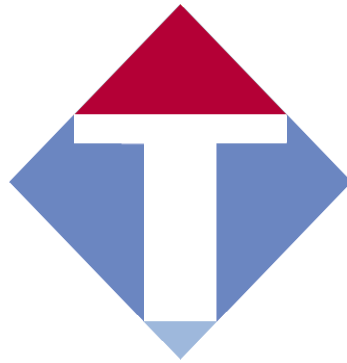


# **CITY OF TROTWOOD, OHIO**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For The Fiscal Year Ended December 31, 2013**



**CITY OF TROTWOOD, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

**PREPARED BY:  
DEPARTMENT OF FINANCE  
PATRICIA A. SHIVELY  
FINANCE DIRECTOR**

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	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	vii
List of Elected and Appointed Officials	xii
Organizational Chart	xiii
Certificate of Achievement for Excellence in Financial Reporting	xiv
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	24
Notes to the Basic Financial Statements	26
 Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund	56
Notes to the Required Supplementary Information	57
 Combining Statements and Individual Fund Schedules:	
Major Governmental Funds	60
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Salem Mall Tax Increment Fund	61
Nonmajor Governmental Funds	63
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	65

	<b>Page</b>
<b>Nonmajor Special Revenue Funds</b>	
Fund Descriptions	66
Combining Balance Sheet	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	72
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual (Non-GAAP Budgetary Basis):	
Street Construction Maintenance and Repair Fund	75
State Highway Fund	76
Motor Vehicle License Tax Fund	77
Permissive Use Tax Fund	78
Drug Law Enforcement Fund	79
Curbs/Gutters/Sidewalks Assessment Fund	80
Grants Fund	81
Local Law Enforcement Block Fund	82
Enforcement and Education Fund	83
Law Enforcement Trust Fund	84
Government Equity Program Fund	85
Rescue Levy Fund	86
Police Levy Fund	87
Redlight Enforcement Fund	88
<b>Nonmajor Debt Service Funds</b>	
Fund Description	89
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual (Non-GAAP Budgetary Basis):	
Debt Retirement Fund	90
<b>Nonmajor Capital Projects Funds</b>	
Fund Descriptions	91
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	93
Schedule of Revenues, Expenditures and Changes in Fund Balance	
Budget and Actual (Non-GAAP Budgetary Basis):	
Park Acquisition and Development Fund	94
Industrial Park Fund	95
Fire Facility Improvements Fund	96

	<u>Schedule</u>	<u>Page</u>
<b>STATISTICAL SECTION</b>		
Net Position by Component	1	99
Changes in Net Position	2	100
Fund Balances, Governmental Funds	3	103
Changes in Fund Balances, Governmental Funds	4	104
Assessed Value and Estimated Actual Value of Taxable Property	5	106
Special Assessment Billings and Collections	6	107
Direct and Overlapping Property Tax Rates	7	108
Principal Property Tax Payers	8	109
Property Tax Levies and Collections	9	110
Income Tax Collections	10	111
Principal Income Taxpayers	11	112
Ratios of Outstanding Debt by Type	12	113
Ratios of General Bonded Debt Outstanding	13	114
Direct and Overlapping Governmental Activities Debt	14	115
Legal Debt Margin Information	15	116
Pledged-Revenue Coverage	16	117
Demographic and Economic Statistics - Montgomery County	17	118
Major Employers	18	119
Full-Time Equivalent City Government Employees by Function/Program	19	120
Operating Indicators by Function/Program	20	122
Capital Asset Statistics by Function/Program	21	124

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# INTRODUCTORY SECTION





Government Center  
3035 Olive Road \* Trotwood, Ohio 45426-2600  
Phone: (937) 837-7771 \* Fax: (937) 854-0574  
[www.trotwood.org](http://www.trotwood.org)

Michael J. Lucking, City Manager

Trotwood City Council  
Joyce Sutton Cameron, Mayor  
Barbara J. Staggs, Vice-Mayor, At Large  
Bruce D. Kettelle - At Large  
Bettye L. Gales - Ward 1  
Rap Hankins - Ward 2  
Ron Vaughn - Ward 3  
Mary A. McDonald - Ward 4  
Sandy Riege - Clerk of Council

June 30, 2014

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

We are pleased to present the comprehensive annual financial report of the City of Trotwood, Ohio, for the year ended December 31, 2013. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

#### **THE REPORTING ENTITY AND ITS SERVICES**

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

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

On January 1, 1996, the City merged with Madison Township more than tripling its population and land area. The resulting community is the fourth most populous city in Montgomery County with 27,420 residents (based on the 2000 Census) and its land area (over 28 square miles) is surpassed only by the City of Dayton.

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

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

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Trotwood is a major suburb within a diversified metropolitan economy characterized by above-average unemployment, modest job growth and a diversity of major employers. Nearby Wright Patterson Air Force Base employs approximately 22,000 making it the largest single-site employer in the State of Ohio. Good Samaritan Hospital, Samaritan Health Center and the Dayton Veterans Administration Center are major employers proximate to Trotwood. Although none of these facilities are physically located in Trotwood, the City benefits by having these employment opportunities for the numerous Trotwood residents who work for these enterprises.

The City's Salem Avenue shopping district served as the commercial hub of northwest Montgomery County for many years. The former Salem Mall had previously been the anchor of the district, but due to rapidly declining occupancy, was acquired by the City in 2004 for redevelopment purposes and has been demolished. The adjacent shopping centers serve as retail attractions in the district, as are several "big box" retailers such as Burlington, Big Lots, Joann Fabrics, Payless Shoes, GFS, Lowe's, and Home Depot. Nearby, Hara Arena draws large crowds to its facilities for various shows, conferences and sporting activities.

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

The City in 2001 completed the installation of streets and utilities to make a 38-acre site west of the Connector with railroad access available as a light industrial park. An additional 30 acres adjacent to the

Industrial Park were acquired in 2002 for future expansion. The O'Danny Boy ice cream distribution facility, the first occupant of the City's industrial park, was in full operation in 2006 with a 25 truck fleet based at this location. Syncreon located in the Park in late 2007 and additional land was acquired for further expansion (see MAJOR INITIATIVES for more details).

## **RELEVANT FINANCIAL POLICIES**

The State legislature passed House Bill 66 in June of 2006. House Bill 66 phases out the tax on tangible personal property of general business, telephone and telecommunications companies, and railroads. The tax on general business and railroad tangible personal property began being phased out in 2007 and will be eliminated by 2013. The State legislators did not gravely impact the City in 2011, but the evident State budget shortfall will impact the funding of the City for 2012 and beyond. The proposed 2011-12 budget by the State of Ohio contains reductions in local government funding and the elimination of the estate tax. The financial plans and forecasts of revenue for the City plan for the elimination of reliance upon estate tax to support the appropriations of the City.

## **MAJOR INITIATIVES**

2008 will be remembered as a significant period in the City of Trotwood's industrial development history. In August of 2008, the James Group of Ohio began operations in a newly constructed 380,000 square foot logistics distribution facility. This \$32.5 million dollar state of the art facility serves as a worldwide distribution point of origination for General Motors parts, engines and subassemblies.

In November 2009, the James Group of Ohio sold the company to Syncreon America, Inc. It is anticipated that as a part of the General Motors restructuring that occurred during 2009, that Syncreon America, Incorporated facility will become a significant participant in the General Motors supply chain distribution network. Current employment at the Trotwood, Ohio based Syncreon America facility currently stands at 147 employees and is expected to continue steady growth in future years.

In 2011 the city embarked upon a comprehensive planning process and has resulted in a new Comprehensive Economic Development Strategy (CEDs). The CEDs was developed with significant community involvement. The CEDs has established four (4) corner stones for Trotwood's development. 1. Creating business friendly environment, 2. Expanded business retention program, 3. Renewed emphasis on manufacturing and logistics recruitment, and 4. Redevelopment of the former Salem Mall site the City is currently working with a developer to attract new tenants to the site. In 2013, the City reorganized the Trotwood Community Improvement Corporation (TCIC) to act as the City's economic development and housing development agency. The TCIC is a development corporation chartered under state statute to promote development in the City. The TCIC is a public/private partnership. The Board of Directors of the TCIC consists of nine members with representative from the business community, local schools, interested citizens and city government. The City has also charges the TCIC to update as well as implement the CEDs.

## **INTERNAL ACCOUNTING AND BUDGETARY CONTROLS**

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

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

All internal control evaluations occur within the above framework. It is management's belief that the City's internal control structure adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

The City of Trotwood adopts an Annual Appropriation Ordinance in accordance with Ohio law on a cash basis to provide spending authority and set the legal level of budgetary control. In addition, the government maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. The level of budgetary control for the General Fund is at the budget center or department level (e.g., Police Patrol, Street Maintenance, Fleet Maintenance). The legal level of budgetary control for other funds is at the function level.

The City also maintains an encumbrance accounting system as one method of maintaining budgetary control. Purchase orders which result in overruns of appropriations are not processed until additional appropriations are made available either by ordinance of City Council or administrative transfer from another appropriation. Open encumbrances are reported as reservations of fund balance at year-end.

## **OTHER INFORMATION**

**Independent Audit.** The State of Ohio requires an annual audit by either the Auditor of State or by an independent accounting firm. The general purpose financial statements of the City of Trotwood, Ohio for the fiscal year ended December 31, 2013 have been audited by the Ohio Auditor of State. Their unmodified opinion has been included in this report.

