

CITY OF SPRINGBORO

WARREN COUNTY

REGULAR AUDIT

JANUARY 1, 2006 – DECEMBER 31, 2006



Mary Taylor, CPA
Auditor of State

City Council
City of Springboro
320 West Central Avenue
Springboro, Ohio 45066

We have reviewed the *Independent Auditors' Report* of the City of Springboro, Warren County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2006 through December 31, 2006. 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 Springboro is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 25, 2007

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**CITY OF SPRINGBORO
WARREN COUNTY**

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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*

City of Springboro
Warren County
320 West Central Avenue
Springboro, Ohio 45066

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springboro, Warren County, Ohio (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2007, wherein we noted the City restated the land acquisition fund balance and net assets of Governmental Activities to properly record land held for resale and the omission of land not recorded in prior years. In addition, the City adopted Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*. 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 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.

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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
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City of Springboro
Warren County
Report on the Internal Control over Financial
Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 29, 2007

**CITY OF SPRINGBORO
WARREN COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <u>Explain:</u>
2005-001	Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated resources available.	Yes	N/A



CITY OF SPRINGBORO, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2006



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THE CITY OF SPRINGBORO, OHIO

WARREN COUNTY

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
December 31, 2006

Prepared by:
Department of Finance

Robyn L. Brown
Director of Finance



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WARREN COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF SPRINGBORO

320 West Central Avenue • Springboro, Ohio 45066
Robyn L. Brown, Director of Finance

phone (937) 748-4343

fax (937) 748-0815

June 29, 2007

Honorable Mayor, Members of Council
And Citizens of Springboro
Springboro, Ohio

We are pleased to present the City of Springboro Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006. The responsibility for both the accuracy of the presented data, and the completeness and fairness of presentation, including all disclosures, rests with the management of the City, particularly the office of the Director of Finance. This report is prepared in conformance with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. We believe the data is fairly presented in all material aspects and that it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial affairs have been included.

The City has implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. Implementation of this GASB had no impact on the City's financial position or results of operation.

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

THE CITY

Although we became a City just twenty-seven years ago, Springboro has earned the reputation as being a very progressive community. The City is located in the southwestern part of the State of Ohio, uniquely within the boundaries of two counties, Warren County and Montgomery County, Ohio. The City is a home rule municipal corporation, organized under the laws of the State of Ohio, which operates under its own Charter. The current Charter, which provides, for a Council/Manager form of government, was adopted on November 7, 1978, effective on January 1, 1979 and was amended November 6, 1984 and November 7, 2000. The seven-member Council is elected to four-year terms. The Council appoints a City Manager who serves as the chief executive officer. The City Manager appoints all department directors upon approval of City Council.

***Letter of Transmittal
For the Year Ended December 31, 2006***

REPORTING ENTITY AND SERVICES

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are complete. The primary government of the City consists of all funds and departments which comprise the legal entity of the City and which provide various services including police, street construction and maintenance, traffic signalization, street lighting, planning and zoning, building inspections, recreation, parks, the library, recycling and general administrative services. In addition, golf, sewer, water, storm water and trash collection and disposal services are provided under an enterprise concept with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

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 that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt or the levying of their taxes. The City of Springboro does not have any component units.

The Warren County General Health District, the Greater Warren County Drug Task Force and the Miami Valley Regional Planning Commission were determined to be jointly governed organizations and the Ohio Municipal League of Workers' Compensation Group Rating Plan was determined to be a group purchasing pool. These entities are discussed further in Notes 16 and 17 within the notes to the financial statements.

ECONOMIC OUTLOOK

Growth and development within the City of Springboro is expected to exceed the national and state average due to the City's physical location along Interstate 75 between Cincinnati and Dayton. The United States Census Bureau officially counted population in the City of Springboro on April 1, 2000 as 12,380, and Census Bureau statistics to date indicate the population to be in excess of 17,500. The main factor contributing to this growth over a sustained period was an abundance of available building sites offering appealing terrain, location, amenities, small town atmosphere and a low crime rate. In 2006, only 79 single-family residential construction permits were issued. This decrease from prior years is consistent and reflective of projections commissioned in 2002 that residential build-out would occur within a 5-7 year time frame and place population figures at build-out at the 23,000 figure.

***Letter of Transmittal
For the Year Ended December 31, 2006***

Since the City annexed the South Tech Business Park in 1997 and began marketing the Stolz Industrial Park and Commercial Way Industrial Park, industrial growth in Springboro has blossomed. The City has witnessed the addition of over 832 new jobs and an additional payroll worth an estimated \$35.4 million over the past five years. With the advent of the Austin Road Interchange at State Route 741 and Miamisburg-Springboro Pike additional industrial and commercial development is on the horizon for development over the next fifteen years.

The City continues to be an attractive location for a wide range of retail shops as well. The City maintains an active role in preserving and enhancing its historical downtown. In 1999, the City's downtown historic district was placed on the National Register of Historic Places. The City continues to be an active participant in state and regional downtown and tourism development programs.

MAJOR INITIATIVES

For the Year (2006):

The citizens of Springboro are the City's greatest assets. The City's greatest concern in preparing each year's budget is to provide services that address citizens' needs and safeguard their environment in conformity with applicable Federal and State laws.

Street Capital Improvements:

The City has an annual resurfacing and miscellaneous street repair program that is completed each year. Improvements were completed at the intersection of Lytle Five-Points Road and Yankee Road in a joint effort between the City, Clearcreek Township and Warren County. This is a heavy traveled road in Springboro and the improvements provide for a safer roadway, by realigning and widening the intersection and installing a traffic signal. Roadway improvements were completed on South Main Street as an Ohio Department of Transportation (ODOT) project. In conjunction with the ODOT project, crosswalks were stamped into the new pavement on South Main Street in the Historic District. Phase IV was completed of the improvements for a portion of East Street.

Park Improvements:

Phase IV construction, the final phase, on the amphitheater in Springboro's North Park was completed in 2006, which provided for permanent sound and lighting at the facility. The amphitheater design was submitted to the Dayton Chapter of the Architectural Institute of America for consideration in 2001 and received an honorable mention of which both the City and architects are extremely proud. New playground equipment was installed and a portion of the parking area was paved at Clearcreek Park to accommodate the extensive use of the park.

***Letter of Transmittal
For the Year Ended December 31, 2006***

Water Capital Improvements:

Replacement of a portion of water main on East Street in 2006 was completed in conjunction with the road improvements on East Street. Construction of a 16" water main on Pennyroyal Road began in 2004, in conjunction with the Pennyroyal Road improvements and was completed in 2006. Construction of a one million gallon water tower at the south end of the City was completed in 2006. A water tower was necessary in this area to meet the increased demand due to new construction.

Sewer Capital Improvements:

Construction of the Waste Water Treatment Plant Expansion was begun in 2004 and will be completed in 2007. Construction of the NW Area Trunk Sewer Phase II project was completed. This will provide improved service to the areas of the northwest quadrant of the City. The Bailey Trunk Sewer construction began in 2005 and will be completed in the near future. This project will provide improved service to the southeast areas of the City and allow for the elimination of possibly two lift stations.

Golf Course Improvements:

Heatherwoode Golf Course received several improvements in 2006, including: driving range improvements, installation of a new roof on the clubhouse, installation of a new phone system, installation of a new computer hardware/software system, and some new kitchen equipment was installed. The downstairs banquet area of the clubhouse was remodeled in 2006, including the installation of a new bar. This will allow more than one event to occur at the same time in the lower portion of the facility. Replacement and widening of the existing cart paths was completed in 2006. This project was a major improvement to the course.

For the Future (2007):

Street Capital Improvements:

The Mobility Master Plan was completed in 2001, which analyzed both motorized, and non-motorized transportation needs and developed a capital improvement plan. The 2007 budget includes funding for \$2,110,630 of street capital improvements in various areas. \$870,000 is designated for the City's annual resurfacing and miscellaneous street repair program. There is \$100,000 designated for Phase V of improvements for a portion of East Street. There is \$200,000 designated for improvements on Lytle Five-Points Road, between Yankee Road and Greenleaf Village, \$10,000 for Gilpin Drive improvements, \$910,630 designated for an Issue II project for West Mill Street improvements and \$30,000 for various sidewalk installations.

Park Improvements:

The 2007 budget includes \$100,000 designated for improvements to E. Milo Beck Park on Lower Springboro Road and \$110,000 for a shelter/restroom facility at Community Park. There is also \$100,000 designated to complete paving of the remaining parking area at Clearcreek Park.

***Letter of Transmittal
For the Year Ended December 31, 2006***

Water Capital Improvements:

In 1995, the City commissioned the development of a Water Master Plan study in conjunction with the strategic planning process. This plan was updated in 1998 and 2001 to evaluate how the City's growth and development had compared to that projected in the earlier study. The 2007 budget includes funding for \$434,000 water capital improvements as follows: \$30,000 for the replacement of a portion of water main on East Street to be done in conjunction with the improvements on East Street; \$130,000 for the completion of the construction of a 16" water main on Pennyroyal Road, \$24,000 for the replacement of a portion of water main on West Mill Street to be done in conjunction with the Issue II project, \$200,000 for the replacement of the water main on Factory Road and \$50,000 to acquire property on East SR73 for a future water tower site.

Sewer Capital Improvements:

The City has developed a Sanitary Sewer Master Plan to address the sewer collection system and treatment plant needs for the next 20-years. This plan includes an analysis of the system and a Capital Improvement Program (CIP) to address these needs. These CIP projects will be included in future proposed budgets and the following projects are included in the 2007 budget: \$758,000 for the completion of the construction of the Waste Water Treatment Plant Expansion; \$290,000 for the Yankee Road Sanitary Sewer Phase II; and \$100,000 for the Bailey Trunk Sewer Phase II. The Yankee Road Sanitary Sewer project will allow the City to eliminate the Brookside Lift Station and subsequently provide more capacity in that line. The Bailey Trunk Sewer will eliminate the Creekside Lift Station. This will eliminate the weekly maintenance visits, electrical costs and expensive replacement costs associated with a lift station.

Golf Course Improvements:

Heatherwoode Golf Course improvements for 2007 include: \$10,000 to restore the cart path edges; \$20,000 for course improvements; \$25,000 to replace fountains in the ponds on the golf course; \$110,000 to replace the HVAC in the clubhouse and replace the decking and railing on the back deck of the clubhouse; and \$250,000 for a golf maintenance storage facility.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance of the following:

1. The City's assets are protected against loss and unauthorized use or disposition.
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

***Letter of Transmittal
For the Year Ended December 31, 2006***

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation.
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Auditor's Office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary control is maintained at the object level for each department within each fund via legislation approved by City Council. Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year, which coincides with the calendar year.

Risk Management

The City is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The City is also covered under the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 16). The City makes every effort to monitor insurance costs and related risk of accident to ensure proper fiscal management in this area.

OTHER INFORMATION

Independent Audit:

An audit team from Wilson, Shannon and Snow, Inc. has performed this year's audit, including the audit of the Golf Course Fund for which a separate report has been issued. The independent auditor's unqualified opinion has been included in the Independent Auditor's Report.

Certificate of Achievement:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Springboro, Ohio, for its Comprehensive Annual Financial Report for the year ended December 31, 2005. This was the seventeenth year that the government has achieved this prestigious award.

***Letter of Transmittal
For the Year Ended December 31, 2006***

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgment:

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. The Finance Department Staff is to be commended for their input and commitment.

We would like to express appreciation to Mr. Donald J. Schonhardt, and his staff for their guidance and efforts in preparing this report.



Christine A. Thompson
City Manager



Robyn L. Brown
Director of Finance

CITY OF SPRINGBORO, OHIO

***List of Principal Officials
For the Year Ended December 31, 2006***

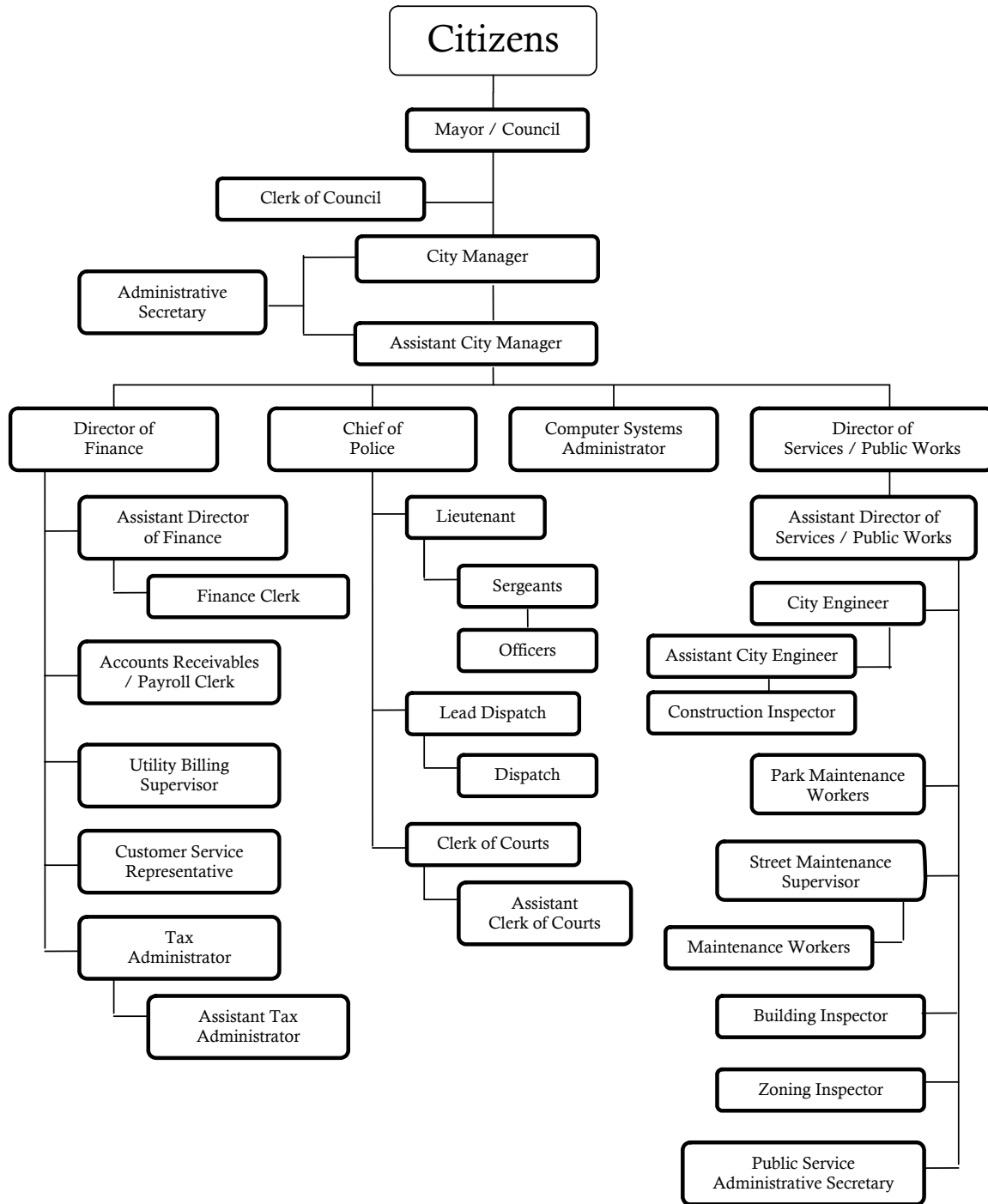
<i>Council</i>	<i>Title</i>	<i>Years of Service *</i>	<i>Term expires</i>
Scott Anderson	Councilman Ward I	1	December 2009
Jim Chmiel	Councilman Ward II	5	December 2009
John Parise	Councilman Ward III	1	December 2009
Sheila Lairson	Councilman Ward IV	1	December 2009
Marie Belpulsi	Councilman at Large	13	December 2007
Gary Hruska	Councilman at Large	9	December 2007

Lori Martin Clerk of Council

<i>Appointed Officials</i>	<i>Title</i>
Chris Pozzuto	Assistant City Manager
Barry Conway	Director of Public Works
Robyn Brown	Director of Finance
Jeff Kruithoff	Chief of Police
Alan Schaeffer	City Solicitor
Raj Sharma	City Engineer
Kenneth Smith	Street Maintenance Supervisor
Beth Eaton	Assistant Director of Finance
Michelle Baker	Income Tax Administrator
Linda Harrison	Clerk of Mayor's Court
Vincent Murphy	Assistant Public Works Director
Deitra Mullins	Utilities Billing Supervisor
Elmer Dudas	Assistant City Engineer

* Denotes length of service with the City, not necessarily solely in the capacity which they now hold.

**City Organizational Chart
For the Year Ended December 31, 2006**



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Springboro
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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



President

Executive Director

FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

City of Springboro
Warren County
320 West Central Avenue
Springboro, Ohio 45066

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Springboro, Warren County, Ohio (the City) as of and for the year ended December 31, 2006, 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springboro, Warren County, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, the City restated the land acquisition fund balance and net assets of Governmental Activities to properly record land held for resale and the omission of land not recorded in prior years. In addition, the City adopted Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

Wilson, Shannon & Snow, Inc.

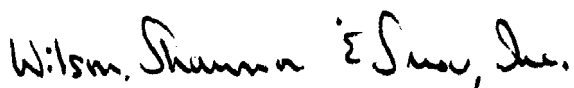
CERTIFIED PUBLIC ACCOUNTANTS
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City of Springboro
Warren County
Independent Auditors' Report

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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.

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

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



Newark, Ohio
June 29, 2007

Management's discussion and analysis of the City of Springboro's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2006. The intent of management's discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2006 are as follows:

- ❑ In total, net assets increased \$5.7 million. Net assets of governmental activities increased \$2.3 million which represents a 5% increase from 2005. Net assets of business-type activities increased \$3.4 million or 6% from 2005.
- ❑ General revenues accounted for \$12.2 million in revenue or 46.4% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 53.6% of total revenues of \$26.2 million.
- ❑ Total net assets of governmental activities increased by \$2.3 million in total. Special assessments levied against property owners increased which will help defray the costs of infrastructure improvements necessary to accommodate the City's growth. Income tax revenues saw a decrease during 2006.
- ❑ The City had \$10.3 million in expenses related to governmental activities; \$2.7 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$11.6 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$9.3 million in revenues and \$6.9 million in expenditures. The general fund's fund balance increased \$539,829 to \$4.9 million.
- ❑ Net assets for enterprise funds increased by \$3.4 million. This increase resulted primarily from capital contributions in the form of capital assets of \$3.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accepting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's golf course, water, sewer, trash and storm water services are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. 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.

