865,000	\$188,000	677,000
Total Expenses	<u>865,000</u>	<u>865,000</u>	<u>188,000</u>	<u>677,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(365,000)</u>	<u>(365,000)</u>	<u>(188,000)</u>	<u>177,000</u>
Net Change in Fund Balance	<u>(365,000)</u>	<u>(365,000)</u>	<u>(188,000)</u>	<u>177,000</u>
Fund Balance - Beginning	1,259,317	1,259,317	1,259,317	
Fund Balance - Ending	<u>\$894,317</u>	<u>\$894,317</u>	<u>\$1,071,317</u>	<u>\$177,000</u>

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO
T. I. F. FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$10,000	\$10,000	\$20,320	\$10,320
Miscellaneous Receipts & Reimbursements			650	650
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>20,970</u>	<u>10,970</u>
EXPENDITURES				
Capital Outlays:				
Economic Development	2,806,000	3,223,795	3,066,638	157,157
Total Expenses	<u>2,806,000</u>	<u>3,223,795</u>	<u>3,066,638</u>	<u>157,157</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,796,000)</u>	<u>(3,213,795)</u>	<u>(3,045,668)</u>	<u>168,127</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	500,000	500,000	209,895	(290,105)
Transfers In	1,600,000	1,600,000	1,800,000	200,000
Total Other Financing Sources (Uses)	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,009,895</u>	
Net Change in Fund Balance	<u>(696,000)</u>	<u>(1,113,795)</u>	<u>(1,035,773)</u>	<u>168,127</u>
Fund Balance - Beginning	1,124,768	1,124,768	1,124,768	
Encumbrances	424,157	424,157	133,871	(290,286)
Fund Balance - Ending	<u>\$852,925</u>	<u>\$435,130</u>	<u>\$222,866</u>	<u>(\$212,264)</u>

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2007

1. Budgets and Budgetary Accounting

An annual budget for all governmental fund types covering the period January 1 through December 31 of the following year showing estimated revenues and expenditures is submitted to the County Auditor as Secretary of the County Budget Commission. The budget is passed by City Council, after public hearings are held, by July 15 of each year, and submitted to the County Budget Commission by July 20 of each year.

The County Budget Commission certifies its actions relevant to the annual budget to the City by September 1. As part of this certification, the City receives an official certificate of estimated resources, which states the projected receipts by fund. On or about January 1, this certificate is amended to include any unencumbered fund balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations ordinance.

A temporary appropriations ordinance to control expenditures may be passed on or about January 1 of each year for the period of January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriations ordinance generally controls expenditures at the department level and may be amended or supplemented by Council during the year as required. Amendments to the appropriations ordinance made during the year increased original appropriations by approximately 5.2%. Total expenditures in any fund cannot exceed the estimated resources for that fund. Unencumbered appropriations lapse at year-end, while encumbered amounts are reappropriated in the following year's budget.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The City's expenditure budget and appropriations ordinance are the same document. The appropriations ordinance controls expenditures at the departmental level with a detail breakdown by personal services, operating and capital expenditures/expenses. Supplemental appropriations are made to the budget during the year by the passage of ordinances. These supplemental appropriations are recommended by management to the City Council, but can only be adopted by formal passage of an

ordinance by City Council. The only authority that management has is to make transfers between accounts within the departmental appropriations. Any increase or decrease in appropriations for any department takes official Council action. During 2007, there were eleven supplemental appropriations made totaling \$1,909,000.

While financial position, results of operations, and changes in fund balances are reported on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by State law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budget) – All Governmental Fund Types 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 the GAAP basis are:

- 1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (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).

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

Net Change in Fund Balance

	<u>General</u>	<u>Parks & Recreation</u>	<u>Economic Development</u>	<u>T. I. F.</u>
GAAP Basis	(\$626,746)	\$90,929	\$77,500	(\$598,750)
Net Adjustment for Revenue Accruals	111,551	(10,345)	(300,000)	(2,190)
Net Adjustment for Expenditure Accruals	<u>220,978</u>	<u>(31,926)</u>	<u>34,500</u>	<u>(434,833)</u>
Budget Basis	<u>(\$294,217)</u>	<u>\$48,658</u>	<u>(\$188,000)</u>	<u>(\$1,035,773)</u>

CITY OF MORAINE, OHIO

COMBINING STATEMENTS

AND

INDIVIDUAL FUND STATEMENTS



**CITY OF MORAINE, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2007**

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Investments	\$1,682,589	\$130,693	\$1,813,282
Receivables:			
Property Tax	140,324		140,324
Accounts	75		75
Intergovernmental	221,361		221,361
Inventories	68,885		68,885
Prepays	361		361
Total Assets	<u>2,113,595</u>	<u>130,693</u>	<u>2,244,288</u>
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts Payable	11,726		11,726
Salaries and Benefits Payable	355,934		355,934
Compensated Absences Payable	7,513		7,513
Deferred Revenue	326,050		326,050
Total Current Liabilities	<u>701,223</u>		<u>701,223</u>
FUND BALANCES			
Reserved For:			
Encumbrances	33,138		33,138
Prepays	361		361
Inventories	68,885		68,885
Unreserved	1,309,988	130,693	1,440,681
Total Fund Balance	<u>1,412,372</u>	<u>130,693</u>	<u>1,543,065</u>
Total Liabilities and Fund Balances	<u>\$2,113,595</u>	<u>\$130,693</u>	<u>\$2,244,288</u>

CITY OF MORAIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Ended December 31, 2007

	<u>NONMAJOR SPECIAL REVENUE FUNDS</u>	<u>NONMAJOR DEBT SERVICE FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUES			
Taxes:			
Property	\$183,480		\$183,480
Other	4,050		4,050
Shared Revenues	476,833		476,833
Licenses and Permits	28,785		28,785
Charges for Services	5,950		5,950
Investment Earnings	69,066	\$6,402	75,468
Miscellaneous Receipts & Reimbursements	4,539		4,539
Total Revenues	<u>772,703</u>	<u>6,402</u>	<u>779,105</u>
EXPENDITURES			
General government	2,883		2,883
Public Safety	1,038,706		1,038,706
Highways and streets	1,905,452		1,905,452
Total Expenditures	<u>2,947,041</u>		<u>2,947,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,174,338)</u>	<u>6,402</u>	<u>(2,167,936)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,625,000		2,625,000
Proceeds from the sale of capital assets			
Total Other Financing Sources (Uses)	<u>2,625,000</u>		<u>2,625,000</u>
Net Change in Fund Balance	<u>450,662</u>	<u>6,402</u>	<u>457,064</u>
Fund Balance - Beginning	961,710	124,291	1,086,001
Fund Balance - Ending	<u>\$1,412,372</u>	<u>\$130,693</u>	<u>\$1,543,065</u>