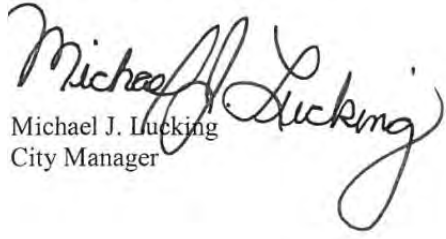
**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Trotwood for its comprehensive annual financial report for the fiscal year ended December 31, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

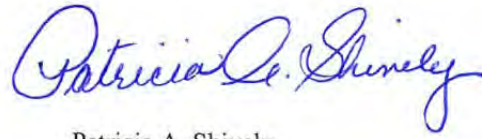
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,

  
Michael J. Lucking  
City Manager



Patricia A. Shively  
Finance Director

**CITY OF TROTWOOD, OHIO**  
**List of Elected and Appointed Officials**  
**December 31, 2013**

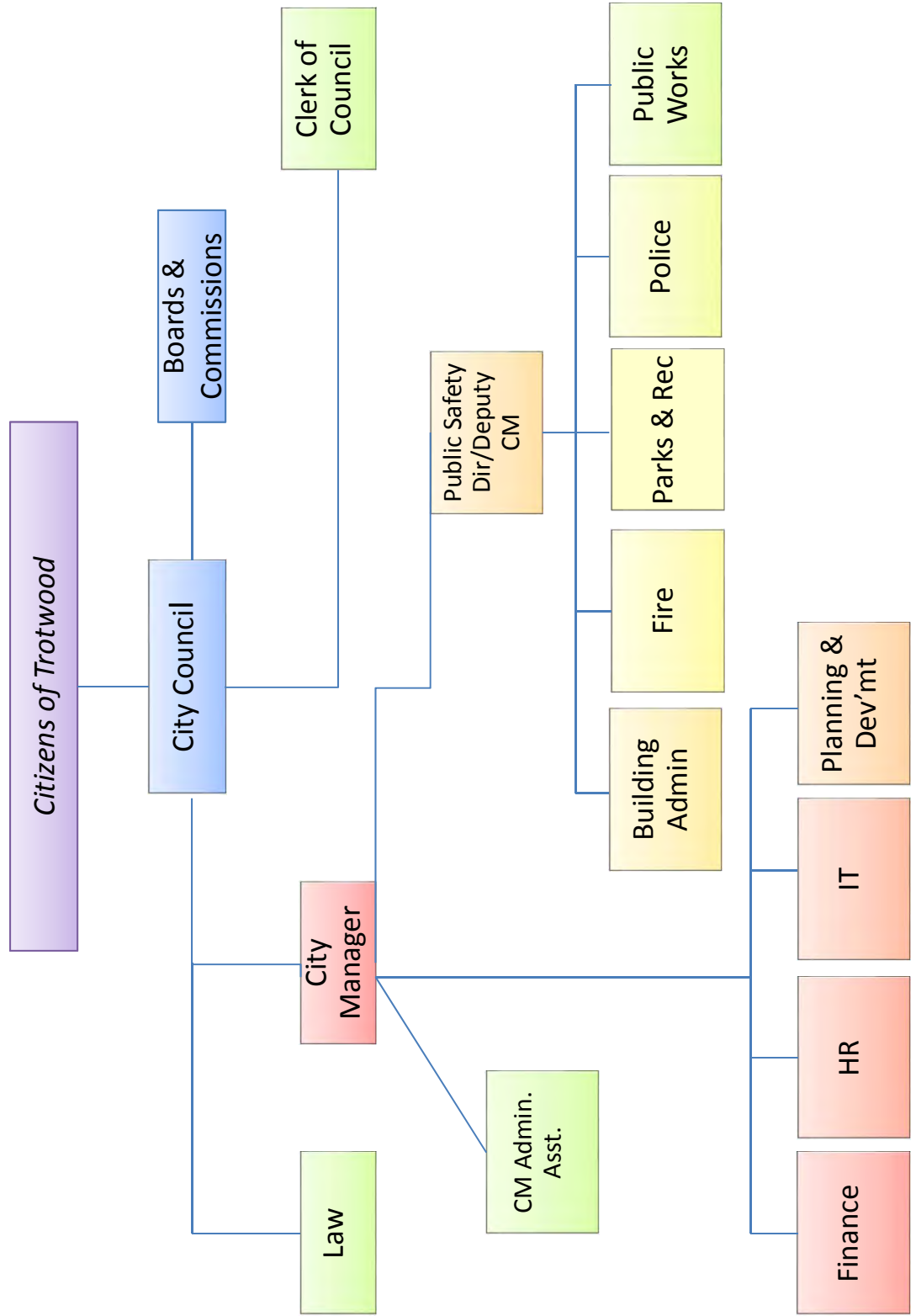
**ELECTED OFFICIALS**

Joyce Sutton-Cameron	Mayor
Barbara J. Staggs	Vice Mayor, Councilmember At Large
Bruce D. Kettelle	Councilmember At Large
Bettye L. Gales	Councilmember, Ward 1
Rap (John C.) Hankins	Councilmember, Ward 2
Charles R. Vaughn	Councilmember, Ward 3
Mary A. McDonald	Councilmember, Ward 4

**APPOINTED OFFICIALS**

Michael J. Lucking	City Manager
Sandra L. Riege	Clerk of Council
Patricia A. Shively	Finance Director
Stephen H. Milliken	Fire Chief
Barbara B. Brooks	Human Resource Manager
Stephen M. McHugh	Law Director
Quincy E. Pope	Public Safety Director/Deputy City Mgr.

CITY OF TROTWOOD, OHIO  
 Organizational Chart  
 December 31, 2013







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Trotwood  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

# FINANCIAL SECTION





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Trotwood  
Montgomery County  
3035 Olive Road  
Trotwood, Ohio 45426

To the City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trotwood, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

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 Trotwood, Montgomery County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 18 to the financial statements, during the year ended December 31, 2013, the City adopted the provisions of Governmental Accounting Standard No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis and Required budgetary comparison schedules* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 30, 2014

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**City of Trotwood, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2013**  
**(Unaudited)**

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The City of Trotwood's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's performance.

**Financial Highlights**

- The City's total net position increased \$3,300,839. Net position of governmental activities increased \$1,192,204, net position of business-type activities increased by \$2,108,635.
- The General Fund reported a decrease in fund balance of (\$156,671).
- Business-type operations reflected an operating income (loss) of \$1,688,995.

**Overview of the Financial Statements**

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

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

**Government-wide Financial Statements**

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

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

**City of Trotwood, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2013**  
**(Unaudited)**

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

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

**Fund Financial Statements**

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

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

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



**City of Trotwood, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2013**  
**(Unaudited)**

**The City as a Whole**

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2013 compared to 2012.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
<b>Assets:</b>						
Current and Other Assets	\$14,589,553	\$13,839,614	\$5,684,577	\$3,696,085	\$20,274,130	\$17,535,699
Capital Assets	58,896,418	59,770,088	18,841,055	18,118,256	77,737,473	77,888,344
<b>Total Assets</b>	<b>73,485,971</b>	<b>73,609,702</b>	<b>24,525,632</b>	<b>21,814,341</b>	<b>98,011,603</b>	<b>95,424,043</b>
<b>Liabilities:</b>						
Long-Term Liabilities	16,307,430	17,341,801	1,515,658	933,265	17,823,088	18,275,066
Other Liabilities	2,930,662	3,204,723	1,135,284	1,115,021	4,065,946	4,319,744
<b>Total Liabilities</b>	<b>19,238,092</b>	<b>20,546,524</b>	<b>2,650,942</b>	<b>2,048,286</b>	<b>21,889,034</b>	<b>22,594,810</b>
Deferred Inflows of Resources	5,888,447	5,895,950	0	0	5,888,447	5,895,950
<b>Net Position:</b>						
Net Investment in Capital Assets	41,628,553	41,722,668	17,098,282	16,951,303	58,726,835	58,673,971
Restricted	3,904,525	3,079,582	0	0	3,904,525	3,079,582
Unrestricted	2,826,354	2,364,978	4,776,408	2,814,752	7,602,762	5,179,730
<b>Total Net Position</b>	<b>\$48,359,432</b>	<b>\$47,167,228</b>	<b>\$21,874,690</b>	<b>\$19,766,055</b>	<b>\$70,234,122</b>	<b>\$66,933,283</b>



Total net position of the City as a whole increased \$3,300,839. Net position of the City's governmental activities increased \$1,192,204, while the net position of the City's business-type activities increased \$2,108,635 from 2012. The City had an unrestricted net position \$7,521,508 balance of that may be used to meet the government's ongoing obligations to citizens and creditors.

Assets increased mainly due to an increase in property tax and income tax receivable, which was mainly due to an increase in property tax and income tax collections from the prior year. Long Term Liabilities decreased mainly due to the City continuing to make principal payments on its long-term debt.