***Management's Discussion and Analysis
For the Year Ended December 31, 2006***

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary balances are reported in separate Statements of Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net assets for 2006 compared to 2005:

	Governmental Activities		Business-type Activities		Total	
	2006	Restated 2005	2006	2005	2006	Restated 2005
Current and other assets	\$21,941,029	\$20,054,090	\$14,228,896	\$23,337,335	\$36,169,925	\$43,391,425
Capital assets, Net	37,218,510	37,673,382	86,694,306	77,813,217	123,912,816	115,486,599
Total assets	<u>59,159,539</u>	<u>57,727,472</u>	<u>100,923,202</u>	<u>101,150,552</u>	<u>160,082,741</u>	<u>158,878,024</u>
Long-term debt outstanding	5,694,308	6,217,883	39,445,092	41,033,830	45,139,400	47,251,713
Other liabilities	5,538,001	5,869,959	558,986	2,632,316	6,096,987	8,502,275
Total liabilities	<u>11,232,309</u>	<u>12,087,842</u>	<u>40,004,078</u>	<u>43,666,146</u>	<u>51,236,387</u>	<u>55,753,988</u>
Net assets						
Invested in capital assets, net of related debt	27,422,871	26,884,114	50,958,782	48,700,584	78,381,653	75,584,698
Restricted	10,981,263	10,161,903	2,080,999	1,988,424	13,062,262	12,150,327
Unrestricted	9,523,096	8,593,613	7,879,343	6,795,398	17,402,439	15,389,011
Total net assets	<u>\$47,927,230</u>	<u>\$45,639,630</u>	<u>\$60,919,124</u>	<u>\$57,484,406</u>	<u>\$108,846,354</u>	<u>\$103,124,036</u>

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CITY OF SPRINGBORO, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2006**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for 2006 compared to 2005:

	Governmental Activities		Business-type Activities		Total	
	2006	Restated 2005	2006	2005	2006	Restated 2005
Revenues						
Program Revenues:						
Charges for Services and Sales	\$1,554,352	\$1,779,760	\$7,820,303	\$8,682,792	\$9,374,655	\$10,462,552
Operating Grants and Contributions	800,017	931,375	0	0	800,017	931,375
Capital Grants and Contributions	301,873	2,021,941	3,576,737	2,515,267	3,878,610	4,537,208
Total Program Revenues	2,656,242	4,733,076	11,397,040	11,198,059	14,053,282	15,931,135
General revenues:						
Income Taxes	9,008,615	9,341,580	0	0	9,008,615	9,341,580
Property Taxes	629,933	605,193	0	0	629,933	605,193
Other Local Taxes	79,746	80,126	0	0	79,746	80,126
Payment in Lieu of Taxes	473,153	157,646	0	0	473,153	157,646
Intergovernmental, unrestricted	566,082	558,942	0	0	566,082	558,942
Investment Earnings	478,662	317,708	607,060	627,827	1,085,722	945,535
Miscellaneous	326,437	416,746	0	0	326,437	416,746
Total General Revenues	11,562,628	11,477,941	607,060	627,827	12,169,688	12,105,768
Total Revenues	14,218,870	16,211,017	12,004,100	11,825,886	26,222,970	28,036,903
Program Expenses						
Security of Persons and Property	2,630,222	2,640,056	0	0	2,630,222	2,640,056
Public Health and Welfare Services	10,647	8,780	0	0	10,647	8,780
Leisure Time Activities	507,364	509,990	0	0	507,364	509,990
Community Environment	693,745	768,207	0	0	693,745	768,207
Transportation	1,922,942	1,878,604	0	0	1,922,942	1,878,604
General Government	4,087,878	4,174,898	0	0	4,087,878	4,174,898
Interest and Fiscal Charges	492,472	505,312	0	0	492,472	505,312
Golf Course	0	0	2,503,701	2,136,737	2,503,701	2,136,737
Water	0	0	3,463,779	3,108,710	3,463,779	3,108,710
Sewer	0	0	3,202,723	3,410,660	3,202,723	3,410,660
Trash	0	0	768,894	777,021	768,894	777,021
Storm Water	0	0	216,285	198,394	216,285	198,394
Total Expenses	10,345,270	10,485,847	10,155,382	9,631,522	20,500,652	20,117,369
Change in Net Assets before transfers	3,873,600	5,725,170	1,848,718	2,194,364	5,722,318	7,919,534
Transfers	(1,586,000)	(743,817)	1,586,000	743,817	0	0
Total Change in Net Assets	2,287,600	4,981,353	3,434,718	2,938,181	5,722,318	7,919,534
Beginning Net Assets	45,639,630	40,658,277	57,484,406	54,546,225	103,124,036	95,204,502
Ending Net Assets	\$47,927,230	\$45,639,630	\$60,919,124	\$57,484,406	\$108,846,354	\$103,124,036

***Management's Discussion and Analysis
For the Year Ended December 31, 2006***

Unaudited

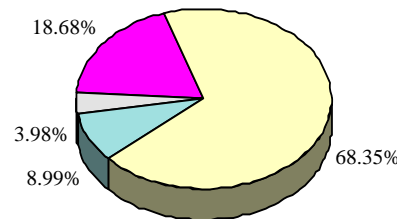
Governmental Activities

Net assets of the City's governmental activities increased by \$2,287,600. This was due primarily because revenue collections continued to outpace the expenditures, a common result of a growing community.

The City receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 4.4% and 63.4% respectively of revenues for governmental activities for the City in fiscal year 2006. The City's reliance upon tax revenues is demonstrated by the following graph indicating 68.35% of total revenues from general tax revenues:

Revenue Sources	2006	Percent of Total
Intergovernmental, unrestricted	\$566,082	3.98%
Program Revenues	2,656,242	18.68%
General Tax Revenues	9,718,294	68.35%
General Other	1,278,252	8.99%
Total Revenue	<u>\$14,218,870</u>	<u>100.00%</u>



Business-Type Activities

Net assets of the business-type activities increased by \$3,434,718. This increase was the result of an increase in user rates for water, sewer and trash customers, while keeping expenditure increases to a minimum. User rates are increased annually based on the average of the national inflationary rate for the previous three years.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$11,250,001, which is an increase from last year's balance of \$8,633,482. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2006 and 2005:

	Fund Balance December 31, 2006	Restated Fund Balance December 31, 2005	Increase (Decrease)
General	\$4,902,925	\$4,363,096	\$539,829
Debt Service	401,568	126,482	275,086
Construction (Capital Project)	3,087,763	1,536,463	1,551,300
Land Acquisition (Capital Project)	443,389	325,208	118,181
Income Tax Capital Improvement (Capital Project)	856,115	1,124,240	(268,125)
Other Governmental	1,558,241	1,157,993	400,248
Total	\$11,250,001	\$8,633,482	\$2,616,519

General Fund – The City's General Fund balance increase is due mainly to an overall reduction in expenditures. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2006 Revenues	2005 Revenues	Increase (Decrease)
Municipal Income Taxes	\$5,967,347	\$6,045,168	(\$77,821)
Property and Other Taxes	641,356	595,860	45,496
Intergovernmental Revenue	595,158	538,803	56,355
Charges for Services	890,655	924,184	(33,529)
Fines, Licenses and Permits	492,660	631,181	(138,521)
Investment Earnings	460,377	316,080	144,297
Special Assessments	24,023	21,407	2,616
All Other Revenue	188,533	182,658	5,875
Total	\$9,260,109	\$9,255,341	\$4,768

CITY OF SPRINGBORO, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2006***

Unaudited

General Fund revenues remained consistent with revenues in 2005. Increased investment earnings coupled with higher property tax collections helped to offset reduced income tax and fine collections.

	2006	2005	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$2,447,938	\$2,430,119	\$17,819
Public Health and Welfare Services	10,647	8,780	1,867
Leisure Time Activities	380,019	387,963	(7,944)
Community Environment	679,947	750,053	(70,106)
General Government	3,393,723	3,917,709	(523,986)
Debt Service:			
Principal Retirement	7,694	7,372	322
Interest and Fiscal Charges	1,150	1,472	(322)
Total	<u>\$6,921,118</u>	<u>\$7,503,468</u>	<u>(\$582,350)</u>

General Fund expenditures decreased by \$582,350 or 7.8% under the prior year mostly due to a decrease in legal expenses. In addition, operating expenses associated with community environment decreased due to fewer economic development initiatives instituted in 2006.

Debt Service Fund – The Debt Service Fund balance increased this year by \$275,086 because the City collected additional intergovernmental revenues.

Construction and Land Acquisition Funds - The fund balances of these funds will vary from year to year based upon the City's capital project schedules.

Income Tax Capital Improvement Fund - The fund balance decreased \$268,125 to a balance of \$856,115. Larger than normal transfers out to other funds accounted for this decrease.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2006 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$8.7 million decreased \$369,200 below the original budget estimates due to lower than projected income tax revenues. The General Fund had an adequate fund balance to cover expenditures.

The large variances between budgeted and actual figures represent higher than expected revenue collections and prudent financial management of expenditure outlays.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2006 the City had \$123,912,816 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$37,218,510 was related to governmental activities and \$86,694,306 to the business-type activities. The following table shows fiscal year 2006 and 2005 balances:

	Governmental Activities		Increase (Decrease)
	2006	Restated 2005	
Land	\$15,755,688	\$16,266,040	(\$510,352)
Total Non-Depreciable Capital Assets	15,755,688	16,266,040	(510,352)
Improvements	475,295	411,143	64,152
Infrastructure	32,588,103	32,112,826	475,277
Buildings	3,273,590	3,243,820	29,770
Machinery and Equipment	3,305,133	3,176,829	128,304
Less: Accumulated Depreciation	(18,179,299)	(17,537,276)	(642,023)
Total Depreciable Capital Assets	21,462,822	21,407,342	55,480
Totals	\$37,218,510	\$37,673,382	(\$454,872)

	Business-Type Activities		Increase (Decrease)
	2006	2005	
Land	\$8,692,390	\$8,532,390	\$160,000
Construction in Progress	18,499,551	12,872,888	5,626,663
Total Non-Depreciable Capital Assets	27,191,941	21,405,278	5,786,663
Buildings	3,397,360	3,388,736	8,624
Land Improvements	1,296,957	698,787	598,170
Infrastructure	65,810,178	62,235,834	3,574,344
Machinery and Equipment	1,776,313	1,562,885	213,428
Less: Accumulated Depreciation	(12,778,443)	(11,478,303)	(1,300,140)
Total Non-Depreciable Capital Assets	59,502,365	56,407,939	3,094,426
Totals	\$86,694,306	\$77,813,217	\$8,881,089

The primary increases occurred in infrastructure and machinery and equipment for governmental activities. The increase in infrastructure improvements (the City added 12 streets and repaved 11 streets) is relative to the continued growth within the City. The majority of the increase in machinery and equipment was in parks and recreation. The increase in business-type activities capital assets occurred primarily in infrastructure (i.e. water and sewer lines) and construction in progress. This is a result of the continued business and residential growth taking place within the City.

***Management's Discussion and Analysis
For the Year Ended December 31, 2006***

Unaudited

As of December 31, 2006, the City has contractual commitments of \$831,310 for various projects. Included in these projects are the wastewater treatment plant expansion, as well as water and sewer improvements. Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2006, the City had \$44.74 million in bonds outstanding, \$2,120,441 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Governmental Activities:		
Special Assessment Bonds	\$3,296,000	\$3,515,000
General Obligation Bonds	2,180,750	2,490,950
Capital Leases Payable	38,889	53,314
Compensated Absences	178,669	158,619
Total Governmental Activities	<u>5,694,308</u>	<u>6,217,883</u>
Business-Type Activities:		
General Obligation Bonds	\$3,585,675	\$3,759,626
Mortgage Revenue Bonds	35,672,762	37,012,203
Capital Leases Payable	120,279	200,210
Compensated Absences	66,376	61,791
Total Business-Type Activities	<u>39,445,092</u>	<u>41,033,830</u>
Totals	<u>\$45,139,400</u>	<u>\$47,251,713</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Springboro lies, is limited to ten mills. At December 31, 2006, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The City's budget for 2007 is very conservative. Springboro continues to be one of the fastest growing City's in Ohio and with the continuing decrease in state funding, planning for the future is a challenge. City Council decided they wanted to maintain current service levels to the residents of the City, which required pursuing a way to increase revenues. City Council took action in 2004 to increase revenues by reducing the income tax credit allowed for income tax paid to another municipality. This revenue increase along with the City's continued effort to maintain expenditures at a minimum increase has enabled the City to maintain current service levels to its residents and plan for future needs.

City Council continues to pursue new revenue sources to ensure fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 937-748-4353 or writing to City of Springboro Finance Department, 320 West Central Avenue, Springboro, Ohio 45066.

CITY OF SPRINGBORO, OHIO

**Statement of Net Assets
December 31, 2006**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 3,979,463	\$ 1,822,484	\$ 5,801,947
Investments	5,765,305	5,448,137	11,213,442
Receivables:			
Property Taxes	613,212	0	613,212
Accounts	20,082	845,043	865,125
Intergovernmental	654,464	220,500	874,964
Income Taxes	1,760,278	0	1,760,278
Special Assessments	4,409,236	0	4,409,236
Inventory of Supplies at Cost	82,958	20,078	103,036
Inventory Held for Resale	0	25,618	25,618
Prepaid Items	127,116	46,172	173,288
Restricted Assets:			
Cash and Cash Equivalents	0	76,673	76,673
Cash and Cash Equivalents with Fiscal Agent	0	2,787,995	2,787,995
Investments with Fiscal Agent	0	1,399,260	1,399,260
Assets Held for Resale	4,528,915	0	4,528,915
Non-Depreciable Capital Assets	15,755,688	27,191,941	42,947,629
Depreciable Capital Assets, Net	21,462,822	59,502,365	80,965,187
Unamortized Bond Issuance Costs	0	1,208,651	1,208,651
Deferred Loss on Early Retirement of Debt	0	328,285	328,285
Total Assets	<u>59,159,539</u>	<u>100,923,202</u>	<u>160,082,741</u>
Liabilities:			
Accounts Payable	217,289	245,616	462,905
Accrued Wages and Benefits	84,878	28,449	113,327
Intergovernmental Payable	270,821	59,785	330,606
Refundable Deposits	0	76,674	76,674
Unearned Revenue	608,051	0	608,051
Accrued Interest Payable	76,962	148,462	225,424
General Obligation Notes Payable	4,280,000	0	4,280,000
Long Term Liabilities:			
Amounts Due within one year	591,804	1,635,144	2,226,948
Amounts Due in More Than One Year	5,102,504	37,809,948	42,912,452
Total Liabilities	<u>11,232,309</u>	<u>40,004,078</u>	<u>51,236,387</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	27,422,871	50,958,782	78,381,653
Restricted For:			
Capital Projects	4,774,226	0	4,774,226
Debt Service	4,764,872	2,080,999	6,845,871
Other Purposes	1,442,165	0	1,442,165
Unrestricted	9,523,096	7,879,343	17,402,439
Total Net Assets	<u>\$ 47,927,230</u>	<u>\$ 60,919,124</u>	<u>\$ 108,846,354</u>

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

**Statement of Activities
For the Year Ended December 31, 2006**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 2,630,222	\$ 51,861	\$ 4,527	\$ 0
Public Health and Welfare Services	10,647	0	0	0
Leisure Time Activities	507,364	84,870	0	0
Community Environment	693,745	207,017	0	0
Transportation	1,922,942	5,392	795,490	301,873
General Government	4,087,878	1,205,212	0	0
Interest and Fiscal Charges	492,472	0	0	0
Total Governmental Activities	10,345,270	1,554,352	800,017	301,873
Business-Type Activities:				
Golf Course	2,503,701	1,749,643	0	0
Water	3,463,779	2,897,468	0	543,398
Sewer	3,202,723	2,118,810	0	2,967,925
Trash	768,894	831,763	0	0
Storm Water	216,285	222,619	0	65,414
Total Business-Type Activities	10,155,382	7,820,303	0	3,576,737
Totals	\$ 20,500,652	\$ 9,374,655	\$ 800,017	\$ 3,878,610

General Revenues:

Income Taxes
 Property Taxes
 Other Local Taxes
 Payment in Lieu of Taxes
 Intergovernmental, unrestricted
 Investment Earnings
 Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,573,834)	\$ 0	\$ (2,573,834)
(10,647)	0	(10,647)
(422,494)	0	(422,494)
(486,728)	0	(486,728)
(820,187)	0	(820,187)
(2,882,666)	0	(2,882,666)
(492,472)	0	(492,472)
<u>(7,689,028)</u>	<u>0</u>	<u>(7,689,028)</u>
0	(754,058)	(754,058)
0	(22,913)	(22,913)
0	1,884,012	1,884,012
0	62,869	62,869
0	71,748	71,748
<u>0</u>	<u>1,241,658</u>	<u>1,241,658</u>
<u>(7,689,028)</u>	<u>1,241,658</u>	<u>(6,447,370)</u>
9,008,615	0	9,008,615
629,933	0	629,933
79,746	0	79,746
473,153	0	473,153
566,082	0	566,082
478,662	607,060	1,085,722
326,437	0	326,437
<u>(1,586,000)</u>	<u>1,586,000</u>	<u>0</u>
<u>9,976,628</u>	<u>2,193,060</u>	<u>12,169,688</u>
2,287,600	3,434,718	5,722,318
<u>45,639,630</u>	<u>57,484,406</u>	<u>103,124,036</u>
<u>\$ 47,927,230</u>	<u>\$ 60,919,124</u>	<u>\$ 108,846,354</u>

CITY OF SPRINGBORO, OHIO

**Balance Sheet
Governmental Funds
December 31, 2006**

	General	Debt Service	Construction	Land Acquisition
Assets:				
Cash and Cash Equivalents	\$ 947,142	\$ 401,568	\$ 737,144	\$ 226,079
Investments	3,211,518	0	2,553,787	0
Receivables:				
Property Taxes	613,212	0	0	0
Accounts	20,082	0	0	0
Intergovernmental	240,607	0	0	0
Income Taxes	1,173,519	0	0	0
Special Assessments	0	4,409,236	0	0
Inventory of Supplies, at Cost	10,072	0	0	0
Prepaid Items	123,734	0	0	0
Assets Held for Resale	0	0	0	4,528,915
Total Assets	\$ 6,339,886	\$ 4,810,804	\$ 3,290,931	\$ 4,754,994
Liabilities:				
Accounts Payable	\$ 118,224	\$ 0	\$ 76,413	\$ 575
Accrued Wages and Benefits Payable	75,551	0	0	0
Intergovernmental Payable	133,586	0	126,755	0
Deferred Revenue	1,109,600	4,409,236	0	0
Accrued Interest Payable	0	0	0	31,030
General Obligation Notes Payable	0	0	0	4,280,000
Total Liabilities	1,436,961	4,409,236	203,168	4,311,605
Fund Balances:				
Reserved for Encumbrances	173,196	0	282,447	0
Reserved for Prepaid Items	123,734	0	0	0
Reserved for Supplies Inventory	10,072	0	0	0
Reserved for Debt Service	0	401,568	0	0
Reserved for Assets Held for Resale	0	0	0	4,528,915
Undesignated/Unreserved in:				
General Fund	4,595,923	0	0	0
Special Revenue Funds	0	0	0	0
Capital Projects	0	0	2,805,316	(4,085,526)
Total Fund Balances	4,902,925	401,568	3,087,763	443,389
Total Liabilities and Fund Balances	\$ 6,339,886	\$ 4,810,804	\$ 3,290,931	\$ 4,754,994

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

Income Tax Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 461,331	\$ 1,206,199	\$ 3,979,463
0	0	5,765,305
0	0	613,212
0	0	20,082
0	413,857	654,464
586,759	0	1,760,278
0	0	4,409,236
0	72,886	82,958
0	3,382	127,116
0	0	4,528,915
<u>\$ 1,048,090</u>	<u>\$ 1,696,324</u>	<u>\$ 21,941,029</u>
\$ 0	\$ 22,077	\$ 217,289
0	9,327	84,878
0	10,480	270,821
191,975	96,199	5,807,010
0	0	31,030
0	0	4,280,000
<u>191,975</u>	<u>138,083</u>	<u>10,691,028</u>
0	13,026	468,669
0	3,382	127,116
0	72,886	82,958
0	0	401,568
0	0	4,528,915
0	0	4,595,923
0	1,277,471	1,277,471
856,115	191,476	(232,619)
<u>856,115</u>	<u>1,558,241</u>	<u>11,250,001</u>
<u>\$ 1,048,090</u>	<u>\$ 1,696,324</u>	<u>\$ 21,941,029</u>

CITY OF SPRINGBORO, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2006***

Total Governmental Fund Balances	\$ 11,250,001
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	37,218,510
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	5,198,959
Long-term liabilities, including bonds payable, compensated absences and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(5,740,240)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 47,927,230</u></u>

See accompanying notes to the basic financial statements



CITY OF SPRINGBORO, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006**

	General	Debt Service	Construction	Land Acquisition
Revenues:				
Municipal Income Tax	\$ 5,967,347	\$ 0	\$ 0	\$ 0
Property and Other Taxes	641,356	0	0	0
Payment in Lieu of Taxes	0	473,153	0	0
Intergovernmental Revenues	595,158	0	0	0
Charges for Services	890,655	0	0	0
Fines, Licenses and Permits	492,660	0	0	0
Investment Earnings	460,377	0	508	0
Special Assessments	24,023	422,742	31,133	0
Donations	0	0	0	0
All Other Revenue	188,533	0	82,848	0
Total Revenue	9,260,109	895,895	114,489	0
Expenditures:				
Current:				
Security of Persons and Property	2,447,938	0	0	0
Public Health and Welfare Services	10,647	0	0	0
Leisure Time Activities	380,019	0	0	0
Community Environment	679,947	0	0	0
Transportation	0	0	0	0
General Government	3,393,723	0	39,852	0
Capital Outlay	0	0	1,653,854	101,094
Debt Service:				
Principal Retirement	7,694	529,200	0	0
Interest and Fiscal Charges	1,150	322,133	15,695	158,725
Total Expenditures	6,921,118	851,333	1,709,401	259,819
Excess (Deficiency) of Revenues Over Expenditures	2,338,991	44,562	(1,594,912)	(259,819)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	315,000	0
Transfers In	0	230,524	2,914,500	378,000
Transfers Out	(1,801,614)	0	(83,288)	0
Total Other Financing Sources (Uses)	(1,801,614)	230,524	3,146,212	378,000
Net Change in Fund Balances	537,377	275,086	1,551,300	118,181
Fund Balances at Beginning of Year, Restated	4,363,096	126,482	1,536,463	325,208
Increase (Decrease) in Inventory Reserve	2,452	0	0	0
Fund Balances End of Year	\$ 4,902,925	\$ 401,568	\$ 3,087,763	\$ 443,389