**CITY OF MORAINE, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2007**

	STREET CONSTRUCTION AND MAINTENANCE	STATE HIGHWAY IMPROVEMENT	CEMETERY	MOTOR VEHICLE LICENSE TAX	ENFORCEMEN T AND EDUCATION	POLICE PENSION	FIRE PENSION	FEDERAL LAW ENFORCEMENT	STATE LAW ENFORCEMENT	DRUG LAW ENFORCEMENT	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
ASSETS											
Cash and Investments	\$492,669	\$521,895	\$90,613	\$79,571	\$40,010	\$135,499	\$195,459	\$28,716	\$71,846	\$26,311	\$1,682,589
Receivables:											
Property Tax						70,162	70,162				140,324
Accounts					75						75
Intergovernmental	195,841	15,879		9,641							221,361
Inventories	68,885										68,885
Prepays	361										361
Total Assets	757,756	537,774	90,613	89,212	40,085	205,661	265,621	28,716	71,846	26,311	2,113,595
LIABILITIES AND FUND BALANCES											
CURRENT LIABILITIES											
Accounts Payable	7,418			518	3,790						11,726
Salaries and Benefits Payable	83,896					129,162	142,876				355,934
Compensated Absences Payable	7,513										7,513
Deferred Revenue	164,092	13,305		8,329		70,162	70,162				326,050
Total Current Liabilities	262,919	13,305		8,847	3,790	199,324	213,038				701,223
FUND BALANCES											
Reserved For:											
Encumbrances	26,597		963	1,788	3,790						33,138
Prepays	361										361
Inventories	68,885										68,885
Unreserved	398,994	524,469	89,650	78,577	32,505	6,337	52,583	28,716	71,846	26,311	1,309,988
Total Fund Balance	494,837	524,469	90,613	80,365	36,295	6,337	52,583	28,716	71,846	26,311	1,412,372
Total Liabilities and Fund Balances	\$757,756	\$537,774	\$90,613	\$89,212	\$40,085	\$205,661	\$265,621	\$28,716	\$71,846	\$26,311	\$2,113,595

CITY OF MORaine, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2007

	STREET CONSTRUCTION AND MAINTENANCE	STATE HIGHWAY IMPROVEMENT	CEMETERY	MOTOR VEHICLE LICENSE TAX	ENFORCEMENT AND EDUCATION	POLICE PENSION	FIRE PENSION	FEDERAL LAW ENFORCEMENT	STATE LAW ENFORCEMENT	DRUG LAW ENFORCEMENT	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES											
Taxes:											
Property						\$91,740	\$91,740				\$183,480
Other						2,025	2,025				4,050
Shared Revenues	\$421,327	\$33,862		\$21,644	\$28,785						476,833
Licenses and Permits											28,785
Charges for Services	15,570	24,667	\$5,950	3,516	1,545	6,666	6,642	\$1,400	\$3,512	\$1,274	5,950
Investment Earnings			4,274					239	1,753		69,066
Miscellaneous Receipts & Reimbursements			2,547								4,539
Total Revenues	<u>436,897</u>	<u>58,529</u>	<u>12,771</u>	<u>25,160</u>	<u>30,330</u>	<u>100,431</u>	<u>100,407</u>	<u>1,639</u>	<u>5,265</u>	<u>1,274</u>	<u>772,703</u>
EXPENDITURES											
General government			2,883								2,883
Public Safety					12,531	496,253	529,922				1,038,706
Highways and streets	1,898,722			6,730							1,905,452
Total Expenditures	<u>1,898,722</u>		<u>2,883</u>	<u>6,730</u>	<u>12,531</u>	<u>496,253</u>	<u>529,922</u>				<u>2,947,041</u>
Excess (deficiency) of Revenues	<u>(1,461,825)</u>	<u>58,529</u>	<u>9,888</u>	<u>18,430</u>	<u>17,799</u>	<u>(395,822)</u>	<u>(429,515)</u>	<u>1,639</u>	<u>5,265</u>	<u>1,274</u>	<u>(2,174,338)</u>
Over (under) Expenditures											
OTHER FINANCING SOURCES (USES)											
Transfers in	1,750,000					400,000	475,000				2,625,000
Proceeds from the sale of capital assets											
Total Other Financing Sources (Uses)	<u>1,750,000</u>					<u>400,000</u>	<u>475,000</u>				<u>2,625,000</u>
Net Change in Fund Balance	<u>288,175</u>	<u>58,529</u>	<u>9,888</u>	<u>18,430</u>	<u>17,799</u>	<u>4,178</u>	<u>45,485</u>	<u>1,639</u>	<u>5,265</u>	<u>1,274</u>	<u>450,662</u>
Fund Balance - Beginning	206,662	465,940	80,725	61,935	18,496	2,159	7,098	27,077	66,581	25,037	981,710
Fund Balance - Ending	<u>\$494,837</u>	<u>\$524,469</u>	<u>\$90,613</u>	<u>\$80,365</u>	<u>\$36,295</u>	<u>\$6,337</u>	<u>\$52,583</u>	<u>\$28,716</u>	<u>\$71,846</u>	<u>\$26,311</u>	<u>\$1,412,372</u>

CITY OF MORaine, OHIO
STREET CONSTRUCTION AND MAINTENANCE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$384,000	\$384,000	\$417,924	\$33,924
Investment Earnings	8,000	8,000	12,971	4,971
Total Revenues	<u>392,000</u>	<u>392,000</u>	<u>430,895</u>	<u>38,895</u>
EXPENDITURES				
Highways and Streets				
Personnel Services	1,507,900	1,504,200	1,460,834	43,366
General Operating Expenses	534,226	521,410	466,686	54,724
Total Highways and Streets	<u>2,042,126</u>	<u>2,025,610</u>	<u>1,927,520</u>	<u>98,090</u>
Total Expenditures	<u>2,042,126</u>	<u>2,025,610</u>	<u>1,927,520</u>	<u>98,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,650,126)</u>	<u>(1,633,610)</u>	<u>(1,496,625)</u>	<u>136,985</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,750,000	1,750,000	1,750,000	
Total Other Financing Sources (Uses)	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000</u>	
Net Change in Fund Balance	99,874	116,390	253,375	136,985
Fund Balance - Beginning	210,407	210,407	210,407	
Encumbrances	22,226	22,226	26,597	4,371
Fund Balance - Ending	<u>\$332,507</u>	<u>\$349,023</u>	<u>\$490,379</u>	<u>\$141,356</u>

CITY OF MORAIN, OHIO
STATE HIGHWAY IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUES				
Shared Revenues	\$31,081	\$31,081	\$33,886	\$2,805
Investment Earnings	15,000	15,000	21,479	6,479
Total Revenues	46,081	46,081	55,365	9,284
Excess (deficiency) of revenues over (under) expenditures	46,081	46,081	55,365	9,284
Net Change in Fund Balance	46,081	46,081	55,365	9,284
Fund Balance - Beginning	464,104	464,104	464,104	
Fund Balance - Ending	<u>\$510,185</u>	<u>\$510,185</u>	<u>\$519,469</u>	<u>\$9,284</u>

**CITY OF MORaine, OHIO
CEMETERy FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007**

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$7,000	\$7,000	\$5,950	(\$1,050)
Investment Earnings	3,000	3,000	3,725	725
Miscellaneous Receipts & Reimbursements	1,000	1,000	2,547	1,547
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>12,222</u>	<u>1,222</u>
EXPENDITURES				
General Government	15,000	15,000	3,846	11,154
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>3,846</u>	<u>11,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,000)</u>	<u>(4,000)</u>	<u>8,376</u>	<u>12,376</u>
Net Change in Fund Balance	<u>(4,000)</u>	<u>(4,000)</u>	<u>8,376</u>	<u>12,376</u>
Fund Balance - Beginning	80,852	80,852	80,852	
Encumbrances	963	963	963	
Fund Balance - Ending	<u>\$77,815</u>	<u>\$77,815</u>	<u>\$90,191</u>	<u>\$12,376</u>