**City of Trotwood, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2013**  
**(Unaudited)**

Table 2 shows the changes in net position for the year ended December 31, 2013 and revenue and expense comparisons to 2012.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
<b>Program Revenues:</b>						
Charges for Services	\$2,124,806	\$2,516,374	\$6,093,178	\$4,176,896	\$8,217,984	\$6,693,270
Operating Grants and Contributions	1,733,156	1,431,386	0	0	1,733,156	1,431,386
Capital Grants and Contributions	416,073	1,769,666	0	714,225	416,073	2,483,891
<b>Total Program Revenues</b>	<b>4,274,035</b>	<b>5,717,426</b>	<b>6,093,178</b>	<b>4,891,121</b>	<b>10,367,213</b>	<b>10,608,547</b>
<b>General Revenues:</b>						
Income Taxes	5,666,888	4,911,790	0	0	5,666,888	4,911,790
Property Taxes	4,443,580	3,902,277	0	0	4,443,580	3,902,277
Grants and Entitlements	856,478	1,194,125	0	0	856,478	1,194,125
Investment Earnings	1,339	1,985	627	1,102	1,966	3,087
Other Revenues	2,650,079	747,142	4,773	128	2,654,852	747,270
<b>Total General Revenues</b>	<b>13,618,364</b>	<b>10,757,319</b>	<b>5,400</b>	<b>1,230</b>	<b>13,623,764</b>	<b>10,758,549</b>
<b>Total Revenues</b>	<b>17,892,399</b>	<b>16,474,745</b>	<b>6,098,578</b>	<b>4,892,351</b>	<b>23,990,977</b>	<b>21,367,096</b>
<b>Program Expenses:</b>						
General Government	3,220,714	3,210,313	0	0	3,220,714	3,210,313
Public Safety	8,499,414	8,713,796	0	0	8,499,414	8,713,796
Community Development	1,310,140	463,194	0	0	1,310,140	463,194
Leisure Time	377,420	1,352,215	0	0	377,420	1,352,215
Transportation and Street Repair	2,191,630	3,035,008	0	0	2,191,630	3,035,008
Interest and Other Charges	650,130	677,856	0	0	650,130	677,856
Water	0	0	1,286,474	1,509,516	1,286,474	1,509,516
Sewer	0	0	968,372	927,308	968,372	927,308
Refuse	0	0	1,450,538	1,420,131	1,450,538	1,420,131
Stormwater	0	0	735,306	821,225	735,306	821,225
<b>Total Program Expenses</b>	<b>16,249,448</b>	<b>17,452,382</b>	<b>4,440,690</b>	<b>4,678,180</b>	<b>20,690,138</b>	<b>22,130,562</b>
Increase (Decrease) in Net Position before Transfers	1,642,951	(977,637)	1,657,888	214,171	3,300,839	(763,466)
Transfers - Internal Activities	(450,747)	25,000	450,747	(25,000)	0	0
<b>Change in Net Position</b>	<b>1,192,204</b>	<b>(952,637)</b>	<b>2,108,635</b>	<b>189,171</b>	<b>3,300,839</b>	<b>(763,466)</b>
Net Position - Beginning of Year	47,167,228	48,119,865	19,766,055	19,576,884	66,933,283	67,696,749
<b>Net Position - End of Year</b>	<b>\$48,359,432</b>	<b>\$47,167,228</b>	<b>\$21,874,690</b>	<b>\$19,766,055</b>	<b>\$70,234,122</b>	<b>\$66,933,283</b>

**Governmental Activities**

The City of Trotwood's income taxes and property taxes are the largest source of revenue. These revenues represent 75% of the City's governmental activities total general revenue.

Grants and Entitlements decreased mainly due to a decrease in estate taxes received. Income taxes increased mainly due to an increase in income tax collections. Property taxes increased mainly due to an increase in property tax collections. Other Revenue increased mainly due to an increase in refunds and reimbursements. Capital Grants decreased mainly due to the completion of construction projects throughout the City in 2013 that were funded and started in 2012. Total expenses decreased mainly due to decreases in various repairs and maintenance expenses.

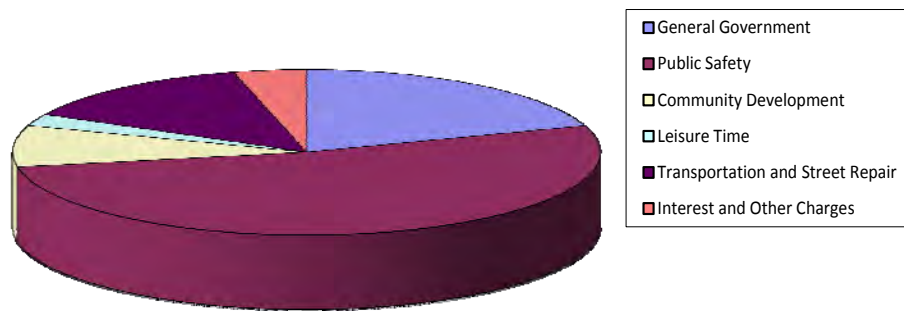
**City of Trotwood, Ohio**  
**Management’s Discussion and Analysis**  
**For The Year Ended December 31, 2013**  
**(Unaudited)**

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Governmental Activities  
 Program Expenses for 2013

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	<u>Percentage</u>
General Government	19.82%
Public Safety	52.31%
Community Development	8.06%
Leisure Time	2.32%
Transportation and Street Repair	13.49%
Interest and Other Charges	4.00%
Total	<u>100.00%</u>



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

***Business-Type Activities***

Business-type activities include Water, Sewer, Refuse Collection and Stormwater. These programs had operating revenues of \$6,097,951 and expenses of \$4,408,956 for fiscal year 2013. Business activities receive no support from tax revenues. The business activities net position at the end of the year was \$21,874,690, which increased \$2,108,635 from 2012.

The City of Trotwood’s water and sewer maintenance division services approximately 2,800 accounts within the territory which was part of the City prior to the 1996 merger with Madison Township. The City operates approximately 37.5 miles of water lines and 32 miles of sanitary sewer lines within the territory, to distribute water supplied by the City of Dayton and collect sewerage returned to Dayton for treatment at their facilities. The water fund had operating income of \$843,545 in 2013. The sewer fund had operating income of \$485,332 in 2013. The refuse fund had an operating income of \$27,682 in 2013. The stormwater fund had an operating income of \$332,436 in 2013.

**City of Trotwood, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2013**  
**(Unaudited)**

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**The City's Funds**

The City has three major governmental funds: the General Fund, Fire Levy Fund and the Salem Mall Tax Increment Fund. Assets of the General Fund comprised \$5,763,936 (39%), the Fire Levy fund comprised \$4,000,887 (27%) and the Salem Mall Tax Increment fund comprised \$338,083 (2%) of the total \$14,905,292 governmental funds assets.

**General Fund:** Fund balance at December 31, 2013 was \$705,170, a decrease in fund balance of \$156,671 from 2012. The General fund balance decreased mainly due to the issuance of long-term debt in the prior year.

**Fire Levy Fund:** Fund balance at December 31, 2013 was (\$307,000), a decrease in fund balance of \$169,241 from 2012. The Fire Levy fund balance decreased mainly due to a decrease in taxes revenue.

**Salem Mall Tax Increment Fund:** Fund balance at December 31, 2013 was (\$1,997,303), a decrease in fund balance of \$68,369 from 2012. The decrease in fund balance is due to a transfer in from the general fund of \$168,450 that was made in 2012 but not 2013.

**General Fund Budgeting Highlights**

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

As the City completed the year, its General Fund balance reported an actual fund balance of \$435,400, on a Non-GAAP Budgetary Basis.

There were no variations between final budget and actual revenues. Variations between the original and final budget revenues were mainly due to the City underestimating taxes revenue. Variations between fund budget and actual expenditures were mainly due to the City overestimating general government expenditures. Variations between original and final budget expenditures were mainly due to the City's conservative estimate for general government and public safety expenditures.

**Capital Assets and Debt Administration**

**Capital Assets**

At year end, the City had \$77,737,473 invested in land, buildings and improvements, equipment and infrastructure. Table 3 shows 2013 balances compared to 2012:

**City of Trotwood, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2013**  
**(Unaudited)**

**Table 3**  
**Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$26,633,155	\$26,573,057	\$12,026	\$12,026	\$26,645,181	\$26,585,083
Construction in Progress	0	1,844,747	0	36,310	0	1,881,057
Buildings and Improvements	10,146,728	8,315,004	0	0	10,146,728	8,315,004
Equipment	9,903,948	9,459,389	302,920	302,920	10,206,868	9,762,309
Infrastructure	47,526,685	47,526,685	40,929,600	39,648,073	88,456,285	87,174,758
Accumulated Depreciation	(35,314,098)	(33,948,794)	(22,403,491)	(21,881,073)	(57,717,589)	(55,829,867)
Total Net Capital Assets	<u>\$58,896,418</u>	<u>\$59,770,088</u>	<u>\$18,841,055</u>	<u>\$18,118,256</u>	<u>\$77,737,473</u>	<u>\$77,888,344</u>

The decrease in capital assets was mainly due current year depreciation expense exceeding current year additions. See Note 6 to the basic financial statements for further details on the City's capital assets.

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**City of Trotwood, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2013**  
**(Unaudited)**

**Debt**

At year end, the City had \$16,885,638 in long-term debt and \$1,191,010 due within one year.