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

Income Tax Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 2,983,668	\$ 0	\$ 8,951,015
0	75,000	716,356
0	0	473,153
0	850,799	1,445,957
0	0	890,655
0	135,217	627,877
2,207	15,570	478,662
0	0	477,898
0	8,787	8,787
0	26,933	298,314
<u>2,985,875</u>	<u>1,112,306</u>	<u>14,368,674</u>
0	60,495	2,508,433
0	0	10,647
0	0	380,019
0	0	679,947
0	561,958	561,958
0	99,162	3,532,737
0	170,864	1,925,812
0	6,731	543,625
0	1,005	498,708
<u>0</u>	<u>900,215</u>	<u>10,641,886</u>
2,985,875	212,091	3,726,788
0	0	315,000
0	384,364	3,907,388
<u>(3,254,000)</u>	<u>(194,486)</u>	<u>(5,333,388)</u>
<u>(3,254,000)</u>	<u>189,878</u>	<u>(1,111,000)</u>
(268,125)	401,969	2,615,788
1,124,240	1,157,993	8,633,482
0	(1,721)	731
<u>\$ 856,115</u>	<u>\$ 1,558,241</u>	<u>\$ 11,250,001</u>

CITY OF SPRINGBORO, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Year Ended December 31, 2006***

Net Change in Fund Balances - Total Governmental Funds \$ 2,615,788

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. 287,676

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets. (742,548)

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (403,858)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 543,625

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 6,236

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (19,319)

Change in Net Assets of Governmental Activities \$ 2,287,600

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Tax	\$ 5,975,000	\$ 5,605,800	\$ 5,888,480	\$ 282,680
Property and Other Taxes	606,000	606,000	643,332	37,332
Intergovernmental Revenue	476,400	476,400	565,160	88,760
Charges for Services	864,000	864,000	890,655	26,655
Fines, Licenses and Permits	566,300	566,300	487,477	(78,823)
Investment Earnings	330,000	330,000	454,711	124,711
Special Assessments	24,500	24,500	24,023	(477)
All Other Revenues	232,200	232,200	200,982	(31,218)
Total Revenues	<u>9,074,400</u>	<u>8,705,200</u>	<u>9,154,820</u>	<u>449,620</u>
Expenditures:				
Current:				
Security of Persons and Property	2,639,518	2,643,517	2,521,960	121,557
Public Health and Welfare Services	10,650	10,650	10,647	3
Leisure Time Activities	448,851	462,792	394,300	68,492
Community Environment	869,024	856,084	727,151	128,933
General Government	3,981,007	3,842,007	3,548,461	293,546
Total Expenditures	<u>7,949,050</u>	<u>7,815,050</u>	<u>7,202,519</u>	<u>612,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,125,350	890,150	1,952,301	1,062,151
Other Financing Sources (Uses):				
Transfers In	900	900	0	(900)
Transfers Out	(1,122,700)	(1,802,064)	(1,801,614)	450
Total Other Financing Sources (Uses):	<u>(1,121,800)</u>	<u>(1,801,164)</u>	<u>(1,801,614)</u>	<u>(450)</u>
Net Change in Fund Balance	3,550	(911,014)	150,687	1,061,701
Fund Balance at Beginning of Year	3,587,147	3,587,147	3,587,147	0
Prior Year Encumbrances	174,162	174,162	174,162	0
Fund Balance at End of Year	<u>\$ 3,764,859</u>	<u>\$ 2,850,295</u>	<u>\$ 3,911,996</u>	<u>\$ 1,061,701</u>

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2006**

	Business-Type Activities		
	Enterprise Funds		
	Golf Course	Water	Sewer
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 96,371	\$ 733,316	\$ 591,397
Investments	0	2,806,155	2,048,859
<i>Receivables:</i>			
Accounts	6,218	327,094	343,950
Intergovernmental	0	0	220,500
Due from Other Funds	7,085	0	0
Inventory of Supplies at Cost	20,078	0	0
Inventory Held for Resale	25,618	0	0
Prepaid Items	9,385	24,111	11,594
<i>Total Current Assets</i>	<u>164,755</u>	<u>3,890,676</u>	<u>3,216,300</u>
<i>Non Current Assets:</i>			
<i>Restricted Assets:</i>			
Cash and Cash Equivalents	0	76,673	0
Cash and Cash Equivalents with Fiscal Agent	0	513,769	2,274,226
Investments with Fiscal Agent	0	997,711	401,549
Non-Depreciable Capital Assets	7,755,718	1,352,053	18,084,170
Depreciable Capital Assets, Net	3,142,431	29,360,470	17,404,923
Unamortized Bond Issuance Cost	57,542	494,146	656,963
Deferred Loss on Early Retirement of Debt	264,539	0	63,746
<i>Total Noncurrent Assets</i>	<u>11,220,230</u>	<u>32,794,822</u>	<u>38,885,577</u>
Total Assets	<u>11,384,985</u>	<u>36,685,498</u>	<u>42,101,877</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	93,520	17,226	62,770
Accrued Wages and Benefits	0	17,902	8,741
Intergovernmental Payable	0	49,802	8,390
Refundable Deposits	0	76,674	0
Accrued Interest Payable	15,444	54,123	78,895
Compensated Absences Payable - Current	0	3,615	2,933
Capital Leases - Current	36,465	16,789	1,095
General Obligation Bonds - Current	150,000	21,250	15,100
Mortgage Revenue - Current	0	663,993	715,448
<i>Total Current Liabilities</i>	<u>295,429</u>	<u>921,374</u>	<u>893,372</u>
<i>Noncurrent Liabilities:</i>			
Compensated Absences Payable	0	34,820	21,965
Capital Leases Payable	16,653	26,570	1,733
General Obligation Bonds Payable	3,361,425	22,500	15,400
Revenue Bonds Payable	0	13,708,918	20,584,403
<i>Total Noncurrent Liabilities</i>	<u>3,378,078</u>	<u>13,792,808</u>	<u>20,623,501</u>
Total Liabilities	<u>3,673,507</u>	<u>14,714,182</u>	<u>21,516,873</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	7,655,687	16,746,649	16,982,879
<i>Restricted for:</i>			
Debt Service	0	1,511,480	569,519
Unrestricted	55,791	3,713,187	3,032,606
Total Net Assets	<u>\$ 7,711,478</u>	<u>\$ 21,971,316</u>	<u>\$ 20,585,004</u>

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

<u>Trash</u>	<u>Storm Water</u>	<u>Total</u>
\$ 171,203	\$ 230,197	\$ 1,822,484
593,123	0	5,448,137
126,634	34,062	837,958
0	0	220,500
0	0	7,085
0	0	20,078
0	0	25,618
1,082	0	46,172
<u>892,042</u>	<u>264,259</u>	<u>8,428,032</u>
0	0	76,673
0	0	2,787,995
0	0	1,399,260
0	0	27,191,941
0	9,594,541	59,502,365
0	0	1,208,651
0	0	328,285
0	9,594,541	92,495,170
<u>892,042</u>	<u>9,858,800</u>	<u>100,923,202</u>
59,861	12,239	245,616
1,178	628	28,449
1,041	552	59,785
0	0	76,674
0	0	148,462
222	113	6,883
0	8,121	62,470
0	0	186,350
0	0	1,379,441
<u>62,302</u>	<u>21,653</u>	<u>2,194,130</u>
1,971	737	59,493
0	12,853	57,809
0	0	3,399,325
0	0	34,293,321
<u>1,971</u>	<u>13,590</u>	<u>37,809,948</u>
<u>64,273</u>	<u>35,243</u>	<u>40,004,078</u>
0	9,573,567	50,958,782
0	0	2,080,999
827,769	249,990	7,879,343
<u>\$ 827,769</u>	<u>\$ 9,823,557</u>	<u>\$ 60,919,124</u>

CITY OF SPRINGBORO, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006**

	Business-Type Activities		
	Enterprise Funds		
	Golf Course	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 960,120	\$ 2,894,399	\$ 2,105,233
Sales	640,974	0	0
Other Operating Revenue	148,549	3,069	13,577
Total Operating Revenues	1,749,643	2,897,468	2,118,810
Operating Expenses:			
Personal Services	0	721,436	369,010
Contractual Services	1,616,058	1,139,349	1,492,453
Materials and Supplies	200,722	320,637	19,532
Cost of Goods Sold	244,877	0	0
Depreciation	225,511	586,488	331,355
Total Operating Expenses	2,287,168	2,767,910	2,212,350
Operating Income (Loss)	(537,525)	129,558	(93,540)
Nonoperating Revenue (Expenses):			
Intergovernmental Revenues	0	0	220,500
Investment Earnings	66,529	174,465	364,805
Interest and Fiscal Charges	(216,533)	(695,869)	(990,373)
Total Nonoperating Revenues (Expenses)	(150,004)	(521,404)	(405,068)
Income (Loss) Before Transfers and Contributions	(687,529)	(391,846)	(498,608)
Transfers In	926,000	0	800,000
Transfers Out	0	(150,000)	(150,000)
Capital Contributions - Tap in Fees	0	301,154	436,487
Capital Contributions	0	242,244	2,470,938
Change in Net Assets	238,471	1,552	3,058,817
Net Assets Beginning of Year	7,473,007	21,969,764	17,526,187
Net Assets End of Year	\$ 7,711,478	\$ 21,971,316	\$ 20,585,004

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

<u>Trash</u>	<u>Storm Water</u>	<u>Total</u>
\$ 831,763	\$ 222,619	\$ 7,014,134
0	0	640,974
0	0	165,195
<u>831,763</u>	<u>222,619</u>	<u>7,820,303</u>
43,529	21,939	1,155,914
711,272	24,132	4,983,264
14,093	2,570	557,554
0	0	244,877
0	166,482	1,309,836
<u>768,894</u>	<u>215,123</u>	<u>8,251,445</u>
62,869	7,496	(431,142)
0	0	220,500
1,261	0	607,060
0	(1,162)	(1,903,937)
<u>1,261</u>	<u>(1,162)</u>	<u>(1,076,377)</u>
64,130	6,334	(1,507,519)
0	0	1,726,000
0	0	(300,000)
0	0	737,641
0	65,414	2,778,596
64,130	71,748	3,434,718
<u>763,639</u>	<u>9,751,809</u>	<u>57,484,406</u>
<u>\$ 827,769</u>	<u>\$ 9,823,557</u>	<u>\$ 60,919,124</u>

CITY OF SPRINGBORO, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006**

	Business-Type Activities		
	Enterprise Funds		
	Golf Course	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,604,184	\$2,910,022	\$2,093,192
Other Operating Receipts	135,246	16,633	14,731
Cash Payments for Goods and Services	(2,010,352)	(1,445,160)	(1,531,881)
Cash Payments to Employees	0	(727,328)	(369,811)
Net Cash (Used) Provided by Operating Activities	(270,922)	754,167	206,231
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	926,000	0	800,000
Transfers Out to Other Funds	0	(150,000)	(150,000)
Net Cash Provided (Used) by Noncapital Financing Activities	926,000	(150,000)	650,000
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Cash Received from Tap-in Fees in Excess of Cost	0	301,154	436,487
Acquisition and Construction of Assets	(385,417)	(1,016,687)	(7,924,818)
Principal Paid on General Obligation Bonds	(140,000)	(20,000)	(14,800)
Principal Paid on Capital Lease	(55,015)	(16,085)	(1,050)
Principal Paid on Mortgage Revenue Bonds	0	(645,000)	(675,000)
Interest Paid on All Debt	(196,098)	(663,458)	(954,888)
Net Cash Used by Capital and Related Financing Activities	(776,530)	(2,060,076)	(9,134,069)
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	66,529	175,791	391,385
Sale of Investments	0	1,377,364	2,991,950
Net Cash Provided by Investing Activities	66,529	1,553,155	3,383,335
Net Increase (Decrease) in Cash and Cash Equivalents	(54,923)	97,246	(4,894,503)
Cash and Cash Equivalents at Beginning of Year	151,294	1,226,512	7,760,126
Cash and Cash Equivalents at End of Year	\$96,371	\$1,323,758	\$2,865,623
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$96,371	\$733,316	\$591,397
Restricted Cash and Cash Equivalents	0	76,673	0
Restricted Cash with Fiscal and Escrow Agents	0	513,769	2,274,226
Cash and Cash Equivalents at End of Year	\$96,371	\$1,323,758	\$2,865,623

CITY OF SPRINGBORO, OHIO

<u>Trash</u>	<u>Storm Water</u>	<u>Totals</u>
\$822,641	\$220,637	\$7,650,676
0	0	166,610
(781,651)	(23,719)	(5,792,763)
(47,947)	(20,698)	(1,165,784)
<u>(6,957)</u>	<u>176,220</u>	<u>858,739</u>
0	0	1,726,000
0	0	(300,000)
<u>0</u>	<u>0</u>	<u>1,426,000</u>
0	0	737,641
0	(103,146)	(9,430,068)
0	0	(174,800)
0	(7,781)	(79,931)
0	0	(1,320,000)
0	(1,162)	(1,815,606)
<u>0</u>	<u>(112,089)</u>	<u>(12,082,764)</u>
0	0	633,705
64,559	0	4,433,873
<u>64,559</u>	<u>0</u>	<u>5,067,578</u>
57,602	64,131	(4,730,447)
<u>113,601</u>	<u>166,066</u>	<u>9,417,599</u>
<u>\$171,203</u>	<u>\$230,197</u>	<u>\$4,687,152</u>
\$171,203	\$230,197	\$1,822,484
0	0	76,673
0	0	2,787,995
<u>\$171,203</u>	<u>\$230,197</u>	<u>\$4,687,152</u>

(Continued)

CITY OF SPRINGBORO, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006**

	Business-Type Activities - Enterprise Funds		
	Golf Course	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$537,525)	\$129,558	(\$93,540)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	225,511	586,488	331,355
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(10,213)	15,623	(10,887)
Decrease in Inventory	12,407	0	0
Decrease in Inventory Held for Resale	15,970	0	0
(Increase) Decrease in Prepaid Items	(1,005)	12,311	3,659
Increase (Decrease) in Accounts Payable	23,933	4,635	(23,865)
Increase (Decrease) in Accrued Wages and Benefits	0	1,460	740
Decrease in Intergovernmental Payable	0	(8,170)	(6,160)
Increase in Refundable Deposits	0	9,945	0
Increase (Decrease) in Compensated Absences	0	2,317	4,929
Total Adjustments	<u>266,603</u>	<u>624,609</u>	<u>299,771</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$270,922)</u>	<u>\$754,167</u>	<u>\$206,231</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2006, the Sewer and Storm Water Funds had outstanding liabilities of \$29,471 and \$6,759, respectively, for the purchase of certain capital assets. During 2006, the Water, Sewer and Storm Water Funds received \$242,244, \$2,310,938 and \$65,414, respectively, of capital assets donated by developers. During 2006, the fair value of investments decreased by \$1,326 and \$26,580, respectively in the Water and Sewer Funds. The fair value of investments increased by \$1,261 in the Trash Fund.

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

<u>Trash</u>	<u>Storm Water</u>	<u>Totals</u>
\$62,869	\$7,496	(\$431,142)
0	166,482	1,309,836
(9,122)	(1,982)	(16,581)
0	0	12,407
0	0	15,970
(333)	0	14,632
(55,953)	3,993	(47,257)
(60)	316	2,456
(983)	(799)	(16,112)
0	0	9,945
(3,375)	714	4,585
<u>(69,826)</u>	<u>168,724</u>	<u>1,289,881</u>
<u>(\$6,957)</u>	<u>\$176,220</u>	<u>\$858,739</u>

CITY OF SPRINGBORO, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2006***

	<u>Total Agency Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 10,909
Receivables:	
Special Assessments	<u>239,658</u>
Total Assets	<u><u>\$ 250,567</u></u>
Liabilities:	
Due to Others	\$ 239,658
Undistributed Monies	<u>10,909</u>
Total Liabilities	<u><u>\$ 250,567</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Springboro, Ohio (the City) is a home rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council - Manager form of government, was adopted November 7, 1978, became effective January 1, 1979, and was amended November 6, 1984. The six member Council and the Mayor are elected to four-year terms. The Council appoints a City Manager who serves as the chief executive officer, the head of the administrative agencies, and a law enforcement officer of the City. The City Manager appoints all of the department managers.

The financial statements are presented as of December 31, 2006 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB 39, "*Determining Whether Certain Organizations are Component Unites*" in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police protection, street construction and maintenance, street lighting, parks and recreation, planning and zoning and other governmental services. In addition, golf, water, sewer, trash collection and disposal services and storm water collection services are provided under an enterprise concept with user charges set by City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

The Warren County General Health District, a jointly governed organization, provides health services within the County. The Board of Health, which consists of a representative from each of the participating governments, oversees the operation of the District. The City is not financially accountable for the District. The County Commissioners serve as the taxing authority and the County Auditor and Treasurer serve as fiscal officers. The City is also associated with the Greater Warren County Drug Task Force and the Miami Valley Regional Planning Commission, also jointly governed organizations. The City is also a member of the Ohio Municipal League of Workers Compensation Group Rating Plan (GRP), an insurance purchasing pool. See Notes 16 and 17 for additional information on these organizations.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Funds

The governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal and interest.

Construction Fund - This fund is used to account for transfers of income tax revenues and grants used for all construction projects not accounted for in the permanent improvement fund or the enterprise funds.

Land Acquisition Fund - This fund is used to purchase land for City use or for land held for resale.

Income Tax Capital Improvement Fund - This fund is used to account for income tax proceeds from .5% of the City's 1.5% income tax. The funds are to be spent on capital projects at Council's discretion

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Golf Course Fund - To account for revenue received from user charges; such as greens fees, rentals and concessions, to be used for the general operation of Heatherwoode, an 18-hole championship golf course.

Water Fund - This fund is used to account for the operation of the City's water service.

Sewer Fund - This fund is used to account for the operation of the City's sanitary sewer service.

Trash Fund - This fund is used to account for the operation of the City's solid waste collection and disposal service.

Storm Water Fund - This fund is used to account for the City's storm water collection system.

Fiduciary Funds

Agency Funds - These funds are used to account for assets held by a government unit as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's agency funds account for Mayor's court fines and special assessments collected on behalf of neighborhood associations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

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. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

Special assessment installments including related interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2006 but which are not intended to finance 2006 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue.

The accrual basis of accounting is utilized for reporting purposes by the government-wide statements, the enterprise funds and the agency funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds, as included in business-type activities and proprietary fund statements, and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is at the object level (personal services, operations and maintenance and capital outlay) within each department. Budgetary modifications may only be made by ordinance of the City Council.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Tax Budget

The City Finance Director submits an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2006.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. The allocation of appropriations within a fund may be modified with the approval of the City Council. During 2006, several supplemental appropriations measures were necessary to budget the use of contingency funds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	\$537,377
Increase (Decrease):	
Accrued Revenues at December 31, 2006 received during 2007	(952,823)
Accrued Revenues at December 31, 2005 received during 2006	847,534
Accrued Expenditures at December 31, 2006 paid during 2007	327,361
Accrued Expenditures at December 31, 2005 paid during 2006	(379,827)
2005 Prepays for 2006	126,460
2006 Prepays for 2007	(123,734)
Outstanding Encumbrances	(231,661)
Budget Basis	<u>\$150,687</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During 2006, cash and cash equivalents included amounts in demand deposits and U.S. Treasury Money Market accounts in Firststar Seasongood Asset Management and Sky Trust accounts with original maturities of less than three months.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and cash equivalents represents the balance on hand as if each fund maintained its own cash and cash equivalent account. See Note 4 "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments."

H. Restricted Assets

Restricted assets in the enterprise funds represent cash and cash equivalents and cash and cash equivalents with fiscal agents set aside to satisfy bond indenture requirements for current and future debt payments and for the replacement and improvement of capital assets originally acquired with bond proceeds. In addition, water and sewer customer deposits are presented as restricted assets.

I. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market (first-in, first-out) in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased. Inventories of enterprise funds are expensed when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life threshold of three or more years.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation on newly acquired/constructed streets begins in the year following acquisition. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Land and Land Improvements	15 - 60
Buildings	10 - 40
Infrastructure	50 - 65
Equipment	3 - 15
Utility Plant in Service	50 - 65

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
Special Assessment Bonds	Bond Retirement Fund
General Obligation Bonds	Bond Retirement Fund, Golf Course Fund, Sewer Fund and Water Fund.
Compensated Absences	General Fund, Street Maintenance and Repair Fund Sewer Fund, Trash Fund and Water Fund
Capital Lease Agreements	General Fund, Library Donation Fund, Golf Course Fund, Sewer Fund and Storm Water Fund.
Mortgage Revenue Bonds	Sewer Fund and Water Fund

M. Bond Discounts/Issuance Costs

Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

N. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences that has matured as of year end, is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Any unspent capital debt proceeds at year end does not reduce the City's invested in capital assets, net of debt. 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. Net Assets restricted for Other Purposes include programs for street and highway improvements, federal grants for security of persons and property and mandatory fines for various court programs.