CITY OF MORaine, OHIO
MOTOR VEHICLE LICENSE TAX FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$20,000	\$20,000	\$21,576	\$1,576
Investment Earnings	2,000	2,000	3,047	1,047
Total Revenues	<u>22,000</u>	<u>22,000</u>	<u>24,623</u>	<u>2,623</u>
EXPENDITURES				
Highways and Streets	8,000	8,000	8,000	
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>14,000</u>	<u>14,000</u>	<u>16,623</u>	<u>2,623</u>
Net Change in Fund Balance	14,000	14,000	16,623	2,623
Fund Balance - Beginning	60,790	60,790	60,790	
Encumbrances	1,788	1,788	1,788	
Fund Balance - Ending	<u>\$76,578</u>	<u>\$76,578</u>	<u>\$79,201</u>	<u>\$2,623</u>

CITY OF MORAIN, OHIO
ENFORCEMENT AND EDUCATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUES				
License and Permits	\$2,000	\$2,000	\$28,760	\$26,760
Investment Earnings	700	700	1,329	629
Total Revenues	<u>2,700</u>	<u>2,700</u>	<u>30,089</u>	<u>27,389</u>
EXPENDITURES				
Public Safety	15,000	15,000	12,531	2,469
Total Expenses	15,000	15,000	12,531	2,469
Excess (deficiency) of revenues over (under) expenditures	<u>(12,300)</u>	<u>(12,300)</u>	<u>17,558</u>	<u>29,858</u>
Net Change in Fund Balance	<u>(12,300)</u>	<u>(12,300)</u>	<u>17,558</u>	<u>29,858</u>
Fund Balance - Beginning	18,476	18,476	18,476	
Encumbrances	3,790	3,790	3,790	
Fund Balance - Ending	<u>\$9,966</u>	<u>\$9,966</u>	<u>\$39,824</u>	<u>\$29,858</u>

CITY OF MORAIN, OHIO
POLICE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$79,920	\$79,920	\$91,740	\$11,820
Other	2,462	2,462	2,025	(437)
Investment Earnings	2,300	2,300	5,866	3,566
Total Revenues	<u>84,682</u>	<u>84,682</u>	<u>99,631</u>	<u>14,949</u>
EXPENDITURES				
Public Safety				
Personnel	478,000	477,960	467,008	10,952
General operating expense	1,300	1,340	1,340	
Total Public Safety	<u>479,300</u>	<u>479,300</u>	<u>468,348</u>	<u>10,952</u>
Total Expenditures	<u>479,300</u>	<u>479,300</u>	<u>468,348</u>	<u>10,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(394,618)</u>	<u>(394,618)</u>	<u>(368,717)</u>	<u>25,901</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	400,000	400,000	400,000	
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	
Net Change in Fund Balance	5,382	5,382	31,283	25,901
Fund Balance - Beginning	103,586	103,586	103,586	
Fund Balance - Ending	<u>\$108,968</u>	<u>\$108,968</u>	<u>\$134,869</u>	<u>\$25,901</u>

CITY OF MORAIN, OHIO
FIRE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$79,920	\$79,920	\$91,740	\$11,820
Other	2,462	2,462	2,025	(437)
Investment Earnings			5,497	5,497
Total Revenues	<u>82,382</u>	<u>82,382</u>	<u>99,262</u>	<u>16,880</u>
EXPENDITURES				
Public Safety:				
Personnel	542,000	541,960	523,014	18,946
General operating expense	1,300	1,340	1,340	
Total Public Safety	<u>543,300</u>	<u>543,300</u>	<u>524,354</u>	<u>18,946</u>
Total Expenses	<u>543,300</u>	<u>543,300</u>	<u>524,354</u>	<u>18,946</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(460,918)</u>	<u>(460,918)</u>	<u>(425,092)</u>	<u>35,826</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	475,000	475,000	475,000	
Total Other Financing Sources (Uses)	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	
Net Change in Fund Balance	<u>14,082</u>	<u>14,082</u>	<u>49,908</u>	<u>35,826</u>
Fund Balance - Beginning	144,643	144,643	144,643	
Fund Balance - Ending	<u>\$158,725</u>	<u>\$158,725</u>	<u>\$194,551</u>	<u>\$35,826</u>

CITY OF MORAIN, OHIO
FEDERAL LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$300	\$300	\$1,222	\$922
Miscellaneous Receipts & Reimbursements			239	239
Total Revenues	<u>300</u>	<u>300</u>	<u>1,461</u>	<u>1,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>300</u>	<u>300</u>	<u>1,461</u>	<u>1,161</u>
Net Change in Fund Balance	300	300	1,461	1,161
Fund Balance - Beginning	27,122	27,122	27,122	
Fund Balance - Ending	<u>\$27,422</u>	<u>\$27,422</u>	<u>\$28,583</u>	<u>\$1,161</u>

CITY OF MORAIN, OHIO
STATE LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$2,700	\$2,700	\$3,068	\$368
Miscellaneous Receipts & Reimbursements			1,753	1,753
Total Revenues	<u>2,700</u>	<u>2,700</u>	<u>4,821</u>	<u>2,121</u>
Excess (deficiency) of revenues over (under)				
expenditures	<u>2,700</u>	<u>2,700</u>	<u>4,821</u>	<u>2,121</u>
Net Change in Fund Balance	<u>2,700</u>	<u>2,700</u>	<u>4,821</u>	<u>2,121</u>
Fund Balance - Beginning	66,691	66,691	66,691	
Fund Balance - Ending	<u>\$69,391</u>	<u>\$69,391</u>	<u>\$71,512</u>	<u>\$2,121</u>

CITY OF MORaine, OHIO
DRUG LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUES				
Investment Earnings	\$800	\$800	\$1,110	\$310
Total Revenues	<u>800</u>	<u>800</u>	<u>1,110</u>	<u>310</u>
EXPENDITURES				
Public Safety	10,300	10,300	5,150	5,150
Total Expenditures	<u>10,300</u>	<u>10,300</u>	<u>5,150</u>	<u>5,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,500)</u>	<u>(9,500)</u>	<u>(4,040)</u>	<u>5,460</u>
Net Change in Fund Balance	<u>(9,500)</u>	<u>(9,500)</u>	<u>(4,040)</u>	<u>5,460</u>
Fund Balance - Beginning	30,229	30,229	30,229	
Fund Balance - Ending	<u>\$20,729</u>	<u>\$20,729</u>	<u>\$26,189</u>	<u>\$5,460</u>