**Table 4**  
**Outstanding Debt at Year End**

		2013	2012 Restated
<b>Governmental Activities</b>			
General Obligation Bonds			
2003 Various Purpose Bonds	5.11%	\$1,452,500	\$1,662,500
2007 Various Purpose Bonds	4.21%	3,990,000	4,175,000
2010 Various Purpose Bonds	3.00 - 4.25%	7,361,808	7,569,183
Premium on 2010 Bonds		386,408	404,174
2012 OAQDA Tax Exempt Energy Bonds	2.02%	841,035	948,363
2012 OAQDA Energy Conservation Bonds	4.28%	883,361	883,361
Total General Obligation Bonds		<u>14,915,112</u>	<u>15,642,581</u>
Capital Leases		<u>482,753</u>	<u>874,556</u>
Total Governmental Activities Long-Term Debt		<u>15,397,865</u>	<u>16,517,137</u>
<b>Business Type Activities:</b>			
General Obligation Bonds			
2003 Various Purpose Bonds - Water Portion	5.11%	241,250	253,750
2003 Various Purpose Bonds - Sewer Portion	5.11%	241,250	253,750
2010 Various Purpose Bonds - Water Portion	3.00 - 4.25%	93,192	95,817
Total General Obligation Bonds		<u>575,692</u>	<u>603,317</u>
Loans			
2007 OPWC Loan - Sanitary Sewer	0.00%	254,821	266,821
2012 OPWC Loan - Water	0.00%	339,665	24,090
2012 OPWC Loan - Water	0.00%	317,595	17,725
Total Loans		<u>912,081</u>	<u>308,636</u>
Total Business-Type Activities Long-Term Debt		<u>1,487,773</u>	<u>911,953</u>
Total Debt		<u>\$16,885,638</u>	<u>\$17,429,090</u>

The City had General Obligation Notes Payable of \$2,125,000 for the year ended 2013 and \$2,160,000 in 2012, respectively.

See Note 9 and 10 to the basic financial statements for further details on the City's long-term debt.

**City of Trotwood, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2013**  
**(Unaudited)**

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**Contacting the City's Finance Department**

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

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City of Trotwood, Ohio  
Statement of Net Position  
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$3,024,948	\$3,226,512	\$6,251,460
<b>Receivables (Net):</b>			
Taxes	9,386,390	0	9,386,390
Accounts	33,791	1,343,064	1,376,855
Intergovernmental	1,851,658	0	1,851,658
Special Assessments	292,766	1,115,001	1,407,767
Nondepreciable Capital Assets	26,633,155	12,026	26,645,181
Depreciable Capital Assets, Net	<u>32,263,263</u>	<u>18,829,029</u>	<u>51,092,292</u>
<b>Total Assets</b>	<u><b>73,485,971</b></u>	<u><b>24,525,632</b></u>	<u><b>98,011,603</b></u>
<b>Liabilities:</b>			
Accounts Payable	194,425	845,435	1,039,860
Accrued Wages and Benefits	759,691	30,698	790,389
Accrued Interest Payable	106,546	4,151	110,697
General Obligation Notes Payable	1,870,000	255,000	2,125,000
<b>Long-Term Liabilities:</b>			
Due Within One Year	1,544,752	83,727	1,628,479
Due In More Than One Year	<u>14,762,678</u>	<u>1,431,931</u>	<u>16,194,609</u>
<b>Total Liabilities</b>	<u><b>19,238,092</b></u>	<u><b>2,650,942</b></u>	<u><b>21,889,034</b></u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	5,162,499	0	5,162,499
Unavailable Revenue	<u>725,948</u>	<u>0</u>	<u>725,948</u>
<b>Total Deferred Inflows of Resources</b>	<u><b>5,888,447</b></u>	<u><b>0</b></u>	<u><b>5,888,447</b></u>
<b>Net Position:</b>			
Net Investment in Capital Assets	41,628,553	17,098,282	58,726,835
<b>Restricted for:</b>			
Debt Service	185,561	0	185,561
Capital Projects	5,992	0	5,992
Street Improvements	1,596,966	0	1,596,966
Law Enforcement Trust	268,533	0	268,533
Public Safety	1,228,205	0	1,228,205
Grants	331,619	0	331,619
Other Purposes	287,649	0	287,649
Unrestricted	<u>2,826,354</u>	<u>4,776,408</u>	<u>7,602,762</u>
<b>Total Net Position</b>	<u><b>\$48,359,432</b></u>	<u><b>\$21,874,690</b></u>	<u><b>\$70,234,122</b></u>

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio  
Statement of Activities  
For the Fiscal Year Ended December 31, 2013

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$3,220,714	\$510,089	\$2,713	\$0
Public Safety	8,499,414	1,402,282	285,758	0
Community Development	1,310,140	178,106	240,679	416,073
Leisure Time	377,420	34,329	0	0
Transportation and Street Repair	2,191,630	0	1,204,006	0
Interest and Other Charges	650,130	0	0	0
<b>Total Governmental Activities</b>	<b>16,249,448</b>	<b>2,124,806</b>	<b>1,733,156</b>	<b>416,073</b>
<b>Business-Type Activities:</b>				
Water	1,286,474	2,109,507	0	0
Sewer	968,372	1,439,045	0	0
Refuse	1,450,538	1,477,665	0	0
Stormwater	735,306	1,066,961	0	0
<b>Total Business-Type Activities</b>	<b>4,440,690</b>	<b>6,093,178</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$20,690,138</b>	<b>\$8,217,984</b>	<b>\$1,733,156</b>	<b>\$416,073</b>

General Revenues:  
Income Taxes  
Property and Other Taxes Levied for:  
    General Purposes  
    Special Revenue Purposes  
    Debt Service Purposes  
Grants and Entitlements, Not Restricted  
Revenue in Lieu of Taxes  
Investment Earnings  
Other Revenues  
Transfers-Internal Activities  
  
Total General Revenues and Transfers  
  
Change in Net Position  
  
Net Position - Beginning of Year, Restated  
  
Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$2,707,912)	\$0	(\$2,707,912)
(6,811,374)	0	(6,811,374)
(475,282)	0	(475,282)
(343,091)	0	(343,091)
(987,624)	0	(987,624)
(650,130)	0	(650,130)
(11,975,413)	0	(11,975,413)
0	823,033	823,033
0	470,673	470,673
0	27,127	27,127
0	331,655	331,655
0	1,652,488	1,652,488
(11,975,413)	1,652,488	(10,322,925)
5,666,888	0	5,666,888
1,408,461	0	1,408,461
2,920,096	0	2,920,096
115,023	0	115,023
856,478	0	856,478
1,796,840	0	1,796,840
1,339	627	1,966
853,239	4,773	858,012
(450,747)	450,747	0
13,167,617	456,147	13,623,764
1,192,204	2,108,635	3,300,839
47,167,228	19,766,055	66,933,283
<u>\$48,359,432</u>	<u>\$21,874,690</u>	<u>\$70,234,122</u>

City of Trotwood, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2013

	General	Fire Levy	Salem Mall Tax Increment	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$547,274	\$0	\$4,917	\$2,461,971	\$3,014,162
<b>Receivables (Net):</b>					
Taxes	4,270,367	3,830,906	0	1,285,117	9,386,390
Accounts	0	0	0	33,791	33,791
Intergovernmental	330,398	169,981	333,166	1,018,113	1,851,658
Special Assessments	289,372	0	0	3,394	292,766
Interfund	326,525	0	0	0	326,525
<b>Total Assets</b>	<b>5,763,936</b>	<b>4,000,887</b>	<b>338,083</b>	<b>4,802,386</b>	<b>14,905,292</b>
<b>Liabilities:</b>					
Accounts Payable	120,824	10,012	0	63,589	194,425
Accrued Wages and Benefits	425,654	158,163	0	175,874	759,691
Compensated Absences	10,567	0	0	16,789	27,356
Accrued Interest Payable	0	0	15,220	0	15,220
Interfund Payable	0	138,825	117,000	70,700	326,525
General Obligation Notes Payable	0	0	1,870,000	0	1,870,000
<b>Total Liabilities</b>	<b>557,045</b>	<b>307,000</b>	<b>2,002,220</b>	<b>326,952</b>	<b>3,193,217</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	2,060,781	3,830,906	0	1,285,117	7,176,804
Income Taxes	1,875,585	0	0	0	1,875,585
Grants and Other Taxes	275,983	169,981	0	549,575	995,539
Unavailable Revenue	289,372	0	333,166	396,176	1,018,714
<b>Total Deferred Inflows of Resources</b>	<b>4,501,721</b>	<b>4,000,887</b>	<b>333,166</b>	<b>2,230,868</b>	<b>11,066,642</b>
<b>Fund Balances:</b>					
Restricted	0	0	0	2,312,433	2,312,433
Assigned	269,342	0	0	0	269,342
Unassigned	435,828	(307,000)	(1,997,303)	(67,867)	(1,936,342)
<b>Total Fund Balances</b>	<b>705,170</b>	<b>(307,000)</b>	<b>(1,997,303)</b>	<b>2,244,566</b>	<b>645,433</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$5,763,936</b>	<b>\$4,000,887</b>	<b>\$338,083</b>	<b>\$4,802,386</b>	<b>\$14,905,292</b>

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 December 31, 2013

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Total Governmental Fund Balance \$645,433

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

Capital assets used in governmental activities are not financial  
 resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Funds 58,896,418

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

Delinquent Property Taxes	\$2,014,305	
Income Taxes	1,875,585	
Intergovernmental	995,539	
Special Assessments	<u>292,766</u>	
		5,178,195

An internal service fund is used by management to charge  
 back costs to individual funds. The assets and  
 liabilities of the internal service fund are included in  
 governmental activities in the statement of net position.

Internal Service Net Position 10,786

In the statement of net position interest payable is accrued when  
 incurred; whereas, in the governmental funds interest is  
 reported as a liability only when it will require the use of  
 current financial resources.

(91,326)

Some liabilities reported in the statement of net position do not  
 require the use of current financial resources and, therefore,  
 are not reported as liabilities in governmental funds.