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

P. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

Q. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Interfund Assets/Liabilities

The City reports cash overdrafts from pooled cash and cash equivalents as an interfund loan payable in the fund with the overdraft and as an interfund loan receivable in the fund(s) designated by management. The interfund loans receivable are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Long-term interfund loans are classified as “advances to/from other funds.” There were no outstanding interfund loans at December 31, 2006.

S. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for supplies inventory, prepaid items, debt service, assets held for resale and encumbered amounts not accrued at year end.

T. Assets Held for Resale

As part of the economic development program, the City has acquired land at the South Tech Industrial Park. The City’s intent is for the land to be sold to businesses to promote economic development within the City. Transactions are conducted through the City’s Land Acquisition Fund.

U. Estimates

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

V. 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 Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2006.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Other long-term assets not available to pay for current-period expenditures:

Delinquent Income Tax Revenue	\$575,925
Delinquent Property Tax Revenue	5,161
Intergovernmental, unrestricted	208,637
Special Assessment Revenue	<u>4,409,236</u>
	\$5,198,959

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$2,180,750)
Special Assessment Bonds Payable	(3,296,000)
Accrued Interest on Long-Term Debt	(45,932)
Capital Leases Payable	(38,889)
Compensated Absences Payable	<u>(178,669)</u>
	(\$5,740,240)

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which capital outlay exceeded depreciation in the current period:

Capital Outlay	\$1,925,812
Depreciation Expense	<u>(1,638,136)</u>
	\$287,676

Net affect of capital asset transactions:

Loss on Disposal of Capital Asset	(\$521,602)
Proceeds from the Sale of Capital Assets	(315,000)
Transfer of Land to Water Fund	(160,000)
Capital Contributions Received	<u>254,054</u>
	(\$742,548)

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$57,600
Decrease in Delinquent Property Tax	(6,677)
Increase in Intergovernmental, unrestricted	(79,858)
Decrease in Special Assessment Revenue	<u>(374,923)</u>
	(\$403,858)

Net amount of long-term debt issuance and bond and lease principal payments:

General Obligation Bond Principal Payment	\$310,200
Special Assessment Bond Principal Payment	219,000
Capital Lease Payments	<u>14,425</u>
	\$543,625

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$20,050)
Increase in supplies inventory	<u>731</u>
	(\$19,319)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 3 – RESTATEMENT OF FUND BALANCE/NET ASSETS AND CHANGE IN ACCOUNTING PRINCIPLE

A. Restatement of Fund Balance/Net Assets

The fund balance of the Land Acquisition Fund was restated to correct an error in the recording of assets held for resale. The Governmental Activities was restated to include a parcel of land that was not recorded in the prior year. The correction resulted in changes to balances reported last year as follows:

	<u>Land Acquisition Fund</u>	<u>Governmental Activities</u>
Fund Balance/Net Assets at December 31, 2005 (as reported)	(\$4,203,707)	\$45,239,630
Land (Non-Depreciable Capital Assets)	0	400,000
Reclassification of Assets Held for Resale	4,528,915	0
Fund Balance/Net Assets at December 31, 2005 (as restated)	<u>\$325,208</u>	<u>\$45,639,630</u>

B. Change in Accounting Principle

The City has implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. Implementation of this GASB had no impact on the City's financial position or results of operation.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the City into three categories.

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

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits (Continued)

At year end the carrying amount of the City's deposits was \$8,677,524 and the bank balance was \$8,880,125. Federal deposit insurance covered \$600,000 of the bank balance and \$8,280,125 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$8,280,125</u>
Total Balance	<u><u>\$8,280,125</u></u>

B. Investments

The City's investments at December 31, 2006 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>1-3</u>	<u>3-5</u>
US Treasury Notes	\$1,399,260	N/A	\$1,399,260	\$0
FHLB	7,533,054	AAA ^{1,2}	6,345,804	1,187,250
FHLMC	398,228	AAA ^{1,2}	398,228	0
FNMA	2,885,346	AAA ^{1,2}	2,189,252	696,094
FFCB	396,814	AAA ^{1,2}	396,814	0
Total Investments	<u><u>\$12,612,702</u></u>		<u><u>\$10,729,358</u></u>	<u><u>\$1,883,344</u></u>

¹ Standard & Poor's

² Moody's Investor Service

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 11.1 % are US Treasury Notes, 59.7% are FHLB, 3.2% are FHLMC, 22.9% are FNMA and 3.1% are FFCB.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy states that it will diversify its investments to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. All of the City's investments are collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2006 were levied after October 1, 2005 on assessed values as of January 1, 2005, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2006. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Springboro. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2006 was \$1.11 per \$1,000 of assessed value. The assessed value upon which the 2006 levy was based was \$502,197,960. This amount constitutes \$476,272,430 in real property assessed value, \$7,680,550 in public utility assessed value and \$18,244,980 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .111% (1.11 mills) of assessed value.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 5 – TAXES (Continued)

B. Income Tax

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 67% of the tax paid to another municipality to a maximum of the total amount assessed. Of the one and one-half percent income tax, one-half percent is voter approved for the sole purpose of funding capital improvements.

Employers within the City are required to withhold income tax on employees compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are to be used for general fund operations, maintenance of equipment, new equipment/capital improvements, debt service and other governmental functions when needed, as determined by City Council. Income tax revenue for 2006 was \$9,008,615.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2006 consisted of income taxes, property taxes, accounts, special assessments and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2006:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$1,801,614
Debt Service Fund	230,524	0
Construction Fund	2,914,500	83,288
Land Acquisition Fund	378,000	0
Income Tax Capital Improvement Fund	0	3,254,000
Other Governmental Funds	384,364	194,486
Total Governmental Funds	3,907,388	5,333,388
Golf Course Fund	926,000	0
Water Fund	0	150,000
Sewer Fund	800,000	150,000
Total Proprietary Funds	1,726,000	300,000
Totals	\$5,633,388	\$5,633,388

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the income tax fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. All transfers are considered allowable in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2006:

<i>Historical Cost:</i>	Restated Balance at December 31, 2005	Additions	Deletions	Balance at December 31, 2006
Class				
<i>Non-depreciable Capital assets:</i>				
Land	\$16,266,040	\$100,519	(\$610,871)	\$15,755,688
Total Non-depreciable Capital assets	<u>16,266,040</u>	<u>100,519</u>	<u>(610,871)</u>	<u>15,755,688</u>
<i>Capital assets being depreciated:</i>				
Improvements	411,143	65,352	(1,200)	475,295
Infrastructure	32,112,826	1,665,485	(1,190,208)	32,588,103
Buildings	3,243,820	29,770	0	3,273,590
Machinery and Equipment	3,176,829	318,740	(190,436)	3,305,133
Total Depreciable Capital assets	<u>38,944,618</u>	<u>2,079,347</u>	<u>(1,381,844)</u>	<u>39,642,121</u>
Total Cost	<u>\$55,210,658</u>	<u>\$2,179,866</u>	<u>(\$1,992,715)</u>	<u>\$55,397,809</u>
<i>Accumulated Depreciation:</i>				
Class	Balance at December 31, 2005	Additions	Deletions	Balance at December 31, 2006
Improvements	(\$308,437)	(\$46,084)	\$1,200	(\$353,321)
Infrastructure	(14,021,308)	(1,231,571)	813,741	(14,439,138)
Buildings	(831,097)	(84,414)	0	(915,511)
Machinery and Equipment	(2,376,434)	(276,067)	181,172	(2,471,329)
Total Depreciation	<u>(\$17,537,276)</u>	<u>(\$1,638,136) *</u>	<u>\$996,113</u>	<u>(\$18,179,299)</u>
<i>Net Value:</i>	<u>\$37,673,382</u>			<u>\$37,218,510</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$110,782)
Leisure Time Activities	(126,079)
Community Environment	(13,155)
Transportation	(1,354,220)
General Government	(33,900)
Total Depreciation Expense	<u>(\$1,638,136)</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 8 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2006:

Historical Cost:

Class	Balance at December 31, 2005	Additions	Deletions	Balance at December 31, 2006
<i>Non-depreciable Capital assets:</i>				
Land	\$8,532,390	\$160,000	\$0	\$8,692,390
Construction in Progress	12,872,888	7,715,764	(2,089,101)	18,499,551
Total Non-depreciable Capital Assets	<u>21,405,278</u>	<u>7,875,764</u>	<u>(2,089,101)</u>	<u>27,191,941</u>
<i>Capital assets being depreciated:</i>				
Buildings	3,388,736	8,624	0	3,397,360
Land Improvements	698,787	598,170	0	1,296,957
Infrastructure	62,235,834	3,574,344	0	65,810,178
Machinery and Equipment	1,562,885	239,245	(25,817)	1,776,313
Total Depreciable Capital assets	<u>67,886,242</u>	<u>4,420,383</u>	<u>(25,817)</u>	<u>72,280,808</u>
Total Cost	<u>\$89,291,520</u>	<u>\$12,296,147</u>	<u>(\$2,114,918)</u>	<u>\$99,472,749</u>

Accumulated Depreciation:

Class	Balance at December 31, 2005	Additions	Deletions	Balance at December 31, 2006
Buildings	(\$1,081,588)	(\$86,274)	\$0	(\$1,167,862)
Land Improvements	(440,404)	(94,048)	0	(534,452)
Infrastructure	(8,669,164)	(1,013,570)	0	(9,682,734)
Machinery and Equipment	(1,287,147)	(132,065)	25,817	(1,393,395)
Total Depreciation	<u>(\$11,478,303)</u>	<u>(\$1,325,957)</u>	<u>\$25,817</u>	<u>(\$12,778,443)</u>
<i>Net Value:</i>	<u>\$77,813,217</u>			<u>\$86,694,306</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 9 – DEFINED BENEFIT PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (the "Ohio PERS")

The following information was provided by the Ohio PERS to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.0%. The 2006 employer contribution rate for local government employer units was 13.70%, of covered payroll, 9.20% to fund the pension and 4.5% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2006, 2005, and 2004 were \$282,796, \$290,313 and \$262,963, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year 2006 was 4.5% of covered payroll which amounted to \$92,889.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2005. 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. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2005 was 6.5%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 358,804. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2005 is \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

All City full-time police officers participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. 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.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to the OP&F Fund for the years ending December 31, 2006, 2005, and 2004 were \$246,243, \$243,674 and \$226,438 for police, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received 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 on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2006 covered payroll that was used to fund postemployment health care benefits was \$97,866 representing 7.75% of covered payroll for police. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2005, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,922 for police and 10,537 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2005 were \$108,039,449, which was net of member contributions of \$55,271,881.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 10 - COMPENSATED ABSENCES

The costs of vacation and sick leave benefits are recorded as they are earned. Employees earn vacation leave at varying rates based upon length of service. Sick leave is accumulated at a rate of four and six tenths hours per eighty hours of service. Sick leave is cumulative without limit. Upon retirement an individual will be compensated for their accumulated sick leave at a rate of 25% of the balance.

At December 31, 2006, the City's accumulated, unpaid compensated absences amounted to \$245,045, of which \$178,669 is recorded as a liability of the Governmental Activities and \$66,376 is recorded as a liability of the Business-Type Activities. The amounts are recorded as Amounts Due Within One Year and Amounts Due in More Than One Year on the Entity Wide Statement of Net Assets.

NOTE 11 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

General Obligation Notes:		Balance December 31, 2005	Issued	(Retired)	Balance December 31, 2006
Land Acquisition Fund:					
3.65%	Real Estate Acquisition	\$450,000	\$0	(\$450,000)	\$0
4.00%	Real Estate Acquisition	4,280,000	0	(4,280,000)	0
4.50%	Real Estate Acquisition	0	4,280,000	0	4,280,000
Total General Obligation Notes		\$4,730,000	\$4,280,000	(\$4,730,000)	\$4,280,000

CITY OF SPRINGBORO, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 12 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2006 were as follows:

		Balance December 31, 2005	Issued	(Retired)	Balance December 31, 2006	Amount Due Within One Year
Business Type-Activities:						
General Obligation Bonds:						
6.4 - 7.5% Sewer Real Estate Acquisition	1989	\$30,000	\$0	(\$10,000)	\$20,000	\$10,000
3.0 - 6.1% Sewer Various Purpose	1993	15,300	0	(4,800)	10,500	5,100
3.0 - 6.1% Water Various Purpose	1993	63,750	0	(20,000)	43,750	21,250
3.9 - 5.4% Golf Course Refunding	1999	3,665,000	0	(140,000)	3,525,000	150,000
3.9 - 5.4% Discount on Golf Course Refunding	1999	(14,424)	0	849	(13,575)	0
Total General Obligation Bonds		3,759,626	0	(173,951)	3,585,675	186,350
Mortgage Revenue Bonds:						
2.00 - 4.00% Waterworks Improvement Refunding	2004	3,065,000	0	(200,000)	2,865,000	200,000
2.00 - 4.00% Discount on Waterworks Refunding	2004	(13,096)	0	1,007	(12,089)	(1,007)
4.00 - 5.70% Water	1997	11,965,000	0	(445,000)	11,520,000	465,000
4.00 - 5.70% Sewer Refunding	1997	3,475,000	0	(190,000)	3,285,000	200,000
2.00 - 5.00% Sewer	2004	18,050,000	0	(485,000)	17,565,000	495,000
2.00 - 5.00% Premium on Sewer Bond	2004	470,299	0	(20,448)	449,851	20,448
Total Mortgage Revenue Bonds		37,012,203	0	(1,339,441)	35,672,762	1,379,441
Compensated Absences		61,791	66,376	(61,791)	66,376	6,883
Capital Leases Payable		200,210	0	(79,931)	120,279	62,470
Total Business-Type Activity Long-Term Liabilities		\$41,033,830	\$66,376	(\$1,655,114)	\$39,445,092	\$1,635,144
Governmental Activities:						
Special Assessment Bonds:						
7.500% Hiawatha Trail	1987	\$10,000	\$0	(\$5,000)	\$5,000	\$5,000
7.500% Hiawatha Trail II	1989	29,000	0	(6,000)	23,000	7,000
7.500% Sharts Road Improvement	1989	36,000	0	(8,000)	28,000	9,000
5.500% Various Purpose	1993	550,000	0	(50,000)	500,000	50,000
5.500% Various Purpose	1994	215,000	0	(20,000)	195,000	20,000
4.200 - 6.350% Pioneer Blvd. North	1994	290,000	0	(25,000)	265,000	25,000
4.200 - 5.600% Commercial Way	1997	410,000	0	(25,000)	385,000	25,000
6.750% N. Pioneer Blvd.	1998	245,000	0	(15,000)	230,000	15,000
1.500 - 5.350% Various Purpose	2003	1,730,000	0	(65,000)	1,665,000	70,000
Total Special Assessment Bonds						
(with Governmental Commitment)		3,515,000	0	(219,000)	3,296,000	226,000
Unvoted General Obligation Bonds:						
3.000 - 6.100% Various Purpose	1993	175,950	0	(55,200)	120,750	58,650
3.500 - 5.900% St. Route 741 Improvement	1996	300,000	0	(20,000)	280,000	20,000
4.500 - 6.000% South Main St. Improvement	1997	160,000	0	(10,000)	150,000	10,000
3.900 - 5.375% Various Purpose	1999	825,000	0	(40,000)	785,000	45,000
4.850 - 5.250% Street Improvement TIF	2000	1,030,000	0	(185,000)	845,000	195,000
Total General Obligation Bonds		2,490,950	0	(310,200)	2,180,750	328,650
Compensated Absences		158,619	178,669	(158,619)	178,669	22,096
Capital Leases Payable		53,314	0	(14,425)	38,889	15,058
Total Governmental Activity Long-Term Liabilities		\$6,217,883	\$178,669	(\$702,244)	\$5,694,308	\$591,804

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment bonds outstanding at December 31, 2006, \$3,296,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

A. Future Long-Term Financing Requirements

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2006, follow:

Years	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2007	\$515,000	\$304,722	\$226,000	\$171,571
2008	540,000	277,430	237,000	160,339
2009	460,000	251,391	238,000	148,330
2010	485,000	227,735	235,000	135,727
2011	275,000	202,522	260,000	123,295
2012-2016	1,585,000	775,611	1,155,000	406,663
2017-2021	1,605,000	337,525	670,000	170,958
2022-2025	315,000	17,010	275,000	22,203
Totals	\$5,780,000	\$2,393,946	\$3,296,000	\$1,339,086

Years	Mortgage Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest
2007	\$1,360,000	\$1,568,250	\$2,101,000	\$2,044,543
2008	1,405,000	1,521,959	2,182,000	1,959,728
2009	1,450,000	1,473,911	2,148,000	1,873,632
2010	1,505,000	1,419,115	2,225,000	1,782,577
2011	1,565,000	1,355,533	2,100,000	1,681,350
2012-2016	8,870,000	5,677,460	11,610,000	6,859,734
2017-2021	9,010,000	3,534,690	11,285,000	4,043,173
2022-2026	6,625,000	1,539,727	7,215,000	1,578,940
2027-2029	3,445,000	234,094	3,445,000	234,094
Totals	\$35,235,000	\$18,324,739	\$44,311,000	\$22,057,771

B. Defeased Debt

In prior years, the City has defeased certain general obligation and other bonds by placing the proceeds of the refunding bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. At December 31, 2006, \$5,915,000 of bonds outstanding are considered defeased.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2006**

NOTE 13 - CAPITAL LEASE COMMITMENTS

The City is obligated under several leases accounted for as capital leases. The cost of the leased assets (buildings, golf course maintenance equipment and machinery and equipment) are accounted for as governmental type capital assets, for items leased by governmental funds, and in the appropriate enterprise funds for items leased by the golf course and sewer funds. The related liabilities are recorded as amounts due within one year and amounts due in more than one year within the governmental activities and as capital lease liabilities within the appropriate enterprise funds. The original cost of the assets under capital lease was \$1,088,006. The leased assets were categorized as follows: \$568,213 as buildings and \$519,793 as machinery and equipment.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2006.

Year Ending December 31,	Governmental Type	Business Type
2007	\$16,580	\$67,052
2008	16,580	41,244
2009	8,290	18,988
Minimum Lease Payments	41,450	127,284
Less: Amount representing interest at the City's incremental borrowing rate of interest	(2,561)	(7,005)
Present value of minimum lease payments	<u>\$38,889</u>	<u>\$120,279</u>

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2006 the City contracted with several different insurance providers for various insurance coverages, as follows:

Type of Coverage	Liability Limits	Deductible
Property	\$3,000,000	\$5,000
Inland Marine	3,000,000	250
General Liability	3,000,000	0
Automobile	2,000,000	250/500
Excess Liability	5,000,000	10,000
Public Officials Liability	2,000,000	25,000
Police Liability	2,000,000	25,000

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 14 - RISK MANAGEMENT (Continued)

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

For the year 2006, the City participated in the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm of Gates McDonald provides administrative, cost control and actuarial services to the GRP.

The City may withdraw from the GRP if written notice is provided within sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amount owed to the GRP prior to withdrawal, and any participant leaving the GRP allows the representative of the GRP to access loss experience for three years following the last year of participation.

NOTE 15 - CONTRACTUAL COMMITMENTS

As of December 31, 2006, the City had the following significant contractual commitments:

<u>Company</u>	<u>Remaining Contractual Commitment</u>
Buildings Crafts	\$600,000
V & S Bowman	108,007
Nelson Stark Company	60,703
Rhule Excavating	58,600
Simpson Fence	4,000
Total	<u>\$831,310</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2006***

NOTE 16 – GROUP PURCHASING POOL

The City participates in the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a twenty-five member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance officers and two law directors which are voted in by the members for staggered two year terms. The Executive Director of the Ohio Municipal League serves as coordinator of the GRP. Each year, the participating cities pay an enrollment fee to the GRP to cover the costs of administering the GRP.

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS

During 2006, the City participated in the Warren County General Health District, the Greater Warren Drug Task Force, and the Miami Valley Regional Planning Commission, jointly governed organizations. The following describes the relationship between these organizations and the City:

Warren County General Health District

The Warren County General Health District (the District) provides health services to the citizens within the County. The District, which consists of a representative from each of the participating governments, including the City, oversees the operation of the District. The amount the City contributed during 2006 for the operation of the District was minimal. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and County Treasurer serve as the fiscal officers. Financial information may be obtained from Kathy Stephenson at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

The Greater Warren County Drug Task Force

The Greater Warren County Drug Task Force (the Task Force) is a multijurisdictional drug task force with the primary goal of combating major narcotic traffickers in Warren and Clinton Counties. It is governed by a local policy board consisting members from local police departments, sheriff's offices, and county prosecutor's offices. Participating members contribute a fee for the operation of the task force, with each member's control over the operation limited to its representation on the Board. The City does not have any financial interest in or responsibility for the operations of the Board.