CITY OF MORaine, OHIO
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	Original Budget Amounts	Final Budgets Amounts	Actual Amounts	Variance Actual w/Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$5,000	\$5,000	\$5,590	\$590
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,590</u>	<u>590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,590</u>	<u>590</u>
Net Change in Fund Balance	5,000	5,000	5,590	590
Fund Balance - Beginning	124,495	124,495	124,495	0
Fund Balance - Ending	<u>\$129,495</u>	<u>\$129,495</u>	<u>\$130,085</u>	<u>\$590</u>

CITY OF MORAIN, OHIO
CAPITAL IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2007

	<u>Original Budget Amounts</u>	<u>Final Budgets Amounts</u>	<u>Actual Amounts</u>	<u>Variance Actual w/Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Income	\$1,944,445	\$1,944,445	\$1,986,408	\$41,963
Fines	14,420	14,420	12,401	(2,019)
Intergovernmental			468,018	468,018
Miscellaneous Receipts & Reimbursements			65,000	65,000
Total Revenues	<u>1,958,865</u>	<u>1,958,865</u>	<u>2,531,827</u>	<u>572,962</u>
EXPENDITURES				
Capital Outlays:				
General Government	334,028	357,069	264,971	92,098
Public Safety	351,673	350,974	349,820	1,154
Highways and Streets	2,745,388	4,171,295	2,974,496	1,196,799
Culture-Recreation	122,850	132,850	29,550	103,300
Economic Development	22,000	23,097	23,097	
Debt Service:				
Principal	143,895	183,895	169,304	14,591
Interest	723	723	513	210
Total Expenses	<u>3,720,557</u>	<u>5,219,903</u>	<u>3,811,751</u>	<u>1,408,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,761,692)</u>	<u>(3,261,038)</u>	<u>(1,279,924)</u>	<u>1,981,114</u>
Net Change in Fund Balance	<u>(1,761,692)</u>	<u>(3,261,038)</u>	<u>(1,279,924)</u>	<u>1,981,114</u>
Fund Balance - Beginning	4,492,881	4,492,881	4,492,881	
Encumbrances	1,136,414	1,136,414	1,136,414	
Fund Balance - Ending	<u>\$3,867,603</u>	<u>\$2,368,257</u>	<u>\$4,349,371</u>	<u>\$1,981,114</u>

CITY OF MORaine, OHIO
Combining Statement of Net Assets
INTERNAL SERVICE FUNDS
December 31, 2007

	<u>CITY GARAGE</u>	<u>INSURANCE RESERVE</u>	<u>HEALTH INSURANCE</u>	<u>TOTALS</u>
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$183,704	\$1,373,568	\$438,531	\$1,995,803
Inventories	150,767			150,767
Prepays	85			85
Total Current Assets	<u>334,556</u>	<u>1,373,568</u>	<u>438,531</u>	<u>2,146,655</u>
CAPITAL ASSETS (net of accumulated depreciation)				
Machinery and Equipment	34,364			34,364
Total Capital Assets	<u>34,364</u>			<u>34,364</u>
Total Assets	<u>368,920</u>	<u>1,373,568</u>	<u>438,531</u>	<u>2,181,019</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	27,588	56,748	8,896	93,232
Salaries and Benefits Payable	15,245			15,245
Compensated Absences Payable	58,940			58,940
Insurance Claims Payable			101,828	101,828
Total Current Liabilities	<u>101,773</u>	<u>56,748</u>	<u>110,724</u>	<u>269,245</u>
NET ASSETS				
Invested in Capital Assets	34,364			34,364
Unreserved	232,783	1,316,820	327,807	1,877,410
Total Net Assets	<u>\$267,147</u>	<u>\$1,316,820</u>	<u>\$327,807</u>	<u>\$1,911,774</u>

CITY OF MORAIN, OHIO
Combining Statement of Revenues, Expenses and Changes in Net Assets
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2007

	<u>CITY GARAGE</u>	<u>INSURANCE RESERVE</u>	<u>HEALTH INSURANCE</u>	<u>TOTALS</u>
Operating Revenues				
Charges for Services	\$703,194		\$2,021,780	\$2,724,974
Miscellaneous Receipts & Reimbursements		\$161,761	66	161,827
Total Operating Revenues	<u>703,194</u>	<u>161,761</u>	<u>2,021,846</u>	<u>2,886,801</u>
Operating Expenses				
Current:				
Cost of Services	617,753	153,535	1,912,649	2,683,937
Depreciation	12,862			12,862
Total Operating Expenses	<u>630,615</u>	<u>153,535</u>	<u>1,912,649</u>	<u>2,696,799</u>
Operating Income (Loss)	<u>72,579</u>	<u>8,226</u>	<u>109,197</u>	<u>190,002</u>
Non-operating Revenues				
Investment Earnings		64,717	14,617	79,334
Total Non-operating Revenues		<u>64,717</u>	<u>14,617</u>	<u>79,334</u>
Change in Net Assets	<u>72,579</u>	<u>72,943</u>	<u>123,814</u>	<u>269,336</u>
Total Net Assets - Beginning	194,568	1,243,877	203,993	1,642,438
Total Net Assets - Ending	<u>\$267,147</u>	<u>\$1,316,820</u>	<u>\$327,807</u>	<u>\$1,911,774</u>

CITY OF MORaine, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2007

	<u>City Garage</u>	<u>Insurance Reserve</u>	<u>Health Insurance Program</u>	<u>Totals</u>
Cash Flows From Operating Activities				
Cash received for inter fund services	\$703,194		\$2,021,780	\$2,724,974
Miscellaneous receipts & reimbursements		\$161,761	66	161,827
Cash paid to suppliers for goods or services	(474,495)	(129,297)	(1,892,173)	(2,495,965)
Cash paid to employees for services	(203,790)			(203,790)
Net cash provided (used) by operating activities	<u>24,909</u>	<u>32,464</u>	<u>129,673</u>	<u>187,046</u>
Cash Flows From Capital Assets and Related Financing Activities				
Acquisition of capital assets	(14,595)			(14,595)
Net cash used by capital assets and related financing activities	<u>(14,595)</u>			<u>(14,595)</u>
Cash Flows From Investing Activities				
Investment earnings		64,717	14,617	79,334
Net Cash provided by investing activities		<u>64,717</u>	<u>14,617</u>	<u>79,334</u>
Net increase in cash	10,314	97,181	144,290	251,785
Cash and Investments at Beginning of Year	173,390	1,276,387	294,241	1,744,018
Cash and Investments at end of Year	<u>\$183,704</u>	<u>\$1,373,568</u>	<u>\$438,531</u>	<u>\$1,995,803</u>
Reconciliation of Operating Income (loss) to Net Cash Provided (used) by Operating Activities				
Operating income (loss)	\$72,579	\$8,226	\$109,197	\$190,002
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	12,862			12,862
(Increase) decrease in inventories	(18,425)			(18,425)
(Increase) decrease in prepaid expenses	(1)			(1)
Increase (decrease) in accounts payable	16,716	24,238	8,896	49,850
Increase (decrease) in salaries and benefits payable	(1,064)			(1,064)
Increase (decrease) in compensated absences payable	(57,758)			(57,758)
Increase (decrease) in insurance claims payable			11,580	11,580
Net cash provided (used) by operating activities	<u>\$24,909</u>	<u>\$32,464</u>	<u>\$129,673</u>	<u>\$187,046</u>