Compensated Absences (882,209)

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

(15,397,865)

Net Position of Governmental Activities

\$48,359,432

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2013

	General	Fire Levy	Salem Mall Tax Increment	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Local Taxes	\$1,385,889	\$1,694,093	\$0	\$846,134	\$3,926,116
Income Taxes	4,735,269	0	0	0	4,735,269
Charges for Services	325,885	862	0	1,024,822	1,351,569
Investment Earnings	677	12	2	650	1,341
Intergovernmental	925,366	341,922	0	2,351,522	3,618,810
Special Assessments	117,284	0	0	20	117,304
Fines, Licenses & Permits	303,630	0	0	352,303	655,933
Revenue in Lieu of Taxes	0	0	489,575	1,307,265	1,796,840
Other Revenues	361,828	33,640	2,201	455,568	853,237
<b>Total Revenues</b>	<b>8,155,828</b>	<b>2,070,529</b>	<b>491,778</b>	<b>6,338,284</b>	<b>17,056,419</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	1,841,466	0	0	1,028,409	2,869,875
Public Safety	4,028,928	2,079,058	0	1,844,894	7,952,880
Community Development	1,009,834	0	125,143	161,836	1,296,813
Leisure Time	338,705	0	0	0	338,705
Transportation and Street Repair	214,091	0	0	1,156,415	1,370,506
Capital Outlay	233,194	12,380	0	1,050,253	1,295,827
<b>Debt Service:</b>					
Principal	244,828	316,513	162,960	377,205	1,101,506
Interest and Other Charges	226,053	18,819	272,044	161,272	678,188
<b>Total Expenditures</b>	<b>8,137,099</b>	<b>2,426,770</b>	<b>560,147</b>	<b>5,780,284</b>	<b>16,904,300</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>18,729</b>	<b>(356,241)</b>	<b>(68,369)</b>	<b>558,000</b>	<b>152,119</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Assets	11,600	0	0	3,492	15,092
Transfers In	0	187,000	0	0	187,000
Transfers (Out)	(187,000)	0	0	0	(187,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(175,400)</b>	<b>187,000</b>	<b>0</b>	<b>3,492</b>	<b>15,092</b>
<b>Net Change in Fund Balance</b>	<b>(156,671)</b>	<b>(169,241)</b>	<b>(68,369)</b>	<b>561,492</b>	<b>167,211</b>
<b>Fund Balance - Beginning of Year</b>	<b>861,841</b>	<b>(137,759)</b>	<b>(1,928,934)</b>	<b>1,683,074</b>	<b>478,222</b>
<b>Fund Balance - End of Year</b>	<b>\$705,170</b>	<b>(\$307,000)</b>	<b>(\$1,997,303)</b>	<b>\$2,244,566</b>	<b>\$645,433</b>

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2013

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Net Change in Fund Balance - Total Governmental Funds		\$167,211
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	\$651,709	
Depreciation Expense	<u>(1,450,809)</u>	(799,100)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss.		
		(74,570)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	\$517,464	
Income Taxes	931,619	
Intergovernmental	(172,626)	
Special Assessments	<u>(440,477)</u>	835,980
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		1,101,506
In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.		
		10,292
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(\$72,950)	
Amortization of Bond Premium	<u>17,766</u>	(55,184)
The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
Change in Net Position - Internal Service Funds		<u>6,069</u>
Change in Net Position of Governmental Activities		<u>\$1,192,204</u>

See accompanying notes to the basic financial statements.

City of Trotwood, Ohio  
Statement of Net Position  
Proprietary Funds  
December 31, 2013

	Business-Type Activities -Enterprise Funds			
	Water	Sewer	Refuse	Stormwater
<b>Current Assets:</b>				
Equity in Pooled Cash and Investments	\$1,172,343	\$660,088	\$35,513	\$1,358,568
<b>Receivables (Net):</b>				
Accounts	489,991	350,411	333,405	169,257
Special Assessments	220,157	138,443	500,493	255,908
<b>Total Current Assets</b>	<b>1,882,491</b>	<b>1,148,942</b>	<b>869,411</b>	<b>1,783,733</b>
Nondepreciable Capital Assets	0	12,026	0	0
Depreciable Capital Assets, Net	1,813,418	607,845	0	16,407,766
<b>Total Noncurrent Assets</b>	<b>1,813,418</b>	<b>619,871</b>	<b>0</b>	<b>16,407,766</b>
<b>Total Assets</b>	<b>3,695,909</b>	<b>1,768,813</b>	<b>869,411</b>	<b>18,191,499</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	427,314	302,317	108,987	6,817
Accrued Wages and Benefits	10,283	10,326	4,087	6,002
Compensated Absences	4,087	4,087	2,372	9,085
Accrued Interest Payable	4,151	0	0	0
General Obligation Notes Payable	255,000	0	0	0
Long-Term Liabilities Due Within One Year	38,346	25,750	0	0
<b>Total Current Liabilities</b>	<b>739,181</b>	<b>342,480</b>	<b>115,446</b>	<b>21,904</b>
<b>Long-Term Liabilities:</b>				
Compensated Absences	3,711	3,710	833	0
Bonds, Notes & Loans Payable	953,356	470,321	0	0
<b>Total Noncurrent Liabilities</b>	<b>957,067</b>	<b>474,031</b>	<b>833</b>	<b>0</b>
<b>Total Liabilities</b>	<b>1,696,248</b>	<b>816,511</b>	<b>116,279</b>	<b>21,904</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	566,716	123,800	0	16,407,766
Unrestricted	1,432,945	828,502	753,132	1,761,829
<b>Total Net Position</b>	<b>\$1,999,661</b>	<b>\$952,302</b>	<b>\$753,132</b>	<b>\$18,169,595</b>

See accompanying notes to the basic financial statements.



Total Business-Type Activities	Governmental Activities- Internal Service Funds
\$3,226,512	\$10,786
1,343,064	0
<u>1,115,001</u>	<u>0</u>
5,684,577	10,786
12,026	0
<u>18,829,029</u>	<u>0</u>
18,841,055	0
<u>24,525,632</u>	<u>10,786</u>
845,435	0
30,698	0
19,631	0
4,151	0
255,000	0
<u>64,096</u>	<u>0</u>
<u>1,219,011</u>	<u>0</u>
8,254	0
<u>1,423,677</u>	<u>0</u>
1,431,931	0
<u>2,650,942</u>	<u>0</u>
17,098,282	0
<u>4,776,408</u>	<u>10,786</u>
<u>\$21,874,690</u>	<u>\$10,786</u>

City of Trotwood, Ohio  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2013

	Business-Type Activities -Enterprise Funds			
	Water	Sewer	Refuse	Stormwater
Operating Revenues:				
Charges for Services	\$2,109,507	\$1,439,045	\$1,477,665	\$1,066,961
Other Revenues	1,745	1,692	555	781
Total Operating Revenues	<u>2,111,252</u>	<u>1,440,737</u>	<u>1,478,220</u>	<u>1,067,742</u>
Operating Expenses:				
Personnel Services	113,295	117,494	51,751	37,812
Contractual Services	1,126,136	818,726	1,397,747	218,361
Other Expenses	1,293	2,016	1,040	867
Depreciation	26,983	17,169	0	478,266
Total Operating Expenses	<u>1,267,707</u>	<u>955,405</u>	<u>1,450,538</u>	<u>735,306</u>
Operating Income (Loss)	<u>843,545</u>	<u>485,332</u>	<u>27,682</u>	<u>332,436</u>
Non-Operating Revenues (Expenses):				
Investment Earnings	72	132	6	417
Interest (Expense)	(18,767)	(12,967)	0	0
Gain (Loss) on Disposal of Capital Assets	0	0	0	450,747
Total Non-Operating Revenues (Expenses)	<u>(18,695)</u>	<u>(12,835)</u>	<u>6</u>	<u>451,164</u>
Change in Net Position	824,850	472,497	27,688	783,600
Net Position - Beginning of Year, Restated	<u>1,174,811</u>	<u>479,805</u>	<u>725,444</u>	<u>17,385,995</u>
Net Position - End of Year	<u>\$1,999,661</u>	<u>\$952,302</u>	<u>\$753,132</u>	<u>\$18,169,595</u>

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Funds
\$6,093,178	\$0
4,773	8,266
<u>6,097,951</u>	<u>8,266</u>
320,352	0
3,560,970	2,200
5,216	0
<u>522,418</u>	<u>0</u>
<u>4,408,956</u>	<u>2,200</u>
<u>1,688,995</u>	<u>6,066</u>
627	3
(31,734)	0
<u>450,747</u>	<u>0</u>
<u>419,640</u>	<u>3</u>
2,108,635	6,069
<u>19,766,055</u>	<u>4,717</u>
<u>\$21,874,690</u>	<u>\$10,786</u>