Miami Valley Regional Planning Commission

The Miami Valley Regional Planning Commission (the Commission) was formed to provide planning and administrative services to approximately 71 governmental and 18 non-governmental members that constitute the full Board of Directors. Each unit of local government members pays a per capita assessment to join the Commission. Non-governmental and other governmental members pay a flat rate to cover associated Commission expenses if they are not a member. The Commission is not dependent upon the City for its existence, no debt exists, and the City does not have an equity interest or a financial responsibility for the Commission.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES
INCLUDE THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS,
AND FIDUCIARY FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Maintenance and Repair Fund

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of designated streets within the City.

State Highway Fund

To account for that portion of the state gasoline tax designated for maintenance of state highways within the City.

Permissive Use Tax Fund

To account for the \$5.00 license tax levied by the City of Springboro. This money is used for the maintenance of highway projects.

Motor Vehicle License Tax Fund

To account for \$2.50 of each \$5.00 tax levied by Warren County on each motor vehicle registered in the City. Expenditures include planning, constructing, improving, maintaining, and repairing roads, streets and bridges.

Community Oriented Policing Service (COPS) Grant Fund

To account for proceeds from federal and state grant monies. The grant funds must be used toward the salary and benefits of police officers.

Drug Law Enforcement Fund

To account for fines and costs collected for felonious drug trafficking convictions and sentences. This money may be used in any drug law enforcement activity.

Mayor's Court Improvement Fund

To account for fees collected from each paid case in the Springboro Mayor's Court. The money may be used to purchase and improve the court computer systems.

Austin Center Municipal Public Improvement TIF Fund

To account for all activities related to the Austin Center TIF District.

Special Revenue Funds

Library Donation Trust Fund

To account for donations that the City receives and then gives to the library.

Law Enforcement Trust Fund

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

D.A.R.E. Trust Fund

To account for donations and a portion of fines and forfeitures from the City of Springboro's Mayor's Court to be used for the DARE education program.

Capital Projects Fund

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

Permanent Improvement Fund

To account for various local and state revenues used for all construction projects related to park facilities.

CITY OF SPRINGBORO, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 1,006,289	\$ 199,910	\$ 1,206,199
Receivables:			
Intergovernmental	413,857	0	413,857
Inventory of Supplies, at Cost	72,886	0	72,886
Prepaid Items	3,382	0	3,382
Total Assets	<u>\$ 1,496,414</u>	<u>\$ 199,910</u>	<u>\$ 1,696,324</u>
Liabilities:			
Accounts Payable	\$ 17,151	\$ 4,926	\$ 22,077
Accrued Wages and Benefits Payable	9,327	0	9,327
Intergovernmental Payable	10,480	0	10,480
Deferred Revenue	96,199	0	96,199
Total Liabilities	<u>133,157</u>	<u>4,926</u>	<u>138,083</u>
Fund Balances:			
Reserved for Encumbrances	9,518	3,508	13,026
Reserved for Prepaid Items	3,382	0	3,382
Reserved for Supplies Inventory	72,886	0	72,886
Undesignated/Unreserved in:			
Special Revenue Funds	1,277,471	0	1,277,471
Capital Projects Fund	0	191,476	191,476
Total Fund Balances	<u>1,363,257</u>	<u>194,984</u>	<u>1,558,241</u>
Total Liabilities and Fund Balances	<u>\$ 1,496,414</u>	<u>\$ 199,910</u>	<u>\$ 1,696,324</u>

CITY OF SPRINGBORO, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Property and Other Taxes	\$ 0	\$ 75,000	\$ 75,000
Intergovernmental Revenues	850,799	0	850,799
Fines, Licenses and Permits	50,347	84,870	135,217
Investment Earnings	15,570	0	15,570
Donations	8,787	0	8,787
All Other Revenue	26,933	0	26,933
Total Revenue	952,436	159,870	1,112,306
Expenditures:			
Current:			
Security of Persons and Property	60,495	0	60,495
Transportation	561,958	0	561,958
General Government	96,712	2,450	99,162
Capital Outlay	0	170,864	170,864
Debt Service:			
Principal Retirement	6,731	0	6,731
Interest and Fiscal Charges	1,005	0	1,005
Total Expenditures	726,901	173,314	900,215
Excess (Deficiency) of Revenues Over Expenditures	225,535	(13,444)	212,091
Other Financing Sources (Uses):			
Transfers In	384,364	0	384,364
Transfers Out	(162,000)	(32,486)	(194,486)
Total Other Financing Sources (Uses)	222,364	(32,486)	189,878
Net Change in Fund Balances	447,899	(45,930)	401,969
Fund Balances at Beginning of Year	917,079	240,914	1,157,993
Decrease in Inventory Reserve	(1,721)	0	(1,721)
Fund Balances End of Year	\$ 1,363,257	\$ 194,984	\$ 1,558,241

CITY OF SPRINGBORO, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006**

	Street Maintenance and Repair	State Highway	Permissive Use Tax	Motor Vehicle License Tax	COPS Grant
Assets:					
Cash and Cash Equivalents	\$ 402,800	\$ 156,439	\$ 15,933	\$ 78,201	\$ 95,131
Receivables:					
Intergovernmental	287,246	23,290	0	88,999	5,880
Inventory of Supplies, at Cost	72,886	0	0	0	0
Prepaid Items	3,382	0	0	0	0
Total Assets	\$ 766,314	\$ 179,729	\$ 15,933	\$ 167,200	\$ 101,011
Liabilities:					
Accounts Payable	\$ 16,505	\$ 0	\$ 0	\$ 0	\$ 76
Accrued Wages and Benefits Payable	9,327	0	0	0	0
Intergovernmental Payable	8,940	0	0	0	1,540
Deferred Revenue	74,047	6,003	0	16,149	0
Total Liabilities	108,819	6,003	0	16,149	1,616
Fund Balances:					
Reserved for Encumbrances	7,962	0	0	0	0
Reserved for Prepaid Items	3,382	0	0	0	0
Reserved for Supplies Inventory	72,886	0	0	0	0
Undesignated/Unreserved	573,265	173,726	15,933	151,051	99,395
Total Fund Balances	657,495	173,726	15,933	151,051	99,395
Total Liabilities and Fund Balances	\$ 766,314	\$ 179,729	\$ 15,933	\$ 167,200	\$ 101,011

CITY OF SPRINGBORO, OHIO

<u>Drug Law Enforcement</u>	<u>Mayor's Court Improvement</u>	<u>Austin Center Municipal Public Improvement TIF</u>	<u>Library Donation Trust</u>	<u>Law Enforcement Trust</u>	<u>DARE Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 27,616	\$ 186,361	\$ 157	\$ 6,815	\$ 8,958	\$ 27,878	\$ 1,006,289
8,051	0	0	0	391	0	413,857
0	0	0	0	0	0	72,886
0	0	0	0	0	0	3,382
<u>\$ 35,667</u>	<u>\$ 186,361</u>	<u>\$ 157</u>	<u>\$ 6,815</u>	<u>\$ 9,349</u>	<u>\$ 27,878</u>	<u>\$ 1,496,414</u>
\$ 26	\$ 0	\$ 0	\$ 0	\$ 0	\$ 544	\$ 17,151
0	0	0	0	0	0	9,327
0	0	0	0	0	0	10,480
0	0	0	0	0	0	96,199
<u>26</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>544</u>	<u>133,157</u>
1,556	0	0	0	0	0	9,518
0	0	0	0	0	0	3,382
0	0	0	0	0	0	72,886
34,085	186,361	157	6,815	9,349	27,334	1,277,471
<u>35,641</u>	<u>186,361</u>	<u>157</u>	<u>6,815</u>	<u>9,349</u>	<u>27,334</u>	<u>1,363,257</u>
<u>\$ 35,667</u>	<u>\$ 186,361</u>	<u>\$ 157</u>	<u>\$ 6,815</u>	<u>\$ 9,349</u>	<u>\$ 27,878</u>	<u>\$ 1,496,414</u>

CITY OF SPRINGBORO, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006**

	Street Maintenance and Repair	State Highway	Permissive Use Tax	Motor Vehicle License Tax	COPS Grant
Revenues:					
Intergovernmental Revenues	\$ 588,297	\$ 47,699	\$ 0	\$ 198,978	\$ 11,297
Fines, Licenses and Permits	0	0	0	0	0
Investment Earnings	7,979	3,936	1,346	2,309	0
Donations	0	0	0	0	0
All Other Revenue	5,392	0	0	0	20,100
Total Revenue	601,668	51,635	1,346	201,287	31,397
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	42,769
Transportation	541,984	19,974	0	0	0
General Government	0	0	0	0	0
Debt Service:					
Principal Retirement	6,731	0	0	0	0
Interest and Fiscal Charges	1,005	0	0	0	0
Total Expenditures	549,720	19,974	0	0	42,769
Excess (Deficiency) of Revenues Over Expenditures	51,948	31,661	1,346	201,287	(11,372)
Other Financing Sources (Uses):					
Transfers In	100,000	0	0	0	25,000
Transfers Out	0	0	(50,000)	(112,000)	0
Total Other Financing Sources (Uses)	100,000	0	(50,000)	(112,000)	25,000
Net Change in Fund Balances	151,948	31,661	(48,654)	89,287	13,628
Fund Balance at Beginning of Year	507,268	142,065	64,587	61,764	85,767
Decrease in Inventory Reserve	(1,721)	0	0	0	0
Fund Balance End of Year	\$ 657,495	\$ 173,726	\$ 15,933	\$ 151,051	\$ 99,395

CITY OF SPRINGBORO, OHIO

<u>Drug Law Enforcement</u>	<u>Mayor's Court Improvement</u>	<u>Austin Center Municipal Public Improvement TIF</u>	<u>Library Donation Trust</u>	<u>Law Enforcement Trust</u>	<u>DARE Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,528	\$ 850,799
27,485	22,862	0	0	0	0	50,347
0	0	0	0	0	0	15,570
0	0	0	6,052	0	2,735	8,787
0	0	0	0	1,441	0	26,933
<u>27,485</u>	<u>22,862</u>	<u>0</u>	<u>6,052</u>	<u>1,441</u>	<u>7,263</u>	<u>952,436</u>
12,200	0	0	0	438	5,088	60,495
0	0	0	0	0	0	561,958
0	1,365	89,343	6,004	0	0	96,712
0	0	0	0	0	0	6,731
0	0	0	0	0	0	1,005
<u>12,200</u>	<u>1,365</u>	<u>89,343</u>	<u>6,004</u>	<u>438</u>	<u>5,088</u>	<u>726,901</u>
15,285	21,497	(89,343)	48	1,003	2,175	225,535
0	164,864	89,500	0	0	5,000	384,364
0	0	0	0	0	0	(162,000)
0	164,864	89,500	0	0	5,000	222,364
<u>15,285</u>	<u>186,361</u>	<u>157</u>	<u>48</u>	<u>1,003</u>	<u>7,175</u>	<u>447,899</u>
20,356	0	0	6,767	8,346	20,159	917,079
0	0	0	0	0	0	(1,721)
<u>\$ 35,641</u>	<u>\$ 186,361</u>	<u>\$ 157</u>	<u>\$ 6,815</u>	<u>\$ 9,349</u>	<u>\$ 27,334</u>	<u>\$ 1,363,257</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 5,975,000	\$ 5,605,800	\$ 5,888,480	\$ 282,680
Property and Other Taxes	606,000	606,000	643,332	37,332
Intergovernmental Revenues	476,400	476,400	565,160	88,760
Charges for Services	864,000	864,000	890,655	26,655
Fines, Licenses and Permits	566,300	566,300	487,477	(78,823)
Investment Earnings	330,000	330,000	454,711	124,711
Special Assessments	24,500	24,500	24,023	(477)
All Other Revenues	232,200	232,200	200,982	(31,218)
Total Revenues	<u>9,074,400</u>	<u>8,705,200</u>	<u>9,154,820</u>	<u>449,620</u>
Expenditures:				
Security of Persons and Property:				
Police Department:				
Personal Services	1,779,241	1,778,245	1,722,876	55,369
Materials and Supplies	102,068	119,152	108,394	10,758
Contractual Services	152,201	140,113	125,979	14,134
Capital Outlay	119,093	117,127	116,608	519
Total Police Department	<u>2,152,603</u>	<u>2,154,637</u>	<u>2,073,857</u>	<u>80,780</u>
Police Dispatcher:				
Personal Services	335,900	335,900	319,946	15,954
Materials and Supplies	6,225	6,225	5,633	592
Contractual Services	17,790	17,790	10,566	7,224
Capital Outlay	0	1,965	1,865	100
Total Police Dispatcher	<u>359,915</u>	<u>361,880</u>	<u>338,010</u>	<u>23,870</u>
Street Lighting:				
Contractual Services	121,000	121,000	106,234	14,766
Total Street Lighting	<u>121,000</u>	<u>121,000</u>	<u>106,234</u>	<u>14,766</u>
Civil Defense:				
Contractual Services	2,000	2,000	1,981	19
Total Civil Defense	<u>2,000</u>	<u>2,000</u>	<u>1,981</u>	<u>19</u>

(Continued)

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Prisoner Care:				
Contractual Services	4,000	4,000	1,878	2,122
Total Prisoner Care	4,000	4,000	1,878	2,122
Total Security of Persons and Property	2,639,518	2,643,517	2,521,960	121,557
Public Health and Welfare:				
Health Board:				
Contractual Services	10,650	10,650	10,647	3
Total Public Health and Welfare	10,650	10,650	10,647	3
Leisure Time Activities:				
Parks:				
Contractual Services	20,400	20,400	6,325	14,075
Materials and Supplies	6,000	6,000	1,344	4,656
Total Parks	26,400	26,400	7,669	18,731
Park Maintenance:				
Personal Services	215,060	229,001	221,742	7,259
Contractual Services	48,150	54,500	38,217	16,283
Materials and Supplies	79,713	73,363	58,890	14,473
Capital Outlay	52,528	52,528	43,839	8,689
Total Park Maintenance	395,451	409,392	362,688	46,704
Library Services:				
Contractual Services	26,000	26,089	23,116	2,973
Materials and Supplies	1,000	911	827	84
Total Library Services	27,000	27,000	23,943	3,057
Total Leisure Time Activities	448,851	462,792	394,300	68,492
Community Environment:				
Planning and Zoning:				
Personal Services	81,950	77,950	68,362	9,588
Contractual Services	120,670	105,778	98,745	7,033
Materials and Supplies	2,973	2,865	2,504	361
Total Planning and Zoning	205,593	186,593	169,611	16,982

(Continued)

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Engineering:				
Personal Services	103,500	107,050	99,817	7,233
Contractual Services	111,928	65,428	54,818	10,610
Materials and Supplies	6,888	8,388	5,856	2,532
Total Engineering	222,316	180,866	160,491	20,375
Economic Development:				
Personal Services	3,500	2,500	89	2,411
Contractual Services	138,045	199,140	177,009	22,131
Materials and Supplies	500	405	0	405
Total Economic Development	142,045	202,045	177,098	24,947
Building Inspection:				
Personal Services	244,950	219,460	166,731	52,729
Contractual Services	45,775	58,281	46,536	11,745
Materials and Supplies	8,345	8,839	6,684	2,155
Total Building Inspection	299,070	286,580	219,951	66,629
Total Community Environment	869,024	856,084	727,151	128,933
General Government:				
City Council:				
Personal Services	137,832	137,832	109,843	27,989
Contractual Services	50,000	49,690	43,213	6,477
Materials and Supplies	3,790	4,100	3,600	500
Total City Council	191,622	191,622	156,656	34,966
City Manager:				
Personal Services	113,293	113,311	103,259	10,052
Contractual Services	82,700	36,432	34,010	2,422
Materials and Supplies	1,500	2,750	1,708	1,042
Total City Manager	197,493	152,493	138,977	13,516
Assistant City Manager:				
Personal Services	60,450	62,320	59,088	3,232
Contractual Services	37,100	34,780	19,899	14,881
Materials and Supplies	1,000	1,450	823	627
Total Assistant City Manager	98,550	98,550	79,810	18,740

(Continued)

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Computer Administration:				
Personal Services	69,600	69,600	63,828	5,772
Contractual Services	19,125	18,955	16,465	2,490
Materials and Supplies	30,025	35,195	22,265	12,930
Total Computer Administration	118,750	123,750	102,558	21,192
Finance Department:				
Personal Services	138,300	138,300	124,414	13,886
Contractual Services	77,213	67,213	57,904	9,309
Materials and Supplies	5,000	5,000	4,160	840
Total Finance Department	220,513	210,513	186,478	24,035
Mayor's Court:				
Personal Services	71,750	71,750	61,762	9,988
Contractual Services	74,900	74,900	60,650	14,250
Materials and Supplies	1,225	1,225	1,225	0
Capital Outlay	400	400	352	48
Total Mayor's Court	148,275	148,275	123,989	24,286
Income Tax:				
Personal Services	101,375	101,375	95,017	6,358
Contractual Services	736,106	682,591	676,522	6,069
Materials and Supplies	9,500	9,015	8,615	400
Total Income Tax	846,981	792,981	780,154	12,827
Legal Administration:				
Contractual Services	306,309	140,309	138,985	1,324
Total Legal Administration	306,309	140,309	138,985	1,324
Volunteer Services:				
Contractual Services	4,000	4,000	3,437	563
Total Volunteer Services	4,000	4,000	3,437	563
Building and Land:				
Personal Services	465,400	465,400	465,400	0
Contractual Services	416,474	546,536	469,313	77,223
Materials and Supplies	44,500	45,438	34,185	11,253
Capital Outlay	11,453	11,453	10,626	827
Total Building and Land	937,827	1,068,827	979,524	89,303

(Continued)

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Contractual Services	54,750	54,750	43,880	10,870
Materials and Supplies	200	200	0	200
Total Miscellaneous	54,950	54,950	43,880	11,070
Health Insurance:				
Contractual Services	855,737	855,737	814,013	41,724
Total Health Insurance	855,737	855,737	814,013	41,724
Total General Government	3,981,007	3,842,007	3,548,461	293,546
Total Expenditures	7,949,050	7,815,050	7,202,519	612,531
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,125,350	890,150	1,952,301	1,062,151
Other Financing Sources (Uses):				
Transfers In	900	900	0	(900)
Transfers Out	(1,122,700)	(1,802,064)	(1,801,614)	450
Total Other Financing Sources (Uses)	(1,121,800)	(1,801,164)	(1,801,614)	(450)
Net Change in Fund Balance	3,550	(911,014)	150,687	1,061,701
Fund Balance at Beginning of Year	3,587,147	3,587,147	3,587,147	0
Prior Year Encumbrances	174,162	174,162	174,162	0
Fund Balance at End of Year	<u>\$ 3,764,859</u>	<u>\$ 2,850,295</u>	<u>\$ 3,911,996</u>	<u>\$ 1,061,701</u>

CITY OF SPRINGBORO, OHIO**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Payment in Lieu of Taxes	\$ 170,000	\$ 170,000	\$ 473,153	\$ 303,153
Intergovernmental Revenues	18,000	18,000	0	(18,000)
Special Assessments	377,300	377,300	422,742	45,442
All Other Revenues	180,000	180,000	0	(180,000)
Total Revenues	<u>745,300</u>	<u>745,300</u>	<u>895,895</u>	<u>150,595</u>
Expenditures:				
Debt Service:				
Principal Retirement	5,259,200	5,259,200	5,259,200	0
Interest and Fiscal Charges	<u>511,164</u>	<u>514,068</u>	<u>509,236</u>	<u>4,832</u>
Total Expenditures	<u>5,770,364</u>	<u>5,773,268</u>	<u>5,768,436</u>	<u>4,832</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,025,064)	(5,027,968)	(4,872,541)	155,427
Other Financing Sources (Uses):				
Transfers In	5,149,723	5,147,627	5,147,627	0
Advances Out	<u>(120,000)</u>	<u>(115,000)</u>	<u>0</u>	<u>115,000</u>
Total Other Financing Sources (Uses)	<u>5,029,723</u>	<u>5,032,627</u>	<u>5,147,627</u>	<u>115,000</u>
Net Change in Fund Balance	4,659	4,659	275,086	270,427
Fund Balance at Beginning of Year	<u>126,482</u>	<u>126,482</u>	<u>126,482</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 131,141</u>	<u>\$ 131,141</u>	<u>\$ 401,568</u>	<u>\$ 270,427</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Year Ended December 31, 2006**