CITY OF MORAIN, OHIO
Statement of Changes in Assets and Liabilities
AGENCY FUNDS
For the Year Ended December 31, 2007

	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007
Miscellaneous Agency Fund				
Assets				
Cash and Investments	\$38,997	\$22,874	(\$21,456)	\$40,415
Total Assets	<u>38,997</u>	<u>22,874</u>	<u>(21,456)</u>	<u>40,415</u>
Liabilities				
Deposits	38,997	22,874	(21,456)	40,415
Total Liabilities	<u>38,997</u>	<u>22,874</u>	<u>(21,456)</u>	<u>40,415</u>
Mayor's Court				
Assets				
Cash and Investments	26,206	383,926	(380,666)	29,466
Total Assets	<u>26,206</u>	<u>383,926</u>	<u>(380,666)</u>	<u>29,466</u>
Liabilities				
Due to Other Governments	3,412	47,114	(47,504)	3,022
Escrow Bonds	22,794	336,812	(333,162)	26,444
Total Liabilities	<u>26,206</u>	<u>383,926</u>	<u>(380,666)</u>	<u>29,466</u>
Totals - All Agency Funds				
Assets				
Cash and Investments	65,203	406,800	(402,122)	69,881
Total Assets	<u>65,203</u>	<u>406,800</u>	<u>(402,122)</u>	<u>69,881</u>
Liabilities				
Deposits	38,997	22,874	(21,456)	40,415
Due to Other Governments	3,412	47,114	(47,504)	3,022
Escrow Bonds	22,794	336,812	(333,162)	26,444
Total Liabilities	<u>\$65,203</u>	<u>\$406,800</u>	<u>(\$402,122)</u>	<u>\$69,881</u>



CITY OF MORAINE, OHIO

STATISTICAL SECTION

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health

Category

Financial Trends (tables 1 – 4)

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (tables 5 – 6)

These tables contain information to help the reader assess the City's most significant local revenue source, the income tax.

Debt Capacity (tables 7 – 13)

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information (tables 14 – 15)

These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (tables 16 – 18)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.



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

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities					
Invested in capital assets, net of related debt	\$15,469	\$16,173	\$23,959	\$23,020	\$26,274
Restricted for:					
Debt service	141	141	121	124	131
Special revenue	2,056	1,094	764	1,976	2,188
Capital projects	5,713	6,026	3,491	4,054	3,756
Unrestricted	14,413	14,454	15,701	17,862	17,780
Total governmental activities net assets	<u>37,792</u>	<u>37,888</u>	<u>44,036</u>	<u>47,036</u>	<u>50,129</u>
Business-type activities					
Unrestricted	446	456	460	475	500
Total business-type activities net assets	<u>446</u>	<u>456</u>	<u>460</u>	<u>475</u>	<u>500</u>
Primary government					
Invested in capital assets, net of related debt	15,469	16,173	23,959	23,020	26,274
Restricted	7,910	7,261	4,376	6,154	6,075
Unrestricted	14,859	14,910	16,161	18,337	18,280
Total primary government net assets	<u>\$38,238</u>	<u>\$38,344</u>	<u>\$44,496</u>	<u>\$47,511</u>	<u>\$50,629</u>

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

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

TABLE 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$5,189	\$4,658	\$4,845	\$4,953	\$5,112
Public safety	8,338	8,836	9,521	9,460	9,513
Highways and streets	2,337	2,956	3,391	3,345	3,761
Sanitation	327	266	256	305	339
Culture and recreation	3,004	2,892	3,188	2,882	2,745
Economic development	175	316	541	998	283
Health and welfare	157	163	159	133	144
Interest on long term debt	5	4	2	165	268
Total governmental activities expenses	<u>19,532</u>	<u>20,091</u>	<u>21,903</u>	<u>22,241</u>	<u>22,165</u>
Business-type activities:					
Loan program					
Total business-type activities expenses					
Total primary government expenses	<u>19,532</u>	<u>20,091</u>	<u>21,903</u>	<u>22,241</u>	<u>22,165</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	336	299	263	328	285
Public safety	3	5	9	18	46
Highways and streets	1		41		33
Culture and recreation	755	721	868	790	813
Health and welfare	79	87	112	71	39
Operating grants and contributions	81	607	247	233	382
Capital grants and contributions	647	234	449	1,487	809
Total governmental activities program revenues	<u>1,902</u>	<u>1,953</u>	<u>1,989</u>	<u>2,927</u>	<u>2,407</u>
Business-type activities:					
Loan program charges for services	5	3	2	1	1
Investment earnings	(2)	7	3	13	24
Total business-type activities program revenues	<u>3</u>	<u>10</u>	<u>5</u>	<u>14</u>	<u>25</u>
Total primary government program revenues	<u>1,905</u>	<u>1,963</u>	<u>1,994</u>	<u>2,941</u>	<u>2,432</u>

TABLE 2 (continued)

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

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (Expense)/Revenue					
Governmental activities	(17,630)	(18,138)	(19,914)	(19,314)	(19,758)
Business-type activities	3	10	5	14	25
Total primary government net expense	<u>(17,627)</u>	<u>(18,128)</u>	<u>(19,909)</u>	<u>(19,300)</u>	<u>(19,733)</u>
General Revenues and Other Changes in Net Assets					
Taxes					
Income tax	15,424	14,509	18,712	19,867	19,618
Property taxes, levied for					
General purposes	526	446	512	545	619
Police pensions	87	93	85	81	70
Fire pensions	87	93	85	81	70
Other taxes	104	92	98	103	82
Shared revenues	737	830	774	775	871
Special assessments	18	16			
Rents and royalties	12	65	35		
Miscellaneous	105	127	261	232	233
Investment earnings	(55)	352	188	494	1,221
Gain on the sale of capital assets	65	25	29	137	67
Total general revenues	<u>17,110</u>	<u>16,648</u>	<u>20,779</u>	<u>22,315</u>	<u>22,851</u>
Change in Net Assets					
Governmental activities	(520)	(1,490)	865	3,001	3,093
Business-type activities	3	10	5	14	25
Total primary government	<u>(\$517)</u>	<u>(\$1,480)</u>	<u>\$870</u>	<u>\$3,015</u>	<u>\$3,118</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Business Type Activities has expenses - due to (thousands) rounding not reported.