City of Trotwood, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2013

	Business-Type Activities -Enterprise Funds			
	Water	Sewer	Refuse	Stormwater
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$1,845,548	\$1,267,820	\$1,409,964	\$806,488
Cash Payments to Employees	(106,582)	(110,498)	(49,764)	(34,524)
Cash Payments to Suppliers	(1,115,216)	(814,365)	(1,398,415)	(229,319)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>623,750</b>	<b>342,957</b>	<b>(38,215)</b>	<b>542,645</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Payments for Capital Acquisitions	(645,999)	0	0	(148,471)
Debt Proceeds	870,445	0	0	0
Debt Principal Payments	(270,125)	(24,500)	0	0
Debt Interest Payments	(19,788)	(12,967)	0	0
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(65,467)</b>	<b>(37,467)</b>	<b>0</b>	<b>(148,471)</b>
<b>Cash Flows from Investing Activities:</b>				
Earnings on Investments	72	132	6	417
<b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>	<b>72</b>	<b>132</b>	<b>6</b>	<b>417</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>558,355</b>	<b>305,622</b>	<b>(38,209)</b>	<b>394,591</b>
Cash and Cash Equivalents - Beginning of Year	613,988	354,466	73,722	963,977
Cash and Cash Equivalents - End of Year	1,172,343	660,088	35,513	1,358,568
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	843,545	485,332	27,682	332,436
Adjustments:				
Depreciation	26,983	17,169	0	478,266
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(265,706)	(172,917)	(68,256)	(261,254)
Increase (Decrease) in Payables	12,215	6,377	372	(10,091)
Increase (Decrease) in Accrued Liabilities	6,713	6,996	1,987	3,288
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$623,750</b>	<b>\$342,957</b>	<b>(\$38,215)</b>	<b>\$542,645</b>
<b>Schedule of Noncash Capital Activities:</b>				
During the fiscal year, these amounts were received representing noncash contributions of:				
Capital Assets	\$0	\$0	\$0	\$450,747

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Funds
\$5,329,820	\$8,266
(301,368)	0
<u>(3,557,315)</u>	<u>(2,200)</u>
1,471,137	6,066
(794,470)	0
870,445	0
(294,625)	0
<u>(32,755)</u>	<u>0</u>
(251,405)	0
<u>627</u>	<u>3</u>
627	3
1,220,359	6,069
<u>2,006,153</u>	<u>4,717</u>
<u>3,226,512</u>	<u>10,786</u>
1,688,995	6,066
522,418	0
(768,133)	0
8,873	0
<u>18,984</u>	<u>0</u>
<u>\$1,471,137</u>	<u>\$6,066</u>
<u>\$450,747</u>	<u>\$0</u>

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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**Note 1 – Description of the City and Reporting Entity**

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

**Reporting Entity**

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

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

The City participates in three jointly governed organizations: The Miami Valley Regional Planning Commission, the Miami Valley Fire/EMS Alliance and the Economic Development/Government Equity Program are discussed in the Jointly Governed Organization footnote.

**Note 2 – Summary of Significant Accounting Policies**

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The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental and proprietary funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**Measurement Focus**

Government-Wide Financial Statements

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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included on the Statement of Net Position.

Fund Financial Statements

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

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

**Basis of Presentation**

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. Eliminations have been made to minimize double counting of internal activities, but the interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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Fund Financial Statements

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

**Fund Accounting**

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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



**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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

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

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

Stormwater Fund – To account for the provision of stormwater services.

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

**Basis of Accounting**

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

Revenues - Exchange and Non-exchange Transactions

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

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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

Deferred Outflows/Inflows of Resources

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, income taxes, grants and other taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes special assessments and tax incremental financing (TIF). These amounts are deferred and recognized as inflows of resources in the period the amounts become available. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

Expenses/Expenditures

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

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

**Equity in Pooled Cash and Investments**

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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

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

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

Interest revenues during 2013 amounted to \$1,971.

**Capital Assets**

In 2006, the City of Trotwood applied the transition provisions for General Infrastructure Assets (streets, curbs, sidewalks, and culverts). The City reports current year additions and deletions for General Infrastructure Assets. The City has elected not to use the modified approach for reporting General Infrastructure Assets.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure consists of culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The City uses a \$5,000 capitalization threshold.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-45 years
Equipment	3-20 years
Infrastructure	20-75 years

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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**Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements a liability is recorded only for the portion of unpaid compensated absences that have matured. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**Accrued Liabilities and Long-Term Obligations**

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

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

**Fund Balance**

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – spendable resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – spendable resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, City Council. This is done by ordinance by City Council.

Assigned – resources that are intended to be used for specific purposes as approved through the City's formal purchasing procedure by the Finance Director, as established by the council approved purchasing policy.

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenditures for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The City applies restricted resources first when an expenditure is incurred for purposes, which both restricted and unassigned fund balances are available. The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unassigned fund balance classifications could be used.

**Net Position**

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the City's \$3,904,525 in restricted net position, none was restricted by enabling legislation.

**Operating Revenues and Expenses**

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

**Contributions of Capital**

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

**Interfund Activity**

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The internal services provided and used are not eliminated through the process of consolidation.

**Estimates**

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

**Note 3 – Equity in Pooled Cash and Investments**

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

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

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

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

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.

- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances, which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

### **Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2013, \$3,252,640 of the City's bank balance of \$4,044,707 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. At year end, the carrying amount of the City's deposits was \$3,902,133.

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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**Investments**

As of December 31, 2013, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
STAROhio	\$2,349,327	0.15

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

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

Concentration of Credit Risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 100% of the City’s investments in STAROhio.

**Note 4 – Receivables**

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

With the exception of certain special assessment receivables, no allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant. The City’s evaluation of the collectability of special assessments receivables indicated that the recent downturn in the economy requires allowances for doubtful accounts as follows:

	As of December 31, 2013					
	General Fund	Other Governmental Funds	Water Fund	Sewer Fund	Refuse Fund	Stormwater Fund
Special Assessments Receivable	\$1,971,106	\$9,674	\$220,157	\$138,443	\$929,138	\$453,675
Allowance for Doubtful Accounts	(1,681,734)	(6,280)	0	0	(428,645)	(197,767)
Special Assessments Receivable, Net	\$289,372	\$3,394	\$220,157	\$138,443	\$500,493	\$255,908



**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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**Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2013 for real and public utility property taxes represents collections of the 2012 taxes. Property tax payments received during 2013 for tangible personal property (other than public utility property) is for 2013 taxes.

The 2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. The 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2013 with real property taxes.

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

	<u>Amount</u>
Real Property	\$256,295,220
Public Utility	<u>10,405,180</u>
Total	<u><u>\$266,700,400</u></u>

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

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

**Income Taxes**

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

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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**Note 5 – Risk Management**

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

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

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Legal Liability for Third Party Claims	\$2,000,000	\$10,000
Automobile Liability	2,000,000	5,000
Law Enforcement Operations	2,000,000	25,000
Wrongful Acts (Public Officials)	2,000,000	10,000
Real and Personal Property	15,602,500	5,000
Vehicles	3,232,353	1,000
Miscellaneous Property	1,334,826	5,000
Data Processing	298,365	5,000

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

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

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

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

**Note 6 – Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$26,573,057	\$60,098	\$0	\$26,633,155
Construction in Progress	1,844,747	141,960	1,986,707	0
<b>Capital Assets, being depreciated:</b>				
Buildings and Improvements	8,315,004	1,831,724	0	10,146,728
Equipment	9,459,389	604,634	160,075	9,903,948
Infrastructure	47,526,685	0	0	47,526,685
Totals at Historical Cost	<u>93,718,882</u>	<u>2,638,416</u>	<u>2,146,782</u>	<u>94,210,516</u>
Less Accumulated Depreciation:				
Buildings and Improvements	3,081,508	312,115	0	3,393,623
Equipment	7,379,205	423,412	85,505	7,717,112
Infrastructure	23,488,081	715,282	0	24,203,363
Total Accumulated Depreciation	<u>\$33,948,794</u>	<u>\$1,450,809</u>	<u>\$85,505</u>	<u>\$35,314,098</u>
Governmental Activities Capital Assets, Net	<u><u>\$59,770,088</u></u>	<u><u>\$1,187,607</u></u>	<u><u>\$2,061,277</u></u>	<u><u>\$58,896,418</u></u>
	Beginning Balance	Additions	Deletion	Ending Balance
<b>Business-Type Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$12,026	\$0	\$0	\$12,026
Construction in Progress	36,310	1,245,217	1,281,527	0
Total Capital Assets, not being depreciated	<u>48,336</u>	<u>1,245,217</u>	<u>1,281,527</u>	<u>12,026</u>
<b>Capital Assets, being depreciated:</b>				
Equipment	302,920	0	0	302,920
Infrastructure	39,648,073	1,281,527	0	40,929,600
Totals at Historical Cost	<u>39,999,329</u>	<u>2,526,744</u>	<u>1,281,527</u>	<u>41,244,546</u>
Less Accumulated Depreciation:				
Equipment	293,820	3,588	0	297,408
Infrastructure	21,587,253	518,830	0	22,106,083
Total Accumulated Depreciation	<u>\$21,881,073</u>	<u>\$522,418</u>	<u>\$0</u>	<u>\$22,403,491</u>
Business-Type Activities Capital Assets, Net	<u><u>\$18,118,256</u></u>	<u><u>\$2,004,326</u></u>	<u><u>\$1,281,527</u></u>	<u><u>\$18,841,055</u></u>

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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Depreciation expense was charged to governmental functions as follows:

General Government	\$243,336
Public Safety	435,034
Leisure Time	39,730
Community Development	125
Transportation	732,584
Total Depreciation Expense	<u><u>\$1,450,809</u></u>

Depreciation expense was charged to business-type activities as follows:

Water	\$26,983
Sewer	17,169
Stormwater	478,266
Total Depreciation Expense	<u><u>\$522,418</u></u>