	CONSTRUCTION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 401,800	\$ 401,800
Special Assessments	30,000	30,000	31,133	1,133
All Other Revenues	20,000	20,000	397,848	377,848
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>830,781</u>	<u>780,781</u>
Expenditures:				
General Government:				
Contractual Services	23,798	48,998	48,230	768
Total General Government	<u>23,798</u>	<u>48,998</u>	<u>48,230</u>	<u>768</u>
Capital Outlay	2,180,586	2,155,386	1,944,305	211,081
Total Expenditures	<u>2,204,384</u>	<u>2,204,384</u>	<u>1,992,535</u>	<u>211,849</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,154,384)	(2,154,384)	(1,161,754)	992,630
Other Financing Sources (Uses):				
Transfers In	3,411,600	3,370,280	2,914,500	(455,780)
Transfers Out	(551,300)	(551,300)	(549,667)	1,633
Total Other Financing Sources (Uses)	<u>2,860,300</u>	<u>2,818,980</u>	<u>2,364,833</u>	<u>(454,147)</u>
Net Change in Fund Balance	705,916	664,596	1,203,079	538,483
Fund Balance at Beginning of Year	1,135,943	1,135,943	1,135,943	0
Prior Year Encumbrances	470,384	470,384	470,384	0
Fund Balance at End of Year	<u>\$ 2,312,243</u>	<u>\$ 2,270,923</u>	<u>\$ 2,809,406</u>	<u>\$ 538,483</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Year Ended December 31, 2006**

	LAND ACQUISITION FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 225,000	\$ 225,000	\$ 0	\$ (225,000)
Total Revenues	<u>225,000</u>	<u>225,000</u>	<u>0</u>	<u>(225,000)</u>
Expenditures:				
General Government:				
Contractual Services	25,895	0	0	0
Total General Government	<u>25,895</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Outlay	0	150,000	115,519	34,481
Total Expenditures	<u>25,895</u>	<u>150,000</u>	<u>115,519</u>	<u>34,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	199,105	75,000	(115,519)	(190,519)
Other Financing Sources (Uses):				
General Obligation Notes Issued	4,200,000	4,200,000	4,295,922	95,922
Transfers In	0	98,922	378,000	279,078
Transfers Out	(4,451,200)	(4,451,200)	(4,450,724)	476
Total Other Financing Sources (Uses)	<u>(251,200)</u>	<u>(152,278)</u>	<u>223,198</u>	<u>375,476</u>
Net Change in Fund Balance	(52,095)	(77,278)	107,679	184,957
Fund Balance at Beginning of Year	77,505	77,505	77,505	0
Prior Year Encumbrances	<u>25,895</u>	<u>25,895</u>	<u>25,895</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 51,305</u>	<u>\$ 26,122</u>	<u>\$ 211,079</u>	<u>\$ 184,957</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 3,105,000	\$ 2,815,000	\$ 2,944,235	\$ 129,235
Total Revenues	<u>3,105,000</u>	<u>2,815,000</u>	<u>2,944,235</u>	<u>129,235</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,105,000	2,815,000	2,944,235	129,235
Other Financing Sources (Uses):				
Transfers In	575,000	0	0	0
Transfers Out	<u>(3,900,000)</u>	<u>(3,300,000)</u>	<u>(3,254,000)</u>	<u>46,000</u>
Total Other Financing Sources (Uses)	<u>(3,325,000)</u>	<u>(3,300,000)</u>	<u>(3,254,000)</u>	<u>46,000</u>
Net Change in Fund Balance	(220,000)	(485,000)	(309,765)	175,235
Fund Balance at Beginning of Year	<u>771,096</u>	<u>771,096</u>	<u>771,096</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 551,096</u>	<u>\$ 286,096</u>	<u>\$ 461,331</u>	<u>\$ 175,235</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006***

STREET MAINTENANCE AND REPAIR FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 701,000	\$ 539,850	\$ 577,306	\$ 37,456
Investment Earnings	0	0	7,979	7,979
All Other Revenues	0	0	5,392	5,392
Total Revenues	<u>701,000</u>	<u>539,850</u>	<u>590,677</u>	<u>50,827</u>
Expenditures:				
Transportation:				
Personal Services	418,454	418,454	356,552	61,902
Materials and Supplies	206,575	206,575	106,969	99,606
Contractual Services	124,840	124,840	81,392	43,448
Capital Outlay	37,850	37,850	30,461	7,389
Total Expenditures	<u>787,719</u>	<u>787,719</u>	<u>575,374</u>	<u>212,345</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,719)	(247,869)	15,303	263,172
Other Financing Sources (Uses):				
Transfers In	100,000	100,000	100,000	0
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Net Change in Fund Balance	13,281	(147,869)	115,303	263,172
Fund Balance at Beginning of Year	243,175	243,175	243,175	0
Prior Year Encumbrances	35,466	35,466	35,466	0
Fund Balance at End of Year	<u>\$ 291,922</u>	<u>\$ 130,772</u>	<u>\$ 393,944</u>	<u>\$ 263,172</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 55,500	\$ 45,900	\$ 46,808	\$ 908
Investment Earnings	0	0	3,936	3,936
Total Revenues	<u>55,500</u>	<u>45,900</u>	<u>50,744</u>	<u>4,844</u>
Expenditures:				
Transportation:				
Contractual Services	<u>29,500</u>	<u>29,500</u>	<u>27,140</u>	<u>2,360</u>
Total Expenditures	<u>29,500</u>	<u>29,500</u>	<u>27,140</u>	<u>2,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,000	16,400	23,604	7,204
Fund Balance at Beginning of Year	<u>132,835</u>	<u>132,835</u>	<u>132,835</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 158,835</u>	<u>\$ 149,235</u>	<u>\$ 156,439</u>	<u>\$ 7,204</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PERMISSIVE USE TAX FUND				
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0
Investment Earnings	0	0	1,346	1,346
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>51,346</u>	<u>1,346</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	50,000	51,346	1,346
Other Financing Sources (Uses):				
Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Net Change in Fund Balance	0	0	1,346	1,346
Fund Balance at Beginning of Year	<u>14,587</u>	<u>14,587</u>	<u>14,587</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,587</u>	<u>\$ 14,587</u>	<u>\$ 15,933</u>	<u>\$ 1,346</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006***

MOTOR VEHICLE LICENSE TAX FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 112,600	\$ 112,600	\$ 178,890	\$ 66,290
Investment Earnings	0	0	2,309	2,309
Total Revenues	<u>112,600</u>	<u>112,600</u>	<u>181,199</u>	<u>68,599</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	112,600	112,600	181,199	68,599
Other Financing Sources (Uses):				
Transfers Out	<u>(112,000)</u>	<u>(112,000)</u>	<u>(112,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(112,000)</u>	<u>(112,000)</u>	<u>(112,000)</u>	<u>0</u>
Net Change in Fund Balance	600	600	69,199	68,599
Fund Balance at Beginning of Year	<u>9,002</u>	<u>9,002</u>	<u>9,002</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,602</u>	<u>\$ 9,602</u>	<u>\$ 78,201</u>	<u>\$ 68,599</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006***

	COPS GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 30,000	\$ 22,043	\$ (7,957)
All Other Revenues	40,000	15,000	15,030	30
Total Revenues	<u>90,000</u>	<u>45,000</u>	<u>37,073</u>	<u>(7,927)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	61,235	61,235	41,359	19,876
Materials and Supplies	600	563	172	391
Contractual Services	700	737	736	1
Total Expenditures	<u>62,535</u>	<u>62,535</u>	<u>42,267</u>	<u>20,268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,465	(17,535)	(5,194)	12,341
Other Financing Sources (Uses):				
Transfers In	50,000	17,073	25,000	7,927
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>17,073</u>	<u>25,000</u>	<u>7,927</u>
Net Change in Fund Balance	77,465	(462)	19,806	20,268
Fund Balance at Beginning of Year	<u>75,325</u>	<u>75,325</u>	<u>75,325</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 152,790</u>	<u>\$ 74,863</u>	<u>\$ 95,131</u>	<u>\$ 20,268</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, Licenses and Permits	\$ 6,000	\$ 5,000	\$ 19,434	\$ 14,434
Total Revenues	<u>6,000</u>	<u>5,000</u>	<u>19,434</u>	<u>14,434</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	400	400	303	97
Capital Outlay	<u>23,568</u>	<u>20,568</u>	<u>17,119</u>	<u>3,449</u>
Total Expenditures	<u>23,968</u>	<u>20,968</u>	<u>17,422</u>	<u>3,546</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,968)	(15,968)	2,012	17,980
Fund Balance at Beginning of Year	16,979	16,979	16,979	0
Prior Year Encumbrances	<u>7,069</u>	<u>7,069</u>	<u>7,069</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,080</u>	<u>\$ 8,080</u>	<u>\$ 26,060</u>	<u>\$ 17,980</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006**

MAYOR'S COURT IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines, Licenses and Permits	\$ 0	\$ 0	\$ 21,377	\$ 21,377
Total Revenues	<u>0</u>	<u>0</u>	<u>21,377</u>	<u>21,377</u>
Expenditures:				
General Government:				
Materials and Supplies	0	500	0	500
Contractual Services	0	1,500	1,365	135
Total Expenditures	<u>0</u>	<u>2,000</u>	<u>1,365</u>	<u>635</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(2,000)	20,012	22,012
Other Financing Sources (Uses):				
Transfers In	0	164,864	164,864	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>164,864</u>	<u>164,864</u>	<u>0</u>
Net Change in Fund Balance	0	162,864	184,876	22,012
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 162,864</u>	<u>\$ 184,876</u>	<u>\$ 22,012</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006***

AUSTIN CENTER MUNICIPAL PUBLIC IMPROVEMENT TIF FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Contractual Services	0	89,500	89,343	157
Total Expenditures	0	89,500	89,343	157
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(89,500)	(89,343)	157
Other Financing Sources (Uses):				
Transfers In	0	89,500	89,500	0
Total Other Financing Sources (Uses)	0	89,500	89,500	0
Net Change in Fund Balance	0	0	157	157
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 157</u>	<u>\$ 157</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Donations	\$ 6,500	\$ 5,760	\$ 6,052	\$ 292
Total Revenues	<u>6,500</u>	<u>5,760</u>	<u>6,052</u>	<u>292</u>
Expenditures:				
General Government:				
Contractual Services	<u>6,500</u>	<u>6,500</u>	<u>6,004</u>	<u>496</u>
Total Expenditures	<u>6,500</u>	<u>6,500</u>	<u>6,004</u>	<u>496</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(740)	48	788
Fund Balance at Beginning of Year	<u>6,767</u>	<u>6,767</u>	<u>6,767</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,767</u>	<u>\$ 6,027</u>	<u>\$ 6,815</u>	<u>\$ 788</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 1,000	\$ 1,000	\$ 1,229	\$ 229
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,229</u>	<u>229</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	5,000	5,000	193	4,807
Contractual Services	<u>500</u>	<u>500</u>	<u>245</u>	<u>255</u>
Total Expenditures	<u>5,500</u>	<u>5,500</u>	<u>438</u>	<u>5,062</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,500)	(4,500)	791	5,291
Fund Balance at Beginning of Year	<u>8,167</u>	<u>8,167</u>	<u>8,167</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,667</u>	<u>\$ 3,667</u>	<u>\$ 8,958</u>	<u>\$ 5,291</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2006**

DARE TRUST FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 7,500	\$ 5,100	\$ 4,528	\$ (572)
Donations	2,000	2,000	2,575	575
Total Revenues	<u>9,500</u>	<u>7,100</u>	<u>7,103</u>	<u>3</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	17,000	17,000	3,030	13,970
Materials and Supplies	3,000	2,940	2,028	912
Contractual Services	500	560	30	530
Total Expenditures	<u>20,500</u>	<u>20,500</u>	<u>5,088</u>	<u>15,412</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,000)	(13,400)	2,015	15,415
Other Financing Sources (Uses):				
Transfers In	5,000	5,000	5,000	0
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Net Change in Fund Balance	(6,000)	(8,400)	7,015	15,415
Fund Balance at Beginning of Year	20,019	20,019	20,019	0
Fund Balance at End of Year	<u>\$ 14,019</u>	<u>\$ 11,619</u>	<u>\$ 27,034</u>	<u>\$ 15,415</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2006**

PERMANENT IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Taxes	\$ 0	\$ 0	\$ 75,000	\$ 75,000
Fines, Licenses and Permits	153,900	137,970	84,870	(53,100)
Total Revenues	<u>153,900</u>	<u>137,970</u>	<u>159,870</u>	<u>21,900</u>
Expenditures:				
General Government:				
Contractual Services	0	2,450	2,450	0
Total General Government	<u>0</u>	<u>2,450</u>	<u>2,450</u>	<u>0</u>
Capital Outlay	280,000	202,550	174,496	28,054
Total Expenditures	<u>280,000</u>	<u>205,000</u>	<u>176,946</u>	<u>28,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(126,100)	(67,030)	(17,076)	49,954
Other Financing Sources (Uses):				
Transfers Out	(32,500)	(32,500)	(32,486)	14
Total Other Financing Sources (Uses)	<u>(32,500)</u>	<u>(32,500)</u>	<u>(32,486)</u>	<u>14</u>
Net Change in Fund Balance	(158,600)	(99,530)	(49,562)	49,968
Fund Balance at Beginning of Year	240,914	240,914	240,914	0
Fund Balance at End of Year	<u>\$ 82,314</u>	<u>\$ 141,384</u>	<u>\$ 191,352</u>	<u>\$ 49,968</u>

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Mayor's Court Fund

To account for the collection and distribution of court fines and forfeitures.

Special Assessment Fund

To account for special assessments collected from property owners and remitted to various homeowners associations.

CITY OF SPRINGBORO, OHIO

***Statement Of Changes In Assets And Liabilities
Agency Funds
For the Year Ended December 31, 2006***

	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006
<u>Mayor's Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$7,865	\$438,479	(\$435,435)	\$10,909
Total Assets	<u>\$7,865</u>	<u>\$438,479</u>	<u>(\$435,435)</u>	<u>\$10,909</u>
Liabilities:				
Undistributed Monies	\$7,865	\$438,479	(\$435,435)	\$10,909
Total Liabilities	<u>\$7,865</u>	<u>\$438,479</u>	<u>(\$435,435)</u>	<u>\$10,909</u>
<u>Special Assessment Fund</u>				
Assets:				
Special Assessments Receivable	\$309,604	\$0	(\$69,946)	\$239,658
Total Assets	<u>\$309,604</u>	<u>\$0</u>	<u>(\$69,946)</u>	<u>\$239,658</u>
Liabilities:				
Due to Others	\$309,604	\$0	(\$69,946)	\$239,658
Total Liabilities	<u>\$309,604</u>	<u>\$0</u>	<u>(\$69,946)</u>	<u>\$239,658</u>
<u>Total Agency Funds:</u>				
Assets:				
Cash and Cash Equivalents	\$7,865	\$438,479	(\$435,435)	\$10,909
Special Assessments Receivable	309,604	0	(69,946)	239,658
Total Assets	<u>\$317,469</u>	<u>\$438,479</u>	<u>(\$505,381)</u>	<u>\$250,567</u>
Liabilities:				
Due to Others	\$309,604	\$0	(\$69,946)	\$239,658
Undistributed Monies	7,865	438,479	(435,435)	10,909
Total Liabilities	<u>\$317,469</u>	<u>\$438,479</u>	<u>(\$505,381)</u>	<u>\$250,567</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*



CITY OF SPRINGBORO, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2006***

Capital Assets:

Land	\$15,755,688
Land Improvements	475,295
Infrastructure	32,588,103
Buildings	3,273,590
Equipment	<u>3,305,133</u>
Total Capital Assets	<u><u>\$55,397,809</u></u>

Investment in Capital Assets from:

General Fund	\$7,280,777
Special Revenue Funds	547,996
Capital Projects Funds	7,064,937
Infrastructure Prior to 2002	35,896,404
Donated Infrastructure	3,920,647
Enterprise Funds	<u>687,048</u>
Total Investment in Capital Assets	<u><u>\$55,397,809</u></u>

CITY OF SPRINGBORO, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2006***

<u>Function and Activity</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Infrastructure</u>
<u>General Government:</u>			
Council	\$0	\$0	\$0
City Manager	0	0	0
Records Management	0	0	0
Finance	0	0	0
Mayor's Court	0	0	0
Taxation	0	0	0
Public Land and Buildings	2,977,353	9,828	0
Total	<u>2,977,353</u>	<u>9,828</u>	<u>0</u>
<u>Security of Persons and Property:</u>			
Police	0	0	0
Street Lighting	0	0	0
Traffic Control	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
<u>Transportation:</u>			
Street	11,903,700	78,250	32,588,103
Grounds	153,795	0	0
Total	<u>12,057,495</u>	<u>78,250</u>	<u>32,588,103</u>
<u>Leisure Time Activities:</u>			
Parks and Recreation	720,840	387,217	0
Library	0	0	0
Total	<u>720,840</u>	<u>387,217</u>	<u>0</u>
<u>Community Environment:</u>			
Engineering	0	0	0
Planning and Zoning	0	0	0
Community Development	0	0	0
Building Inspection	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets	<u>\$15,755,688</u>	<u>\$475,295</u>	<u>\$32,588,103</u>

CITY OF SPRINGBORO, OHIO

<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
\$0	\$14,604	\$14,604
0	15,217	15,217
0	34,431	34,431
0	67,034	67,034
0	13,034	13,034
0	10,620	10,620
<u>530,060</u>	<u>193,091</u>	<u>3,710,332</u>
<u>530,060</u>	<u>348,031</u>	<u>3,865,272</u>
31,040	813,208	844,248
0	78,675	78,675
0	294,689	294,689
<u>31,040</u>	<u>1,186,572</u>	<u>1,217,612</u>
875,249	1,072,193	46,517,495
<u>12,376</u>	<u>56,219</u>	<u>222,390</u>
<u>887,625</u>	<u>1,128,412</u>	<u>46,739,885</u>
1,091,284	444,799	2,644,140
<u>689,149</u>	<u>43,903</u>	<u>733,052</u>
<u>1,780,433</u>	<u>488,702</u>	<u>3,377,192</u>
44,432	86,124	130,556
0	17,356	17,356
0	2,200	2,200
0	47,736	47,736
<u>44,432</u>	<u>153,416</u>	<u>197,848</u>
<u>\$3,273,590</u>	<u>\$3,305,133</u>	<u>\$55,397,809</u>

CITY OF SPRINGBORO, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended December 31, 2006***

Function and Activity	Restated Balance at January 1, 2005	Transfers	Additions	Deletions	Balance at December 31, 2006
<u>General Government:</u>					
Council	\$13,168	\$1,436	\$0	\$0	\$14,604
City Manager	10,737	(4,366)	8,846	0	15,217
Records Management	17,442	0	16,989	0	34,431
Finance	72,927	0	0	(5,893)	67,034
Mayor's Court	13,034	0	0	0	13,034
Taxation	10,620	0	0	0	10,620
Public Land and Buildings	4,169,813	(160,000)	100,519	(400,000)	3,710,332
Total	<u>4,307,741</u>	<u>(162,930)</u>	<u>126,354</u>	<u>(405,893)</u>	<u>3,865,272</u>
<u>Security of Persons and Property:</u>					
Police	846,841	0	113,978	(116,571)	844,248
Street Lighting	78,675	0	0	0	78,675
Traffic Control	294,689	0	0	0	294,689
Total	<u>1,220,205</u>	<u>0</u>	<u>113,978</u>	<u>(116,571)</u>	<u>1,217,612</u>
<u>Transportation:</u>					
Street	45,957,871	23,825	1,810,944	(1,275,145)	46,517,495
Grounds	222,390	0	0	0	222,390
Total	<u>46,180,261</u>	<u>23,825</u>	<u>1,810,944</u>	<u>(1,275,145)</u>	<u>46,739,885</u>
<u>Leisure Time Activities:</u>					
Parks and Recreation	2,528,029	3,715	128,590	(16,194)	2,644,140
Library	733,052	0	0	0	733,052
Total	<u>3,261,081</u>	<u>3,715</u>	<u>128,590</u>	<u>(16,194)</u>	<u>3,377,192</u>
<u>Community Environment:</u>					
Engineering	149,384	(18,828)	0	0	130,556
Planning and Zoning	17,356	0	0	0	17,356
Community Development	4,991	0	0	(2,791)	2,200
Building Inspection	69,639	(21,903)	0	0	47,736
Total	<u>241,370</u>	<u>(40,731)</u>	<u>0</u>	<u>(2,791)</u>	<u>197,848</u>
Total Capital Assets	<u>\$55,210,658</u>	<u>(\$176,121)</u>	<u>\$2,179,866</u>	<u>(\$1,816,594)</u>	<u>\$55,397,809</u>

STATISTICAL SECTION



STATISTICAL TABLES

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

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the property tax and the income tax.	
Debt Capacity	S 18 – S 27
These schedules 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	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 32 – S 39
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’s provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.	