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

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved	\$321	\$439	\$391	\$349	\$344	\$272	\$316	\$428	\$375	\$393
Unreserved	15,231	11,238	14,021	14,184	13,943	12,301	11,959	14,749	17,139	16,495
Total general fund	15,552	11,677	14,412	14,533	14,287	12,573	12,275	15,177	17,514	16,888
All Other Governmental Funds										
Reserved	3,480	8,183	1,095	1,124	1,945	1,374	915	1,650	2,832	1,825
Unreserved, reported in:										
Special revenue funds	951	2,188	1,547	1,768	1,808	1,801	1,330	764	1,976	2,188
Capital projects fund	4,292	1,154	3,051	4,165	4,348	4,632	6,026	2,419	2,103	2,620
Debt service fund						141	141	121	125	131
Total all other governmental funds	\$8,723	\$11,525	\$5,693	\$7,057	\$8,101	\$7,948	\$8,412	\$4,954	\$7,036	\$6,764

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

TABLE 4

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES										
Income Taxes	\$14,997	\$15,857	\$16,529	\$15,071	\$15,612	\$15,610	\$14,614	\$19,129	\$20,328	\$19,244
Property Taxes	0	0	0	0	0	699	632	682	723	772
Other Taxes	749	727	804	769	602	104	92	98	86	69
Shared Revenues	770	994	1,030	883	789	775	973	875	929	1,022
Special Assessments	34	53	31	25	20	18	16			
License and Permits						42	61	97	35	98
Charges for Services	90	90	612	945	970	800	757	945	855	842
Fines	347	318	265	256	370	333	286	251	279	240
Investment Earnings	1,281	688	1,456	779	532	(55)	352	188	494	1,221
Contributions and Donations						2	2	3	26	32
Rents and Royalties						12	65	35	38	36
Intergovernmental	1,352	1,396	1,056	394	31	728	701	557	1,561	1,024
Miscellaneous	316	243	437	767	735	103	136	261	232	233
Total Revenues	19,936	20,366	22,220	19,889	19,661	19,171	18,687	23,121	25,586	24,833
EXPENDITURES										
Current:										
General government	2,240	2,771	3,512	4,315	4,153	4,132	4,148	4,322	4,565	4,859
Public Safety	6,352	6,874	7,116	6,993	7,434	7,746	8,081	8,610	9,064	9,509
Highways & Streets	1,904	1,720	1,777	1,777	1,912	2,132	2,077	2,238	2,748	2,399
Sanitation						327	266	256	305	340
Economic Development	1,127	2,628	929	655	159	158	284	400	511	3,132
Health and Welfare	533	530	524	535	611	151	162	159	133	133
Culture and Recreation	724	900	2,217	2,726	2,796	2,672	2,601	2,706	2,389	2,593
Capital Improvements	4,741	5,766	9,029	1,466	1,423	3,888	5,634	3,882	2,144	2,645
Debt Service:										
Principal	15	15	15	48	43	103	837	4,691	4,249	169
Interest	13	11	10	9	7	5	3	121	165	205
Total Expenditures	17,649	21,215	25,129	18,524	18,538	21,314	24,093	27,385	26,273	25,984
Excess (deficiency) of revenues over expenditures	2,287	(849)	(2,909)	1,365	1,123	(2,143)	(5,406)	(4,264)	(687)	(1,151)
OTHER FINANCIAL SOURCES (USES)										
General long-term debt issued	4,640	9,560	3,270	3,890	3,933	323	5,550	3,700	5,000	6,025
Transfers In	(4,790)	(9,810)	(3,520)	(4,184)	(4,318)	(4,435)	(3,450)	(3,699)	(4,462)	(6,025)
Transfers Out						193			80	
Proceeds from capital leases	48	26	62	414	60	75	31	29	146	253
Proceeds from the sale of assets	(102)	(224)	(188)	120	(325)	206	5,431	3,729	5,226	253
Total Other Financing Sources (Uses)	\$2,185	(\$1,073)	(\$3,097)	\$1,485	\$798	(\$1,937)	\$25	(\$535)	\$4,539	(\$898)
Net Change in Fund Balance										
Debt service as a percentage of noncapital expenditures	0.18%	0.16%	0.13%	0.33%	0.28%	0.60%	4.67%	19.95%	17.82%	1.77%

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

Fiscal Year	Municipal Income Taxes	Other Local Taxes	State Shared Taxes and Permits	Total
1997	\$12,236,361	\$660,163	\$742,996	\$13,639,520
1998	12,730,609	749,579	770,457	\$14,250,645
1999	13,474,430	726,875	793,608	\$14,994,913
2000	14,048,786	803,800	829,820	\$15,682,406
2001	12,780,377	769,017	882,968	\$14,432,362
2002	13,272,808	601,889	788,633	\$14,663,330
2003	15,424,540	803,868	737,456	\$16,965,864
2004	14,508,566	723,595	829,436	\$16,061,597
2005	18,711,202 ⁽³⁾	779,864	774,274	\$20,265,340
2006	19,866,552	810,408	775,190	\$21,452,150
2007	19,617,652	840,936	870,654	\$21,329,242

Source: City of Moraine, Department of Finance

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

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

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

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

<u>Fiscal Year</u>	<u>Amount</u>
1998	\$14,996,458
1999	15,857,815
2000	16,529,110
2001	15,070,764
2002	15,611,943
2003	15,610,407
2004	14,614,100
2005	19,128,239 ⁽²⁾
2006	20,328,322
2007	19,244,218

Source: City of Moraine, Department of Finance

(1) Includes all governmental fund types.

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

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

<u>1998</u>			<u>2007</u>	
<u>Rank</u>	<u>Name</u>	<u>2007 Rank</u>	<u>Rank</u>	<u>Name</u>
1	General Motors Corporation	1	1	General Motors Corporation
2	Dayton Power and Light	5	2 ⁽¹⁾	Delphi Automotive
3	Elder Beerman Stores	-	3	Dmax
4	Reynolds & Reynolds	-	4	Bellsouth Resources
5	LM Berry	-	5	Dayton Power and Light
6	Kelsey Hayes Co.	-	6	Win Wholesale
7	EDS	-	7	Delphi Automotive
8	Berry Network	-	8	City of Moraine
9	City of Moraine	8	9	Compunet Clinical Laboratories
10	Montgomery County Employees	-	10	Wal-mart

Source: City of Moraine, Department of Finance

(1) Delphi is a spinoff of General Motors Corporation

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

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

Fiscal Year	Agricultural Property	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value		Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
					Value	Value			
1998	\$786,320	\$34,481,720	\$35,554,780	\$50,608,330	\$121,431,150	2.50	\$346,946,143	0.35	
1999	942,410	37,696,600	35,872,030	58,362,520	132,873,560	2.50	379,638,743	0.35	
2000	852,560	37,704,690	38,638,460	64,889,530	142,085,240	2.50	405,957,829	0.35	
2001	884,650	37,977,860	39,063,230	48,801,860	126,727,600	2.50	362,078,857	0.35	
2002	929,410	42,544,330	48,892,150	51,310,370	143,676,260	2.50	410,503,600	0.35	
2003	1,005,570	42,919,710	46,188,040	45,961,020	136,074,340	2.50	388,783,829	0.35	
2004	1,090,890	42,924,680	51,816,170	47,588,840	143,420,580	2.50	409,773,086	0.35	
2005	1,011,590	48,710,040	53,443,470	43,938,250	147,103,350	2.50	420,295,286	0.35	
2006	1,047,510	48,894,860	55,008,990	44,009,840	148,961,200	2.50	425,603,429	0.35	
2007	1,040,330	49,019,710	55,504,680	43,628,350	149,193,070	2.50	426,265,914	0.35	