**Note 7 – Compensated Absences**

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

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

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

**Note 8 – Notes Payable**

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

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

	Beginning Balance	Additions	Deletions	Ending Balance
Bond Anticipation Notes:				
Governmental Activities:				
Town Center Redevelopment, Series 2012, 1.25%	\$1,905,000	\$0	(\$1,905,000)	\$0
Town Center Redevelopment, Series 2013, 1.00%	0	1,870,000	0	1,870,000
Total Governmental Activities Bond Anticipation Notes	<u>\$1,905,000</u>	<u>\$1,870,000</u>	<u>(\$1,905,000)</u>	<u>\$1,870,000</u>
Business-Type Activities:				
Town Center Redevelopment, Series 2012, 1.25%	255,000	0	(255,000)	0
Town Center Redevelopment, Series 2013, 1.00%	0	255,000	0	255,000
Total Business-Type Activities Bond Anticipation Notes	<u>\$255,000</u>	<u>\$255,000</u>	<u>(\$255,000)</u>	<u>\$255,000</u>

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

**Note 9 – Long-Term Debt**

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

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
<u>Bonds Payable</u>					
2003 Various Purpose Bonds, 5.11%	\$1,662,500	\$0	(\$210,000)	\$1,452,500	\$212,500
2007 Various Purpose Bonds, 4.21%	4,175,000	0	(185,000)	3,990,000	190,000
2010 Various Purpose Bonds, 3.00-4.25%	7,569,183	0	(207,375)	7,361,808	212,312
Premium on 2010 Bonds	404,174	0	(17,766)	386,408	0
2012 OAQDA Tax Exempt Energy Bonds, 2.02%	948,363	0	(107,328)	841,035	108,954
2012 OAQDA Energy Conservation Bonds, 4.28%	883,361	0	0	883,361	0
Total Bonds Payable	<u>15,642,581</u>	<u>0</u>	<u>(727,469)</u>	<u>14,915,112</u>	<u>723,766</u>
Capital Leases	874,556	0	(391,803)	482,753	403,148
Total Long-Term Debt	16,517,137	0	(1,119,272)	15,397,865	1,126,914
Compensated Absences	824,664	489,823	(404,922)	909,565	417,838
Total Governmental Activities	<u>\$17,341,801</u>	<u>\$489,823</u>	<u>(\$1,524,194)</u>	<u>\$16,307,430</u>	<u>\$1,544,752</u>

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Business Type Activities</b>					
<u>Bonds Payable</u>					
2003 Various Purpose Water Bonds, 5.11%	\$253,750	\$0	(\$12,500)	\$241,250	\$13,750
2003 Various Purpose Sewer Bonds, 5.11%	253,750	0	(12,500)	241,250	13,750
2010 Various Purpose Water Bonds, 3.00-4.25%	95,817	0	(2,625)	93,192	2,688
Total Bonds Payable	603,317	0	(27,625)	575,692	30,188
<u>Loans Payable</u>					
2007 OPWC Loan - Sanitary Sewer - 0.00%	266,821	0	(12,000)	254,821	12,000
2012 OPWC Loan - Water - 0.00%	24,090	315,575	0	339,665	11,322
2012 OPWC Loan - Water - 0.00%	17,725	299,870	0	317,595	10,586
Total Loans Payable	308,636	615,445	(12,000)	912,081	33,908
Compensated Absences	21,312	15,836	(9,263)	27,885	19,631
Total Business-Type Activities	\$933,265	\$631,281	(\$48,888)	\$1,515,658	\$83,727

Principal payments for the 2003 Various Purpose Bonds are paid from the General Fund, the Street Maintenance and Repair Fund, the Debt Retirement Fund, the Industrial Park Fund, the Water Fund and the Sewer Fund. Principal payments for the 2007 Various Purposes Bonds are paid from the General Fund and the Industrial Park Fund. The 2010 Various Purpose Bonds are paid from the Industrial Park Fund, the Salem Mall Tax Increment Fund and the Water Fund. Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund, a Special Revenue Fund or an Enterprise Fund.

In August 2003, the City issued \$3,790,000 in Various Purpose General Obligation Bonds with an interest rate of 5.11%. A portion of the bond proceeds were used to advance refund \$585,000 of outstanding 1992 Government Center renovation general obligation bonds with an interest rate of 6.70% and \$615,000 of outstanding 1994 Oakview Estates street improvement special assessment bonds with an interest rate of 6.35%.

In October 2007, the City issued \$5,015,000 Various Purpose General Obligation Bonds to fund various improvements to the Fire Station and the Industrial Park at an average interest rate of 4.21%

On September 9, 2010, the City refinanced \$8,155,000 in short term bond anticipation notes into \$8,000,000 in long term various purpose bonds with an interest rate between 3.00-4.25%. The bonds were issued with a premium of \$444,147 and bond issuance costs of \$240,650 and will be amortized over 25 years.

On April 10, 2012, the City issued \$948,363 in Ohio Air Quality Development Authority Tax Exempt Energy Bonds at an interest rate of 2.02% throughout the life of the bonds. The bonds will mature on December 1, 2021. Principal payments will be made out of the General Fund.

On June 8, 2012, the City issued \$883,361 in Ohio Air Quality Development Authority Energy Conservation Bonds at an interest rate of 4.28% throughout the life of the bonds. The bonds will mature on December 1, 2027. Principal payments will be made out of the General Fund.

In 2012, the City issued two OPWC loans to finance the Olde Towne Waterman improvements. The City received a total of \$657,260 (during 2012 and 2013) in loan proceeds to fund these projects.

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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

Year Ending December 31	Governmental Activities		Business-Type Activities			
	General		General		OPWC Loans	
	Obligation Bonds		Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$723,766	\$614,306	\$30,188	\$28,707	\$33,908	\$0
2015	670,905	588,339	30,250	27,234	33,909	0
2016	690,587	566,954	32,813	25,781	33,908	0
2017	650,252	539,856	35,438	24,135	39,909	0
2018	662,527	518,535	35,500	22,401	39,908	0
2019-2023	3,452,934	2,221,670	206,689	83,693	216,543	0
2024-2028	3,398,983	1,435,306	163,564	27,574	185,363	0
2029-2033	3,281,375	649,059	28,625	6,816	109,543	0
2034-2038	997,375	61,917	12,625	784	109,542	0
2039-2043	0	0	0	0	109,548	0
Total	\$14,528,704	\$7,195,942	\$575,692	\$247,125	\$912,081	\$0

**Note 10 – Leases**

Capital Leases

The City has entered into capital leases for radio equipment and three fire trucks.

The City's lease obligations meet the criteria of a capital asset and has been recorded on the government-wide statements. The leased assets have been capitalized for the amount of the present value of the minimum lease payments at the inception of the lease. The following is a schedule of the future long-term minimum lease payments required under the capital lease, and the present value of the minimum lease payments is as follows:

Fiscal Year Ending December 31,	Long-Term Debt
2014	\$417,246
2015	81,914
Total Minimum Lease Payments	499,160
Less: Amount Representing Interest	(16,407)
Present Value of Minimum Lease Payments	\$482,753

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Equipment	\$1,583,883
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**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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**Note 11 – Pension Plans**

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**Ohio Public Employees Retirement System**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan in which 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. The CO Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at [www.opers.org](http://www.opers.org).

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2013, 2012 and 2011 were \$304,661, \$312,131 and \$319,951, respectively. The full amount has been contributed for 2011 and 2012 and 91% has been contributed for 2013. The City's unpaid contractually required OPERS contributions (including post employment benefits) at year end (the liability) were recorded in the accrued wages and benefits line item of the government-wide and fund financial statements along with various corresponding expenses/expenditures.

**Ohio Police and Fire Pension Fund**

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at [www.op-f.org](http://www.op-f.org).

From Jan. 1, 2013 thru July 1, 2013, plan members were required to contribute 10% (as in prior years) of their annual covered salary. From July 2, 2013 thru Dec. 31, 2013, plan members were required to contribute 10.75% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2013, 2012 and 2011 were \$828,767, \$806,705, and \$798,556, respectively. The



**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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full amount has been contributed for 2011 and 2012 and 78% has been contributed for 2013. The City's unpaid contractually required OP&F contributions (including post employment benefits) at year end (the liability) were recorded in the accrued wages and benefits line item of the government-wide and fund financial statements along with various corresponding expenses/expenditures.

**Note 12 – Post Employment Benefits**

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**Ohio Public Employees Retirement System**

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013. The OPERS

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The City's required contributions for the current year, which were used to fund postemployment benefits were \$21,753 for 2013, \$89,176 in 2012, and \$91,410 in 2011. The full amount (actual) has been contributed for 2011 and 2012 and 91% has been contributed for 2013.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**Ohio Police and Fire Pension Fund**

Plan Description

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under IRS

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employee contributions allocated to health care was 4.69% of covered payroll for January 1, 2013 through May 31, 2013, and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The City's contributions to OP&F were \$43,642 for police and \$27,658 for fire for the period of January 1, 2013 through March 31, 2013; and were \$40,200 for police and \$27,430 for fire for the period of June 1, 2013 through December 31, 2013; \$161,591 for police and \$95,450 for fire for the year ending December 31, 2012 and \$155,552 for police and \$98,065 for fire for the year ending December 31, 2011, respectively, was allocated to the healthcare plan. The actual contributions for 2011 and 2012 were 100% and 78% has been contributed for 2013.

**Note 13 – Jointly Governed Organizations**

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The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, the City of Dayton and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreation facilities, water supply, sewage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective counties, the representatives selected by each county caucus, a nongovernmental member and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$11,513 to this organization in 2013.

The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters, which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS services by volunteers, two

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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representatives appointed by the members who are provided Fire/EMS services by a combination of full-time employees and volunteers and a representative appointed by members who are provided Fire/EMS services by full-time employees. Payments to the Alliance are made from the Fire Levy Fund. The City contributed \$12,352 to this organization in 2013.