City of Springboro

*Net Assets by Component
Last Five Years
(accrual basis of accounting)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$26,620,573	\$26,568,831	\$26,779,476	\$26,884,114
Restricted	507,667	8,191,414	5,917,872	10,161,903
Unrestricted	3,627,300	2,904,963	7,560,929	8,593,613
Total Governmental Activities Net Assets	<u>\$30,755,540</u>	<u>\$37,665,208</u>	<u>\$40,258,277</u>	<u>\$45,639,630</u>
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	\$35,142,066	\$38,353,625	\$41,799,090	\$48,700,584
Restricted	2,507,436	2,524,224	2,465,210	1,988,424
Unrestricted	9,143,921	11,331,271	10,390,664	6,795,398
Total Business-type Activities Net Assets	<u>\$46,793,423</u>	<u>\$52,209,120</u>	<u>\$54,654,964</u>	<u>\$57,484,406</u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	\$61,762,639	\$64,922,456	\$68,578,566	\$75,584,698
Restricted	3,015,103	10,715,638	8,383,082	12,150,327
Unrestricted	12,771,221	14,236,234	17,951,593	15,389,011
Total Primary Government Net Assets	<u>\$77,548,963</u>	<u>\$89,874,328</u>	<u>\$94,913,241</u>	<u>\$103,124,036</u>

Source: Finance Director's Office

City of Springboro

2006

\$27,422,871

10,981,263

9,523,096

\$47,927,230

\$50,958,782

2,080,999

7,879,343

\$60,919,124

\$78,381,653

13,062,262

17,402,439

\$108,846,354

City of Springboro

*Changes in Net Assets
Last Five Years
(accrual basis of accounting)*

	2002	2003	2004	2005
Expenses				
Governmental Activities:				
Security of Persons and Property	\$2,357,149	\$2,509,238	\$2,514,444	\$2,640,056
Public Health and Welfare Services	1,866	6,950	8,965	8,780
Leisure Time Activities	448,763	451,964	453,041	509,990
Community Environment	1,045,933	820,106	607,037	768,207
Transportation	1,949,497	1,829,937	1,848,412	1,878,604
General Government	3,462,461	3,758,165	3,470,693	4,174,898
Interest and Fiscal Charges	461,402	438,662	410,280	505,312
<i>Total Governmental Activities Expenses</i>	<u>9,727,071</u>	<u>9,815,022</u>	<u>9,312,872</u>	<u>10,485,847</u>
Business-type Activities:				
Golf Course	1,829,780	2,153,667	2,357,184	2,136,737
Water	2,778,871	2,754,140	3,026,472	3,108,710
Sewer	1,790,854	2,462,129	2,451,894	3,410,660
Trash	507,351	545,247	591,690	777,021
Storm Water	0	0	14,092	198,394
<i>Total Business-type Activities Expenses</i>	<u>6,906,856</u>	<u>7,915,183</u>	<u>8,441,332</u>	<u>9,631,522</u>
<i>Total Primary Government Expenses</i>	<u>\$16,633,927</u>	<u>\$17,730,205</u>	<u>\$17,754,204</u>	<u>\$20,117,369</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$14,480	\$29,809	\$4,572	\$56,722
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	212,217	232,856	210,156	162,396
Community Environment	457,132	372,617	367,699	363,826
Transportation	3,839	95	9,276	11,465
General Government	881,652	951,148	1,055,041	1,185,351
Operating Grants and Contributions	55,999	137,084	761,155	931,375
Capital Grants and Contributions	102,191	6,088,874	368,056	2,021,941
<i>Total Governmental Activities Program Revenues</i>	<u>1,727,510</u>	<u>7,812,483</u>	<u>2,775,955</u>	<u>4,733,076</u>

City of Springboro

2006

\$2,630,222

10,647

507,364

693,745

1,922,942

4,087,878

492,472

10,345,270

2,503,701

3,463,779

3,202,723

768,894

216,285

10,155,382

\$20,500,652

\$51,861

0

84,870

207,017

5,392

1,205,212

800,017

301,873

2,656,242

(continued)

City of Springboro

Changes in Net Assets Last Five Years (accrual basis of accounting)

	2002	2003	2004	2005
Business-type Activities:				
Charges for Services				
Golf Course	2,092,199	2,197,741	2,256,350	2,181,616
Water	2,555,439	2,697,118	2,737,202	3,197,131
Sewer	1,590,251	1,904,284	1,752,509	2,239,458
Trash	606,102	752,780	686,131	828,675
Storm Water	0	0	189,852	235,912
Capital Grants and Contributions	3,567,977	5,242,698	2,638,394	2,515,267
<i>Total Business-type Activities Program Revenues</i>	10,411,968	12,794,621	10,260,438	11,198,059
<i>Total Primary Government Program Revenues</i>	12,139,478	20,607,104	13,036,393	15,931,135
Net (Expense)/Revenue				
Governmental Activities	(7,999,561)	(2,002,539)	(6,536,917)	(5,752,771)
Business-type Activities	3,505,112	4,879,438	1,819,106	1,566,537
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$4,494,449)	\$2,876,899	(\$4,717,811)	(\$4,186,234)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Income Taxes	\$6,617,829	\$6,577,076	\$7,280,875	\$9,341,580
Property Taxes	494,394	613,347	585,395	605,193
Other Local Taxes	26,030	53,455	59,379	80,126
Payment in Lieu of Taxes	0	0	0	157,646
Intergovernmental, unrestricted	954,235	1,233,182	761,646	558,942
Investment Earnings	379,252	204,171	398,038	317,708
Miscellaneous	271,427	380,568	744,882	416,746
Loss on Disposal of Capital Assets	(130,045)	0	0	0
Transfers	(180,123)	(509,592)	(590,874)	(743,817)
<i>Total Governmental Activities</i>	8,432,999	8,552,207	9,239,341	10,734,124
Business-type Activities:				
Property Taxes	62,672	0	0	0
Investment Earnings	0	26,667	35,864	627,827
Loss on Disposal of Capital Assets	(458,182)	0	0	0
Transfers	180,123	509,592	590,874	743,817
<i>Total Business-type Activities</i>	(215,387)	536,259	626,738	1,371,644
<i>Total Primary Government</i>	\$8,217,612	\$9,088,466	\$9,866,079	\$12,105,768
Change in Net Assets				
Governmental Activities	\$433,438	\$6,549,668	\$2,702,424	\$4,981,353
Business-type Activities	3,289,725	5,415,697	2,445,844	2,938,181
<i>Total Primary Government Change in Net Assets</i>	\$3,723,163	\$11,965,365	\$5,148,268	\$7,919,534

Source: Finance Director's Office

City of Springboro

2006

1,749,643

2,897,468

2,118,810

831,763

222,619

3,576,737

11,397,040

14,053,282

(7,689,028)

1,241,658

(\$6,447,370)

\$9,008,615

629,933

79,746

473,153

566,082

478,662

326,437

0

(1,586,000)

9,976,628

0

607,060

0

1,586,000

2,193,060

\$12,169,688

\$2,287,600

3,434,718

\$5,722,318

City of Springboro

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$35,282	\$65,087	\$159,116	\$1,914,456
Unreserved	<u>999,013</u>	<u>1,601,442</u>	<u>1,694,243</u>	<u>219,230</u>
<i>Total General Fund</i>	<u>1,034,295</u>	<u>1,666,529</u>	<u>1,853,359</u>	<u>2,133,686</u>
All Other Governmental Funds				
Reserved	193,335	622,633	910,202	1,701,307
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	254,544	455,495	611,470	443,786
Debt Service Funds	(6,737)	4,601	0	0
Capital Projects Funds	<u>(1,308,463)</u>	<u>558,570</u>	<u>(2,698,169)</u>	<u>(2,959,788)</u>
Total All Other Governmental Funds	<u>(867,321)</u>	<u>1,641,299</u>	<u>(1,176,497)</u>	<u>(814,695)</u>
<i>Total Governmental Funds</i>	<u>\$166,974</u>	<u>\$3,307,828</u>	<u>\$676,862</u>	<u>\$1,318,991</u>

Source: Finance Director's Office

NOTE: Years 1997-2001 Do not include the Civic Center Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2002.

City of Springboro

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$2,318,835	\$1,852,314	\$1,491,541	\$451,350	\$256,689	\$307,002
87,914	434,530	1,145,044	3,178,124	4,106,407	4,595,923
<u>2,406,749</u>	<u>2,286,844</u>	<u>2,636,585</u>	<u>3,629,474</u>	<u>4,363,096</u>	<u>4,902,925</u>
1,803,166	1,019,737	1,448,737	932,104	5,232,418	5,302,224
351,492	475,110	636,736	547,372	822,349	1,277,471
0	0	(67,752)	0	0	0
<u>(2,742,599)</u>	<u>(2,661,803)</u>	<u>568,707</u>	<u>(3,859,964)</u>	<u>(1,784,381)</u>	<u>(232,619)</u>
<u>(587,941)</u>	<u>(1,166,956)</u>	<u>2,586,428</u>	<u>(2,380,488)</u>	<u>4,270,386</u>	<u>6,347,076</u>
<u>\$1,818,808</u>	<u>\$1,119,888</u>	<u>\$5,223,013</u>	<u>\$1,248,986</u>	<u>\$8,633,482</u>	<u>\$11,250,001</u>

City of Springboro

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	1997	1998	1999	2000
Revenues:				
Municipal Income Taxes	\$3,660,918	\$4,289,187	\$4,847,739	\$5,102,632
Property Tax	327,353	324,624	345,122	359,309
Payment in Lieu of Taxes	0	0	0	0
Intergovernmental Revenues	955,850	1,072,824	904,526	1,219,893
Charges for Services	189,598	404,577	352,465	381,632
Fines, Licenses and Permits	530,563	661,578	718,523	662,927
Investment Earnings	275,658	375,255	224,200	555,356
Special Assessments	291,018	295,905	286,070	266,787
Donations	105,091	123,329	130,700	125,613
All Other Revenue	106,920	109,731	263,336	539,881
Total Revenue	6,442,969	7,657,010	8,072,681	9,214,030
Expenditures:				
Current:				
Security of Persons and Property	1,228,970	1,568,042	1,764,306	1,817,020
Public Health and Welfare Services	17,826	21,533	13,569	1,923
Leisure Time Activities	224,902	235,084	214,419	206,529
Community Environment	505,251	617,174	716,566	950,210
Basic Utility Services	0	0	11,477	0
Transportation	466,174	355,769	455,676	505,980
General Government	1,743,756	1,668,400	2,298,666	2,636,861
Capital Outlay	1,076,387	1,830,827	1,955,149	2,424,680
Debt Service:				
Principal Retirement	217,497	266,734	199,950	283,986
Interest and Fiscal Charges	287,244	378,287	330,102	442,268
Advance Refunding Escrow	0	0	323,123	0
Total Expenditures	5,768,007	6,941,850	8,283,003	9,269,457
Excess (Deficiency) of Revenues Over Expenditures	674,962	715,160	(210,322)	(55,427)

City of Springboro

2001	2002	2003	2004	2005	2006
\$5,766,115	\$6,500,632	\$6,540,059	\$7,312,583	\$9,119,941	\$8,951,015
486,562	527,192	666,802	644,774	682,471	716,356
0	0	0	0	157,646	473,153
1,149,376	1,306,729	2,033,354	1,450,786	2,035,269	1,445,957
526,743	675,520	749,372	825,777	924,184	890,655
648,304	768,071	801,176	802,255	806,742	627,877
679,289	379,252	204,171	398,038	317,708	478,662
261,317	265,319	299,856	432,914	382,752	477,898
8,096	37,148	8,588	7,873	8,209	8,787
286,201	360,008	407,957	691,314	423,325	298,314
<u>9,812,003</u>	<u>10,819,871</u>	<u>11,711,335</u>	<u>12,566,314</u>	<u>14,858,247</u>	<u>14,368,674</u>
1,982,231	2,170,837	2,192,558	2,474,163	2,516,280	2,508,433
1,874	1,829	6,343	8,965	8,780	10,647
296,561	360,850	320,075	342,388	387,963	380,019
684,998	978,325	739,251	589,764	750,053	679,947
0	0	0	0	0	0
400,002	489,743	628,947	646,669	623,135	561,958
2,937,994	2,950,063	3,343,835	3,383,311	4,032,228	3,532,737
2,254,887	3,587,564	1,179,323	7,466,196	1,833,003	1,925,812
296,154	461,732	479,553	562,513	605,986	543,625
568,123	465,437	416,250	436,819	509,976	498,708
0	0	0	0	0	0
<u>9,422,824</u>	<u>11,466,380</u>	<u>9,306,135</u>	<u>15,910,788</u>	<u>11,267,404</u>	<u>10,641,886</u>
389,179	(646,509)	2,405,200	(3,344,474)	3,590,843	3,726,788

(Continued)

City of Springboro

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	1997	1998	1999	2000
Other Financing Sources (Uses):				
Sale of Capital Assets	0	311,409	0	0
Other Financing Sources - Capital Leases	18,390	0	24,752	0
Issuance of Special Assessment Bonds	0	0	0	0
Issuance of General Obligation Bonds	800,000	325,000	1,045,000	1,690,000
Transfers In	561,631	689,000	1,020,859	877,518
Transfers Out	(1,880,399)	(1,362,323)	(4,514,654)	(1,863,439)
Total Other Financing Sources (Uses)	<u>(500,378)</u>	<u>(36,914)</u>	<u>(2,424,043)</u>	<u>704,079</u>
Net Change in Fund Balance	<u>\$174,584</u>	<u>\$678,246</u>	<u>(\$2,634,365)</u>	<u>\$648,652</u>
 Debt Service as a Percentage of Noncapital Expenditures				
	12.06%	14.44%	15.58%	11.87%

Source: Finance Director's Office

NOTE: Years 1997-2001 Do not include the Civic Center Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2002.

City of Springboro

2001	2002	2003	2004	2005	2006
176,055	0	0	0	0	315,000
0	0	0	73,827	0	0
0	0	1,840,000	0	0	0
0	0	0	0	0	0
2,235,670	4,801,853	2,546,960	2,713,152	3,911,840	3,907,388
(2,410,670)	(4,993,782)	(3,056,888)	(3,319,127)	(4,655,657)	(5,333,388)
1,055	(191,929)	1,330,072	(532,148)	(743,817)	(1,111,000)
<u>\$390,234</u>	<u>(\$838,438)</u>	<u>\$3,735,272</u>	<u>(\$3,876,622)</u>	<u>\$2,847,026</u>	<u>\$2,615,788</u>

13.71%	13.34%	12.39%	13.42%	13.42%	13.58%
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City of Springboro

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income	\$292,461,000	\$316,770,000	\$355,677,000	\$379,571,000
Total Tax Collected	\$3,548,168	\$4,285,483	\$4,535,237	\$5,273,125
Income Tax Receipts				
Withholding	2,412,377	2,830,322	3,024,235	3,614,085
Percentage	68%	66%	67%	69%
Corporate	385,293	658,451	620,574	625,945
Percentage	11%	15%	14%	12%
Individuals	750,498	796,710	890,428	1,033,095
Percentage	21%	19%	20%	20%
Income Tax by Business Type				
Industrial	\$1,008,241	\$912,124	\$874,603	\$999,484
Education/Government	161,577	182,193	198,610	220,883
Service	371,723	433,733	487,252	556,740
Retail	248,165	345,981	308,942	353,537
Medical	70,953	85,637	101,694	133,089
Construction	9,368	10,222	11,632	11,626
Financial	23,224	24,010	22,789	30,114
Restaurants	75,857	88,959	97,224	107,138
Miscellaneous	7,028	9,604	11,824	21,151
Total Tax	<u>\$1,976,136</u>	<u>\$2,092,463</u>	<u>\$2,114,570</u>	<u>\$2,433,761</u>

Source: City Income Tax Department

City of Springboro

2001	2002	2003	2004	2005	2006
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$418,007,000	\$456,533,000	\$494,378,000	\$546,416,000	\$567,729,000	\$602,762,000
\$5,794,560	\$6,058,816	\$6,683,821	\$7,086,005	\$9,300,710	\$8,193,357
3,930,283	4,071,301	4,412,779	4,752,968	5,419,613	5,086,290
68%	67%	66%	67%	58%	62%
725,005	702,910	875,184	777,214	720,866	749,040
13%	12%	13%	11%	8%	9%
1,139,272	1,284,605	1,395,858	1,555,823	3,160,231	2,358,027
20%	21%	21%	22%	34%	29%
\$1,019,410	\$1,148,899	\$1,276,266	\$1,435,267	\$1,463,903	\$1,449,585
251,616	290,922	330,251	364,682	367,225	365,954
682,122	751,948	836,480	889,236	833,096	861,166
373,016	412,348	392,535	403,940	370,263	387,102
153,642	146,706	213,987	206,807	245,175	225,991
16,852	26,559	30,986	45,306	54,523	49,915
38,879	83,886	80,980	96,354	111,192	103,773
118,413	138,667	154,644	180,124	189,199	184,661
24,526	30,324	27,418	28,343	31,913	30,128
<u>\$2,678,477</u>	<u>\$3,030,258</u>	<u>\$3,343,549</u>	<u>\$3,650,060</u>	<u>\$3,666,489</u>	<u>\$3,658,275</u>



City of Springboro

Income Tax Statistics Current Year and Nine Years Ago

Calendar Year 2006

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,183	32.08%	\$12,401,627	2.65%
20,000 - 49,999	1,203	17.68%	41,636,153	8.91%
50,000 - 74,999	922	13.55%	57,750,148	12.35%
75,000 - 99,999	868	12.76%	75,469,103	16.15%
Over 100,000	1,628	23.93%	280,169,272	59.94%
Total	6,804	100.00%	\$467,426,303	100.00%

Local Taxes Paid by Residents

Taxes Paid to Springboro

Taxes Credited to Other Municipalities

Tax Dollars

\$4,458,027

2,508,777

\$6,966,804

Calendar Year 1997

Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,411	31.35%	\$9,177,506	3.56%
20,000 - 49,999	974	21.64%	33,664,750	13.07%
50,000 - 74,999	804	17.86%	50,204,534	19.50%
75,000 - 99,999	605	13.44%	52,522,085	20.40%
Over 100,000	707	15.71%	111,954,535	43.47%
Total	4,501	100.00%	\$257,523,410	100.00%

Local Taxes Paid by Residents

Taxes Paid to Springboro

Taxes Credited to Other Municipalities

Tax Dollars

\$726,898

2,993,463

\$3,720,361

Source: City Income Tax Department

City of Springboro

Ratio of Outstanding Debt By Type Last Ten Years

	1997	1998	1999	2000
Governmental Activities ⁽¹⁾				
Special Assessment Bonds Payable	\$2,512,150	\$2,704,000	\$2,561,000	\$2,445,000
Unvoted General Obligation Bonds Payable	1,529,750	1,451,800	2,123,850	3,717,450
Capital Leases	556,851	501,217	460,512	388,926
Business-type Activities ⁽¹⁾				
Mortgage Revenue Bonds Payable	\$8,765,000	\$23,190,000	\$22,580,000	\$21,950,000
General Obligation Bonds Payable	3,559,100	3,463,200	4,721,150	4,577,550
Capital Leases	4,875,448	4,673,261	62,122	190,204
Total Primary Government	<u>\$21,798,299</u>	<u>\$35,983,478</u>	<u>\$32,508,634</u>	<u>\$33,269,130</u>
Population ⁽²⁾				
City of Springboro	10,945	11,200	12,045	12,380
Outstanding Debt Per Capita	\$1,992	\$3,213	\$2,699	\$2,687
Income ⁽³⁾				
Personal (in thousands)	292,461	316,770	355,677	379,571
Percentage of Personal Income	7.45%	11.36%	9.14%	8.76%

Sources:

- (1) Source: Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Springboro

2001	2002	2003	2004	2005	2006
\$2,321,000	\$2,194,000	\$3,907,000	\$3,724,000	\$3,515,000	\$3,296,000
3,616,050	3,356,200	3,082,900	2,791,150	2,490,950	2,180,750
318,172	243,290	164,037	150,100	53,314	38,889
\$21,300,000	\$20,620,000	\$19,910,000	\$38,096,644	\$37,012,203	\$35,672,762
4,428,950	4,273,800	4,112,100	3,928,577	3,759,626	3,585,675
220,972	185,392	223,502	296,712	200,210	120,279
<u>\$32,205,144</u>	<u>\$30,872,682</u>	<u>\$31,399,539</u>	<u>\$48,987,183</u>	<u>\$47,031,303</u>	<u>\$44,894,355</u>
13,265	14,483	15,596	16,687	16,935	17,980
\$2,428	\$2,132	\$2,013	\$2,936	\$2,777	\$2,497
418,007	456,533	494,378	546,416	567,729	602,762
7.70%	6.76%	6.35%	8.97%	8.28%	7.45%

City of Springboro

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	1997	1998	1999	2000
Population ⁽¹⁾	10,945	11,200	12,045	12,380
Assessed Value ⁽²⁾	\$245,017,609	\$261,198,945	\$274,679,923	\$333,482,819
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$5,088,850	\$4,915,000	\$6,845,000	\$8,295,000
Resources Available to Pay Principal ⁽⁴⁾	\$0	\$4,601	\$11,923	\$24,803
Net General Bonded Debt	\$5,088,850	\$4,910,399	\$6,833,077	\$8,270,197
Ratio of Net Bonded Debt to Estimated Actual Value	2.08%	1.88%	2.49%	2.48%
Net Bonded Debt per Capita	\$464.95	\$438.43	\$567.30	\$668.03

Source:

- (1) U.S. Bureau of Census of Population
- (2) Warren County Auditor
- (3) Includes all general obligation bonded debt
- (4) Includes only Debt Service funds available for general obligation bonded debt.