Source: Montgomery County Auditor's Office

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
MUNICIPAL UNITS:										
General Fund	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Police Pension Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Fire Pension Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Municipal Rates	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
COUNTY UNITS:										
General Fund	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Mental Retardation D & D	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Conservancy Tax										
Human Services Levy A	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21	5.21
Human Services Levy B	5.03	5.03	5.03	5.03	5.03	5.03	6.03	6.03	6.03	6.03
Human Services Levy III										
Human Services Levy IV										
Total County Rates	12.94	12.94	12.94	12.94	12.94	12.94	13.94	13.94	13.94	13.94
OTHER UNITS:										
Montgomery County Community College	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Montgomery County Park District	1.2	1.2	1.2	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Dayton - Montgomery Library	0.72	0.26	0.26	0.26	0.26	0.26	1.25	1.25	1.25	1.25
SCHOOL DISTRICT:										
Kettering / Moraine Community	53.1	53.1	53.1	56.3	56.3	60.9	67.8	67.8	67.8	67.8
West Carrollton Community	53.26	53.26	53.26	60.66	59.67	65.55	65.55	65.55	65.55	65.55
Jefferson Local School	56.4	61.9	61.9	61.9	61.9	61.9	61.9	61.9	61.9	61.9
Joint Vocational School	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58

Source: Montgomery County Auditor's Office

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

TABLE 9

		<u>Calendar Year 2007</u>		
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Valuation</u>
Dayton Power & Light Company	Gas and Electric Utility	\$ 41,502,450	1	17.48%
General Motors Corporation	Automotive Manufacturer	23,152,170	2	9.75%
Walmart Stores	Retail Sales	6,221,790	3	2.62%
Vectren Energy	Utility	5,616,720	4	2.37%
Dmax Ltd	Automotive Parts Manufacturer	5,392,910	5	2.27%
Delphi Automotive Systems Inc	Automotive Parts Manufacturer	5,358,440	6	2.26%
Cooper Tire Company	Tire Manufacturer	2,966,530	7	1.25%
L.M. Berry Company	Printing	2,823,720	8	1.19%
Dayton-Point West Real Estate	Real Estate Holding Company	1,824,930	9	0.77%
Setech Inc	Real Estate Holding Company	1,504,120	10	0.63%
	Subtotal	96,363,780		40.59%
	All Others	141,123,342		59.41%
	Total	<u>\$ 237,487,122</u>		<u>100.00%</u>

		<u>Calendar Year 1998</u>		
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Valuation</u>
Dayton Power & Light Company	Gas and Electric Utility	\$ 44,883,750	1	16.07%
General Motors Corporation	Automotive Manufacturer	23,523,730	2	8.90%
Cooper Tire Company	Automotive Parts Plant	2,683,270	3	1.09%
Ohio Bell Telephone Company	Telephone Utility	2,650,890	4	1.03%
Cobblegate Square Limited	Apartments	1,755,250	5	0.83%
Barbara Benz Trust		1,600,270	6	0.61%
Berry L.M. Services, Inc.	Publisher and Marketing	1,514,900	7	0.49%
Elder Beerman Stores Corp.	Retail Sales	1,298,340	8	0.47%
Bartlett Real Estate Ltd.	Real Estate	1,268,140	9	0.50%
Nursing Home Purchasing, Inc.	Business Acquisitions	1,227,810	10	0.43%
	Subtotal	82,406,350		30.42%
	All Others	176,548,287		69.58%
	Total	<u>\$ 258,954,637</u>		<u>100.00%</u>

Source: Montgomery County Auditor's Office

TABLE 10

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

TAX YEAR	COLLECTION YEAR	TOTAL TAX LEVIED	TOTAL TAX COLLECTED	PERCENTAGE OF LEVIED COLLECTED	TOTAL TAX COLLECTED	PERCENTAGE DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS AS		OUTSTANDING DELINQUENT TAXES AS	PERCENTAGE OF CURRENT TAXES AS LEVIED
								PERCENTAGE OF CURRENT TAXES LEVIED	PERCENTAGE OF CURRENT TAXES DELINQUENT		
1997/1998	1998	\$643,999	\$725,085	112%	\$22,983	\$748,068	98%	\$37,786	5%		
1998/1999	1999	761,096	712,028	94%	22,549	734,577	94%	44,027	6%		
1999/2000	2000	785,637	774,640	99%	21,396	796,036	92%	58,536	7%		
2000/2001	2001	865,439	772,975	89%	4,861	777,836	90%	41,851	5%		
2001/2002	2002	702,168	659,482	94%	17,413	676,895	96%	39,328	6%		
2002/2003	2003	704,496	667,730	95%	20,189	687,919	98%	44,630	6%		
2003/2004	2004	676,191	656,554	97%	7,553	664,107	98%	94,508	14%		
2004/2005	2005	688,522	643,426	93%	32,657	676,083	98%	85,108	12%		
2005/2006	2006	634,977	601,054	95%	34,215	635,269	100%	96,769	15%		
2006/2007	2007	588,657	567,763	96%	69,988	637,751	108%	39,375	7%		

Source: Montgomery County Auditor's Office

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

Fiscal Year	Special Assessment Bonds	Capital Leases	Total Primary Government	Percentage Personal Income	Per Capita
1998	\$130,000	\$80,252	\$210,252	0.26%	\$547
1999	115,000		115,000	0.14%	164
2000	100,000		100,000	0.11%	112
2001	85,000		85,000	0.10%	89
2002	65,000		65,000	0.08%	52
2003	50,000	193,109	243,109	0.21%	508
2004	35,000	228,421	263,421	0.23%	596
2005	20,000	127,507	147,507	0.13%	187
2006		26,594	26,594	0.02%	6
2007			0	0.00%	0

CITY OF MORaine, OHIO
Computation of Direct and Overlapping Debt
December 31, 2006

Jurisdiction	Net Outstanding Debt	Percentage Applicable to City of Moraine, Ohio	Amount Applicable to City of Moraine, Ohio
CITY OF MORaine	\$5,275,539	100.00%	\$5,275,539
MONTGOMERY COUNTY	46,399,375	4.12%	1,911,654
WEST CARROLLTON CITY SCHOOL DISTRICT	400,000	78.68%	314,720
KETTERING CITY SCHOOL DISTRICT	98,985,100	18.14%	17,955,897
MIAMI VALLEY REGIONAL TRANSIT AUTHORITY	7,230,000	4.12%	297,876
TOTAL			\$25,755,686

Source: Individual Jurisdictions

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$27,190	\$31,966	\$32,997	\$36,503	\$29,491	\$29,771	\$27,366	\$29,105	\$26,669	\$26,669
Total net debt applicable to limit										
Legal Debt Margin	<u>27,190</u>	<u>31,966</u>	<u>32,997</u>	<u>36,503</u>	<u>29,491</u>	<u>29,771</u>	<u>27,366</u>	<u>29,105</u>	<u>26,669</u>	<u>26,669</u>

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

- - - - - - - - - - -

Legal Debt Margin Calculation for Fiscal Year 2006

Total Assessed Value	237,487
Debt limit (10.5% of total assessed value)	24,936
Debt applicable to limit:	
General Obligation Bonds	0
Less: Amount reserved for repayment of general obligation debt	
Total net debt applicable to limit	<u>0</u>
Legal debt margin	<u>\$24,936</u>

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

Calendar Year	(1)	(1)	(1)	(1)	(2)
	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Unemployment Rate
1998	6,854	\$80,822	\$11,792	32.9	4.1%
1999	7,568	89,242	11,792	32.9	3.1%
2000	6,897	81,329	11,792	32.9	3.7%
2001	6,897	81,329	11,792	32.9	4.4%
2002	6,897	116,421	16,880	32.5	5.6%
2003	6,897	116,421	16,880	32.5	6.3%
2004	6,897	116,421	16,880	32.5	6.2%
2005	6,897	116,421	16,880	32.5	5.8%
2006	6,897	116,421	16,880	32.5	5.9%
2007	6,897	116,421	16,880	32.5	6.2%

Sources:

(1) Miami Valley Regional Planning Commission; Information is updated every ten years in conjunction with the Census. The population figure shown is estimated using the most recent census plus the estimated population from the most recent annexation.

(2) Bureau of Unemployment - rates are for Montgomery County

CITY OF MORAINE, OHIO

Principal Employers

Current Year and Nine Years Ago

<u>2007</u>		<u>1998</u>	
<u>Employer</u>	<u>Number of Employees</u>	<u>Employer</u>	<u>Number of Employees</u>
	<u>Rank</u>		<u>Rank</u>
NAO Compensation Operations - GM	1	NAO Compensation Operations - GM	1
Delphi Automotive Systems Corp (1)	2	Dayton Power and Light	2
DMAX Ltd.	3	Elder Beerman Stores Company	3
Bellsouth Resources Inc.	4	L. M. Berry Company	4
Walmart	5	Reynolds and Reynolds Company	5
Dayton Power and Light	6	Compunet Clinical Laboratories	6
City of Moraine	7	Deuer Manufacturing Inc	7
Compunet Clinical Laboratories	8	Berry Network Inc	8
Delphi Automotive Systems Corp	9	City of Moraine	9
Win Wholesale	10	E D S Corp	10

Source: City of Moraine, Department of Finance

Note: Total district employment is not available.

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government										
Clerk of Council	4	1	1	1	1	1	2	4	1	1
City Manger	5	5	5	6	7	8	8	6	8	8
Clerk of Courts	2	2	1	2	2	2	2	2	2	2
Law	0	0	0	0	0	0	0	0	0	0
Finance	6	6	8	7	8	9	9	7	8	8
Public Buildings	6	14	21	28	27	27	26	22	21	23
Public Safety										
Police	69	66	63	44	43	65	44	44	64	48
Fire	47	47	44	50	53	56	47	49	50	52
Other										
Highways and Streets	23	20	18	19	19	19	18	18	18	18
Community Development	5	3	4	4	5	8	7	6	6	6
Recreation and Culture	28	23	38	60	66	64	63	61	58	57
Garage	3	4	4	4	4	4	4	4	4	4
Total	198	191	207	225	235	263	230	223	240	227

Source: City of Moraine, Department of Finance

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

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

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Warrants served	672	1,112	1,008	1,005	483	N/A	975	1,653	1,594	1,345
Felony arrests	153	172	147	185	239	239	236	249	N/A	N/A
Arrests made	1,824	1,668	1,419	1,545	1,753	1,842	907	1,184	1,593	1,292
Traffic citations issued	4,237	4,309	3,658	4,439	5,125	4,665	3,645	3,323	3,314	2,808
Miles Patrolled	367,907	368,989	339,104	351,575	384,302	350,265	N/A	426,785	364,544	375,637
Fire										
Fire calls	405	475	984	606	136	159	209	115	117	118
EMS calls	1,473	1,533	1,724	2,052	1,897	1,664	1,764	1,875	1,769	1,708
Fire Inspections	1,046	1,166	850	845	821	809	1,314	950	955	929
Child Safety Seat Installations	N/A	N/A	N/A	100+	240	347	129	75	59	51
Highways and Streets										
Gallons of street paint used	N/A	N/A	N/A	7,535	9,560	2,750	1,830	10,080	1,880	1,880
Tons of snow melting salt used	N/A	N/A	N/A	485	1,744	N/A	1,071	451	797	797
Community Development										
Building Inspections	534	500	529	439	310	808	476	344	360	236
Residential Building Permits Issued	56	103	75	86	78	67	84	49	57	84
Commercial Building Permits Issued	102	186	146	143	189	171	175	138	126	105
Culture and Recreation										
Payne Recreation Center Attendance	N/A	N/A	1,318 ⁽¹⁾	133,000	150,000	170,000	150,000	110,000	100,000	90,605
Splash! Moraine Attendance	N/A	N/A	85,000	98,140	95,763	64,605	61,166	79,718	65,685	64,333
Civic Center Attendance (estimated)	N/A	171,250	128,000	93,924	47,667	48,207	33,150	29,000	20,000	4,059
Natorium Attendance	N/A	29,712	313 ⁽²⁾	24,000	55,395	23,950	26,095	14,732 ⁽³⁾		
Youth and Day Camps Attendance	185	219	90	92	57	6,172	1,068	1,454	1,606	1,013

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

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

(3) The Natatorium ceased operation September 2005.

(N/A) Not Available

Source - Various City of Moraine departments

TABLE 18

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

Function	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	29	28	31	35	31	31	31	23	28	28
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Emergency Response Vehicles	10	11	11	11	11	11	11	10	10	10
Highways and Streets										
Miles of Streets (Center Line Miles)	97.16	275.65	275.65	275.65	275.65	275.65	275.65	276.65	276.65	276.65
Number of Streetlights (Non-special assessment)	1,010	1,205	1,314	1,315	1,315	1,315	1,315	1,313	1,313	1,313
Culture and Recreation										
Parks	9	13	13	13	14	14	14	14	14	13
Civic Centers	1	1	1	1	1	1	1	1	1	1
Recreation Centers			1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water Parks			1	1	1	1	1	1	1	1



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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings as item 2007-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

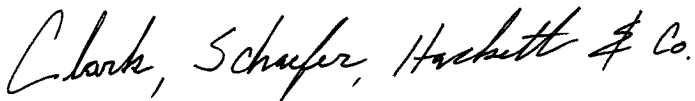
Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Moraine, Ohio, in a separate letter dated June 27, 2008.

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

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



Springfield, Ohio
June 27, 2008

**CITY OF MORAIN, OHIO
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

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

Finding 2007-001: AUDIT ADJUSTMENTS TO FINANCIAL STATEMENTS

The following issues were noted during the audit of the City's financial statements. As a result, audit adjustments were made to the City's financial statements prior to issuance.

- While the City was compiling its financial statements, it neglected to recognize the Tax Incremental Financing (TIF) special revenue fund as a major fund even though the criteria to be reported as a major fund had been met. As a result, the TIF fund was presented on the financial statements together with all other non-major governmental funds.
- During the conversion process, the City neglected to reverse an inventory journal entry from the prior year in the city garage internal service fund. This error resulted in the overstatement of the internal services funds assets as of December 31, 2007 and an understatement of expenses for the year then ended.

The City should review all components of the conversion process thoroughly before financial statements are finalized to ensure all necessary journal entries and analyses have been completed to ensure a complete and accurate presentation of the financial information.

Management Response – Management acknowledges these issues and corrections were made to the financial statements prior to issuance.



Mary Taylor, CPA
Auditor of State

CITY OF MORAINE

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 21, 2008