City of Springboro

2001	2002	2003	2004	2005	2006
13,265	14,483	15,596	16,687	16,935	17,980
\$341,498,280	\$359,871,190	\$393,984,760	\$421,610,140	\$436,014,232	\$502,197,960
\$8,045,000	\$7,630,000	\$7,195,000	\$6,719,727	\$6,250,576	\$5,766,425
\$202,249	\$26,767	\$0	\$16,181	\$126,482	\$401,568
\$7,842,751	\$7,603,233	\$7,195,000	\$6,703,546	\$6,124,094	\$5,364,857
2.30%	2.11%	1.83%	1.59%	1.40%	1.07%
\$591.24	\$524.98	\$461.34	\$401.72	\$361.62	\$298.38



City of Springboro

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2006*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Springboro</u>	<u>Amount Applicable to the City of Springboro</u>
Direct:			
City of Springboro	\$6,460,750 (1)	100.00%	\$6,460,750
Overlapping:			
Warren County	3,810,147	8.63%	<u>328,816</u>
		Subtotal	<u>328,816</u>
		Total	<u><u>\$6,789,566</u></u>

Source: Warren County Auditor's Office

(1) Includes General Obligation Bonds and Notes Payable

City of Springboro

*Debt Limitations
Last Ten Years*

	1997	1998	1999	2000
<u>Total Debt</u>				
Net Assessed Valuation	\$245,017,609	\$261,198,945	\$274,679,923	\$333,482,819
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	25,726,849	27,425,889	28,841,392	35,015,696
City Debt Outstanding (2)	2,654,750	3,971,800	5,543,850	7,737,450
Less: Applicable Debt Service Fund Amounts	0	(4,601)	(11,923)	(24,803)
Net Indebtedness Subject to Limitation	<u>2,654,750</u>	<u>3,967,199</u>	<u>5,531,927</u>	<u>7,712,647</u>
Overall Legal Debt Margin	<u><u>\$23,072,099</u></u>	<u><u>\$23,458,690</u></u>	<u><u>\$23,309,465</u></u>	<u><u>\$27,303,049</u></u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$245,017,609	\$261,198,945	\$274,679,923	\$333,482,819
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	13,475,968	14,365,942	15,107,396	18,341,555
City Debt Outstanding (2)	2,654,750	3,971,800	5,543,850	7,737,450
Less: Applicable Debt Service Fund Amounts	0	(4,601)	(11,923)	(24,803)
Net Indebtedness Subject to Limitation	<u>2,654,750</u>	<u>3,967,199</u>	<u>5,531,927</u>	<u>7,712,647</u>
Overall Legal Debt Margin	<u><u>\$10,821,218</u></u>	<u><u>\$10,398,743</u></u>	<u><u>\$9,575,469</u></u>	<u><u>\$10,628,908</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: Finance Director's Office

City of Springboro

2001	2002	2003	2004	2005	2006
\$341,498,280	\$359,871,190	\$393,984,760	\$421,610,140	\$436,014,232	\$502,197,960
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
35,857,319	37,786,475	41,368,400	44,269,065	45,781,494	52,730,786
9,736,050	7,356,200	5,322,900	9,341,150	7,220,950	6,460,750
(202,249)	(26,767)	0	(16,181)	(126,482)	(401,568)
<u>9,533,801</u>	<u>7,329,433</u>	<u>5,322,900</u>	<u>9,324,969</u>	<u>7,094,468</u>	<u>6,059,182</u>
<u>\$26,323,518</u>	<u>\$30,457,042</u>	<u>\$36,045,500</u>	<u>\$34,944,096</u>	<u>\$38,687,026</u>	<u>\$46,671,604</u>

\$341,498,280	\$359,871,190	\$393,984,760	\$421,610,140	\$436,014,232	\$502,197,960
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
18,782,405	19,792,915	21,669,162	23,188,558	23,980,783	27,620,888
9,736,050	7,356,200	5,322,900	9,341,150	7,220,950	6,460,750
(202,249)	(26,767)	0	(16,181)	(126,482)	(401,568)
<u>9,533,801</u>	<u>7,329,433</u>	<u>5,322,900</u>	<u>9,324,969</u>	<u>7,094,468</u>	<u>6,059,182</u>
<u>\$9,248,604</u>	<u>\$12,463,482</u>	<u>\$16,346,262</u>	<u>\$13,863,589</u>	<u>\$16,886,315</u>	<u>\$21,561,706</u>

City of Springboro

Pledged Revenue Coverage Last Ten Years

	1997	1998	1999	2000
Water System Bonds (1 a)				
Gross Revenues (2)	\$1,999,765	\$2,360,083	\$2,615,761	\$2,725,797
Direct Operating Expenses (3)	935,765	1,378,223	1,381,313	983,364
Net Revenue Available for Debt Service	1,064,000	981,860	1,234,448	1,742,433
Annual Debt Service Requirement	325,845	125,566	1,341,929	1,326,344
Coverage	3.27	7.82	0.92	1.31
Sewer System Bonds (1 b)	**			
Gross Revenues (2)	\$1,502,164	\$1,820,233	\$1,488,972	\$1,708,096
Direct Operating Expenses (3)	960,679	994,844	941,114	944,391
Net Revenue Available for Debt Service	541,485	825,389	547,858	763,705
Annual Debt Service Requirement	166,733	382,630	381,643	380,418
Coverage	3.25	2.16	1.44	2.01
Special Assessment Bonds (4)				
Special Assessment Collections	\$291,018	\$295,905	\$286,070	\$266,787
Debt Service				
Principal	123,150	133,150	142,000	116,000
Interest	121,193	176,155	155,728	143,787
Coverage	1.19	0.96	0.96	1.03

(1) The Mortgage Revenue Bonds were issued as follows:

- (a) The Water system Mortgage Revenue Bonds were issued in 1998, in the amount of \$14,675,000
- (a) The Water system Mortgage Revenue Bonds were issued in 2004, in the amount of \$3,255,000
- (b) The Sewer system Mortgage Revenue Bonds were issued in 1997, in the amount of \$4,730,000
- (b) The Sewer system Mortgage Revenue Bonds were issued in 2004, in the amount of \$18,310,000

- (2) Gross revenues include operating revenues plus interest income.
- (3) Direct operating expenses include operating expenses less depreciation.
- (4) This includes several different Special Assessment Bond issues.

** Refunding bonds were issued during 1997. No principal was paid.

Source: City Finance Director's Office

City of Springboro

2001	2002	2003	2004	2005	2006
\$2,671,855	\$2,555,439	\$2,706,927	\$2,741,352	\$3,334,461	\$3,071,933
1,079,429	1,467,476	1,455,464	1,722,922	1,840,597	2,181,422
1,592,426	1,087,963	1,251,463	1,018,430	1,493,864	890,511
1,324,214	1,325,674	1,330,874	1,329,476	1,298,390	1,326,057
1.20	0.82	0.94	0.77	1.15	0.67
\$1,793,762	\$1,590,251	\$1,904,125	\$1,751,800	\$2,684,569	\$2,483,615
1,169,247	1,113,824	1,774,868	1,617,297	2,025,640	1,880,995
624,515	476,427	129,257	134,503	658,929	602,620
378,705	381,495	378,775	380,528	1,512,549	1,644,532
1.65	1.25	0.34	0.35	0.44	0.37
\$261,317	\$265,319	\$299,856	\$432,914	\$382,752	\$477,898
124,000	127,000	127,000	183,000	209,000	219,000
137,243	130,494	123,188	220,314	191,359	181,963
1.00	1.03	1.20	1.07	0.96	1.19

City of Springboro

Demographic and Economic Statistics Last Ten Years

Calendar Year	1997	1998	1999	2000
Population (1)				
City of Springboro (a)	10,945	11,200	12,045	12,380
Warren County	113,909	113,909	113,909	158,383
Income (2) (a)				
Total Personal (in thousands)	292,461	316,770	355,677	379,571
County Per Capita	26,721	28,283	29,529	30,660
Unemployment Rate (3)				
Federal	5.4%	4.9%	4.5%	4.2%
State	4.8%	4.6%	4.3%	4.3%
Warren County	3.2%	3.0%	3.0%	2.9%
Civilian Work Force Estimates (3)				
State	5,710,000	5,678,000	5,749,000	5,900,400
Warren County	71,500	74,000	77,400	8,130
Employment Distribution by Occupation (4)				
Industrial	1,874	1,887	2,039	2,238
Education/Government	583	614	641	694
Service	1,531	1,275	1,307	2,273
Retail	1,346	1,129	1,525	1,674
Medical	160	252	290	443
Construction	8	12	17	69
Financial	117	92	96	105
Restaurants	1,358	1,209	1,525	1,803
Miscellaneous	50	76	66	248

Sources:

(1) US Bureau of Census of Population

(a) City of Springboro Community Development Department

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2005 for the presentation of 2006 statistics, the City is using the latest information available.

(a) Total Personal Income is a calculation based on the County's Per Capita Income, which is the only information available.

(3) State Department of Labor Statistics

(4) Source: City Income Tax Department

City of Springboro

2001	2002	2003	2004	2005	2006
13,265	14,483	15,596	16,687	16,935	17,980
158,383	158,383	158,383	158,383	196,622	196,622
418,007	456,533	494,378	546,416	567,729	602,762
31,512	31,522	31,699	32,745	33,524	33,524
3.8%	4.8%	5.8%	6.0%	5.5%	4.6%
3.7%	4.3%	5.7%	6.1%	6.0%	5.5%
3.3%	4.0%	4.4%	4.5%	4.4%	4.9%
5,857,000	5,828,000	5,915,000	5,875,300	5,900,400	5,934,000
83,000	89,500	93,900	99,200	100,200	105,600
2,150	2,205	2,424	2,743	2,333	1,889
736	811	853	905	926	1,120
2,300	2,423	3,054	3,249	3,768	3,358
1,613	1,524	1,850	1,899	1,974	1,868
543	591	598	671	767	799
50	79	118	152	143	96
143	156	177	244	266	260
1,894	1,979	2,071	2,246	2,426	2,749
279	310	247	315	339	391



City of Springboro

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2006		
		Number of Employees	Rank	Percentage of Total Employment
Springboro Community Schools	Education	868	1	0.07
DLM Springboro	Grocery Store	358	2	0.03
Miami Valley Dinner Theater	Dinner Theater	322	3	0.03
Hillspring Rehabilitation Center	Nursing Home	301	4	0.02
Pioneer Automotive Tech	Industrial	282	5	0.02
J & A Management Co.	Restaurant	274	6	0.02
Kroger Limited Partnership	Grocery Store	271	7	0.02
Dayton Metro YMCA	YMCA Center	263	8	0.02
K-Mart Corporation	Retail	231	9	0.02
Gayston Corporation	Industrial	213	10	0.02
Total		<u>3,383</u>		
Total Employment within the City		<u>12,530</u>		
Employer	Nature of Business	1997		
		Number of Employees	Rank	Percentage of Total Employment
Pioneer Automotive Tech	Industrial	535	1	0.08
Gayston Corporation	Industrial	477	2	0.07
Springboro Community Schools	Education	442	3	0.06
Kroger Limited Partnership	Grocery Store	365	4	0.05
Miami Valley Dinner Theater	Dinner Theater	328	5	0.05
K-Mart Corporation	Retail	229	6	0.03
Concrete Technology	Industrial	170	7	0.02
Springboro IGA	Grocery Store	148	8	0.02
Truegreen Chemlawn	Lawn Service	144	9	0.02
NASM Inc	Restaurant	135	10	0.02
Total		<u>2,973</u>		
Total Employment within the City		<u>7,027</u>		

Sources:

Source: City Income Tax Department

City of Springboro

Full Time Equivalent Employees by Function Last Ten Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Governmental Activities				
General Government				
Finance	6.00	5.50	5.50	5.50
Income Tax	2.00	2.50	2.50	2.50
Mayor's Court	1.50	1.50	1.50	1.50
City Manager's Office	3.00	3.00	3.00	3.00
Computer Administration	2.00	2.00	2.00	1.00
Council/Clerk of Council	1.00	1.00	1.00	1.00
Security of Persons and Property				
Police	18.00	18.00	19.00	20.00
Dispatch	7.00	7.00	7.00	7.00
Transportation				
Street	6.00	6.00	6.00	6.00
Leisure Time Activities				
Parks and Recreation	4.25	4.25	4.25	4.25
Community Environment				
Economic Development	1.00	1.00	1.00	1.00
Engineering	2.00	2.00	2.00	2.00
Building and Zoning	3.00	3.00	4.00	5.00
Business-Type Activities				
Utilities				
Water	4.00	4.00	5.00	5.00
Sewer	1.00	1.00	1.00	1.00
Trash	1.00	1.00	1.00	1.00
<i>Total Employees</i>	<u>62.75</u>	<u>62.75</u>	<u>65.75</u>	<u>66.75</u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: Finance Director's Office

City of Springboro

2001	2002	2003	2004	2005	2006
5.50	5.50	5.50	5.50	5.50	5.50
2.50	2.50	2.50	2.50	2.50	2.50
1.50	2.00	2.00	2.00	2.00	2.00
3.00	3.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.50	1.50	1.50	1.50	1.50
21.00	22.00	23.00	23.00	23.00	23.00
7.00	7.00	7.00	7.00	7.00	7.00
7.00	7.00	7.00	7.00	7.00	7.00
5.25	5.25	5.25	5.25	5.25	6.25
1.00	1.00	1.00	0.00	0.00	0.00
2.00	2.00	2.00	2.00	2.00	2.00
5.00	5.00	5.00	7.00	7.00	6.00
5.50	5.50	5.50	5.50	5.50	5.50
1.50	1.50	1.50	1.50	1.50	1.50
1.00	1.00	1.00	1.00	1.00	1.00
<u>70.75</u>	<u>72.75</u>	<u>73.75</u>	<u>74.75</u>	<u>74.75</u>	<u>74.75</u>

City of Springboro

Operating Indicators by Function Last Ten Years

	1997	1998	1999	2000
Governmental Activities				
General Government				
Court				
Number of Criminal Cases	365	223	162	326
Number of Traffic Cases	1,265	1,565	1,043	1,208
Number of Citations	1,953	2,093	1,503	1,677
Number of Offenses	3,199	3,550	2,862	1,714
Number of Open Cases	542	423	502	637
Licenses and Permits				
Number of Residential Building Permits	212	251	313	304
Number of Commercial Building Permits	2	2	23	20
Number of Residential Building Inspections	5,058	6,491	9,197	9,314
Number of Commercial Building Inspections	447	658	988	898
Security of Persons and Property				
Police				
Number of Calls for Service	8,668	7,220	7,123	7,437
Number of Criminal Arrests	740	615	553	564
Number of DUI Arrests	101	145	95	115
Number of Traffic Accidents	281	315	296	310
Transportation				
Street				
Number of Streets Resurfaced	5	7	7	13
Community Environment				
Number of New Jobs	162	221	235	317
 Business-Type Activities				
Golf Course				
Number of Rounds	33,777	33,594	44,129	36,136
Water				
Number of Service Connections	4,317	4,435	4,981	5,409
Daily Average Consumption (MGD)	1.751	1.959	2.097	1.530
Peak Daily Consumption (MGD)	2.256	2.403	2.289	2.451
Sewer				
Number of Service Connections	4,178	4,237	4,642	5,185
Daily Average Sewage Treatment (MGD)	1.331	1.439	1.394	1.616
Trash				
Number of Customers Served	4,167	4,274	4,801	5,258

Source: Finance Director's Office

City of Springboro

2001	2002	2003	2004	2005	2006
279	266	185	260	372	329
1,648	1,769	1,595	1,596	1,678	2,014
1,835	1,984	1,975	1,836	1,841	2,121
2,127	2,242	2,039	2,027	2,160	2,460
791	985	398	459	562	526
257	277	283	210	140	80
12	41	36	94	127	25
9,006	7,581	9,124	7,504	4,639	3,369
1,100	1,275	1,669	1,797	2,420	1,442
8,017	8,953	9,574	9,830	13,512	15,569
661	638	532	628	704	776
146	133	92	103	154	112
330	379	373	357	372	381
27	7	15	7	17	11
142	712	700	550	690	495
41,945	38,625	36,773	37,189	35,412	34,554
5,613	5,728	5,821	6,423	6,994	7,104
1,684	1,925	1,865	1,976	2,050	1,920
3,871	4,114	4,003	4,118	4,630	4,124
5,439	5,596	5,798	6,327	6,951	6,992
1,804	2,105	2,165	2,171	2,226	2,406
5,465	5,562	5,683	5,266	6,814	6,928

City of Springboro

Capital Asset Statistics by Function Last Ten Years

	1997	1998	1999	2000
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	582	575	579	580
Buildings	4	7	8	12
Licensed Vehicles	4	5	5	4
Library	1	1	1	1
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	12	13	13	14
Transportation				
Street				
Number of Paved Streets	267	286	300	305
Total Paved Miles	69	72	77	79
Street Lights	54	117	117	117
Signal Controlled Intersections	10	11	12	12
Licensed Vehicles	11	11	13	13
Leisure Time Activities				
Parks and Recreation				
Land (acres)	131	131	131	131
Buildings	8	9	9	9
Parks	3	3	3	3
Playgrounds	2	2	2	2
Tennis Courts	4	4	4	4
Skate Board Park	0	0	0	0
Baseball/Softball Diamonds	7	7	7	7
Basketball Courts	2	2	2	2
Soccer Fields	7	7	7	7
Licensed Vehicles	2	3	3	3

City of Springboro

2001	2002	2003	2004	2005	2006
573	573	556	637	650	645
8	10	11	13	15	15
4	6	6	7	6	8
1	1	1	1	1	1
1	1	1	1	1	1
14	16	18	15	19	21
311	328	337	345	357	360
80	82	84	86	88	89
117	117	117	117	117	117
13	13	13	13	13	13
13	15	16	16	14	16
131	131	131	212	228	228
8	8	8	8	9	10
3	3	3	4	4	4
2	2	2	2	3	3
4	4	4	4	4	4
0	1	1	1	1	1
7	7	7	7	8	8
2	2	2	2	2	2
6	6	6	6	6	6
3	3	3	3	3	6

City of Springboro

Capital Asset Statistics by Function Last Ten Years

	1997	1998	1999	2000
Business-Type Activities				
Golf Course / Clubhouse				
Land (acres)	188	188	188	188
Buildings	9	9	9	9
Golf Carts	80	80	80	80
Licensed Vehicles	1	1	1	1
Utilities				
Water				
Water Towers	2	3	3	3
Waterlines (Miles)	57	61	70	71
Water Treatment Plant	1	1	1	1
Buildings	1	1	2	3
Licensed Vehicles	3	3	5	5
Pump Stations	5	5	5	5
Storage Capacity (thousands of gallons)	3,700,000	3,700,000	4,100,000	4,100,000
Sewer				
Sewage Treatment Plant	1	1	1	1
Buildings	3	3	3	3
Licensed Vehicles	0	0	0	0
Sewerlines (Miles)	46	50	56	57
Lift Stations	13	13	13	11

Source: Finance Director's Office

City of Springboro

2001	2002	2003	2004	2005	2006
188	188	188	188	188	188
9	9	10	10	11	11
80	80	80	80	80	80
1	1	1	1	1	1
3	3	3	3	3	4
73	76	81	83	86	89
1	1	1	1	1	1
3	3	3	3	3	3
5	5	5	5	9	10
5	5	5	5	5	5
4,100,000	4,100,000	4,100,000	4,100,000	4,100,000	5,100,000
1	1	1	1	1	1
3	3	3	3	3	7
0	0	0	0	0	1
60	63	66	71	74	76
10	10	10	10	10	10





Mary Taylor, CPA
Auditor of State

CITY OF SPRINGBORO

WARREN 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 7, 2007**