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced and that County economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships and cities within Montgomery County and the County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County. The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those in communities experiencing less economic growth. In 2011, the City agreed to be a member for an additional 10 years, ending December 31, 2021. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the General Fund. The City did not contribute any money to this organization in 2013.

**Note 14 – Interfund Transactions**

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Interfund receivables, interfund payables, transfers in and transfers out are as follows for the current year:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$326,525	\$0	\$0	\$187,000
Fire Levy	0	138,825	187,000	0
Salem Mall Tax Increment Fund	0	117,000	0	0
Other Governmental Funds	0	70,700	0	0
Total All Funds	<u>\$326,525</u>	<u>\$326,525</u>	<u>\$187,000</u>	<u>\$187,000</u>

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed. Transfers into the General Fund from the Water and Sewer Fund were for debt service payments.

**Note 15 – Compliance and Accountability**

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**Compliance**

The City was not in compliance with legal provisions as follows:

The City was in violation of Ohio Revised Code Section 5705.41(D)(1) by not properly certifying all expenditures.

The City was in violation of Ohio Revised Code Section 5705.10, which states that money paid into any fund shall be used only for the purposes for which such fund was established. The City had a negative fund balances in certain funds during the audit period.

The City was in violation of Ohio Revised Code Section 5705.39 by allowing total appropriations from certain funds to exceed the total estimated revenue.

The City was in violation of Ohio Revised Code Section 117-2-02(C)(1) by not properly integrating all approved appropriations into the financial accounting system.

**Accountability**

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

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Fire Levy	\$307,000
Capital Projects:	
Salem Mall Tax Increment	1,997,303
Park Acquisition and Development	64,899
Industrial Park	2,968

**Note 16 – Fund Balances**

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Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

<u>Fund Balances</u>	<u>General</u>	<u>Fire Levy</u>	<u>Salem Mall Tax Increment</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Restricted for:</b>					
Street Construction	\$0	\$0	\$0	\$826,054	\$826,054
State Highway	0	0	0	220,431	220,431
Motor Vehicle License Tax	0	0	0	110,937	110,937
Permissive Use Tax	0	0	0	19,136	19,136
Drug Law Enforcement	0	0	0	18,617	18,617
Grants	0	0	0	236,746	236,746
Curbs/Gutters/Sidewalks Assessment	0	0	0	118,373	118,373
Local Law Enforcement Block	0	0	0	75	75
Enforcement and Education	0	0	0	11,277	11,277
Law Enforcement Trust	0	0	0	268,735	268,735
Government Equity Program	0	0	0	219	219
Rescue Levy	0	0	0	283,914	283,914
Police Levy	0	0	0	2,039	2,039
Redlight Enforcement	0	0	0	3,582	3,582
Debt Service	0	0	0	186,306	186,306
Fire Facility Improvements	0	0	0	5,992	5,992
<b>Total Restricted</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,312,433</b>	<b>2,312,433</b>
<b>Assigned to:</b>					
Next Year's Budget	133,991	0	0	0	133,991
Encumbrances	135,351	0	0	0	135,351
<b>Total Assigned</b>	<b>269,342</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>269,342</b>
<b>Unassigned (Deficit)</b>	<b>435,828</b>	<b>(307,000)</b>	<b>(1,997,303)</b>	<b>(67,867)</b>	<b>(1,936,342)</b>
<b>Total Fund Balance</b>	<b>\$705,170</b>	<b>(\$307,000)</b>	<b>(\$1,997,303)</b>	<b>\$2,244,566</b>	<b>\$645,433</b>

**Note 17 – Change in Accounting Principle**

GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the City.

**Note 18 – Prior Period Adjustment**

In prior periods, the City had reported assets related to bond issuance costs in the Governmental Activities entity-wide financial statements. GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*, has reclassified debt issuance costs as an expense in the period incurred rather than amortizing the costs over the life of the debt. The City did not set up debt portions in the Business-Type Activities and was all recorded as Governmental Activities in error. The implementation of GASB Statement Number 65 and the debt reclassification requires a restatement of prior period's net position as follows:

**City of Trotwood, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended December 31, 2013**

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	Governmental Activities	Business-Type Activities	Water Fund	Sewer Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Position - December 31, 2012	\$46,782,903	\$20,369,372	\$1,524,378	\$733,555
Prior Period Adjustments:				
Bond Issuance Costs	(218,992)	0	0	0
Long-Term Debt reclassification	603,317	(603,317)	(349,567)	(253,750)
Restated Net Position - December 31, 2012	<u>\$47,167,228</u>	<u>\$19,766,055</u>	<u>\$1,174,811</u>	<u>\$479,805</u>

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# **REQUIRED SUPPLEMENTARY INFORMATION**

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City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Property and Other Local Taxes	\$1,311,774	\$1,385,889	\$1,385,889	\$0
Income Taxes	4,571,882	4,830,193	4,830,193	0
Charges for Services	308,457	325,885	325,885	0
Investment Earnings	641	677	677	0
Intergovernmental	949,914	1,003,584	1,003,584	0
Special Assessments	111,012	117,284	117,284	0
Fines, Licenses & Permits	287,392	303,630	303,630	0
Other Revenues	995,461	1,051,704	1,051,704	0
<b>Total Revenues</b>	<b>8,536,533</b>	<b>9,018,846</b>	<b>9,018,846</b>	<b>0</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<u>General Government</u>				
Mayor and Council	212,840	230,594	219,302	11,292
City Manager	238,553	258,452	245,796	12,656
Finance	344,128	372,834	354,576	18,258
Utility Billing	167,961	181,972	173,061	8,911
Income Tax	333,765	361,607	343,899	17,708
Law Director	199,900	216,575	205,969	10,606
Public Works Administration	258,086	279,615	265,922	13,693
Building and Grounds	267,280	289,575	275,395	14,180
Fleet Maintenance	140,543	152,266	144,810	7,456
Personnel	118,920	128,840	122,531	6,309
Strategic Initiatives	14,678	15,903	15,124	779
Non-Departmental	304,517	329,919	313,763	16,156
<b>Total General Government</b>	<b>2,601,171</b>	<b>2,818,152</b>	<b>2,680,148</b>	<b>138,004</b>
<u>Public Safety</u>				
Police Administration	397,712	430,887	409,787	21,100
Police Patrol	2,358,514	2,555,251	2,430,121	125,130
Criminal Investigation	904,519	979,970	931,981	47,989
Police Communications	349,063	378,180	359,661	18,519
<b>Total Public Safety</b>	<b>4,009,808</b>	<b>4,344,288</b>	<b>4,131,550</b>	<b>212,738</b>
<u>Leisure Time Activities</u>				
Parks Maintenance	187,459	203,096	193,150	9,946
Municipal Pool	38,821	42,060	40,000	2,060
Cemeteries	62,967	68,220	64,879	3,341
Recreation Programs	72,531	78,581	74,733	3,848
<b>Total Leisure Time Activities</b>	<b>361,778</b>	<b>391,957</b>	<b>372,762</b>	<b>19,195</b>
<u>Community Development</u>				
Planning and Development Administration	178,845	193,764	184,275	9,489
Planning and Zoning	136,599	147,993	140,746	7,247
Code Enforcement and Inspection	285,323	309,124	293,986	15,138
Mowing and Weed Removal	96,588	104,645	99,521	5,124
<b>Total Community Development</b>	<b>697,355</b>	<b>755,526</b>	<b>718,528</b>	<b>36,998</b>

Continued

City of Trotwood, Ohio  
Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Transportation &amp; Street Repair</u>				
Street Lighting	226,730	245,643	233,614	12,029
Total Transportation & Street Repair	226,730	245,643	233,614	12,029
Capital Outlay	304,945	330,382	314,203	16,179
Debt Service:				
Principal Retirement	237,614	257,435	244,828	12,607
Interest and Fiscal Charges	219,392	237,693	226,053	11,640
Total Expenditures	8,658,793	9,381,076	8,921,686	459,390
Excess of Revenues Over (Under) Expenditures	(122,260)	(362,230)	97,160	459,390
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	10,980	11,600	11,600	0
Advances (Out)	(427,491)	(463,150)	(440,470)	22,680
Transfers (Out)	(181,490)	(196,629)	(187,000)	9,629
Total Other Financing Sources (Uses)	(598,001)	(648,179)	(615,870)	32,309
Net Change in Fund Balance	(720,261)	(1,010,409)	(518,710)	491,699
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	954,110	954,110	954,110	0
Fund Balance End of Year	\$233,849	(\$56,299)	\$435,400	\$491,699

See accompanying notes to the required supplementary information.

City of Trotwood, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2013

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property and Other Local Taxes	\$2,393,832	\$1,693,959	\$1,694,093	\$134
Charges for Services	1,218	862	862	0
Investment Earnings	17	12	12	0
Intergovernmental	483,152	341,895	341,922	27
Other Revenues	47,535	33,637	33,640	3
<b>Total Revenues</b>	<b>2,925,754</b>	<b>2,070,365</b>	<b>2,070,529</b>	<b>164</b>
Expenditures:				
Current:				
Public Safety	2,206,122	2,163,420	2,121,566	41,854
Capital Outlay	12,873	12,624	12,380	244
Debt Service:				
Principal Retirement	329,128	322,757	316,513	6,244
Interest and Fiscal Charges	19,569	19,190	18,819	371
<b>Total Expenditures</b>	<b>2,567,692</b>	<b>2,517,991</b>	<b>2,469,278</b>	<b>48,713</b>
Excess of Revenues Over (Under) Expenditures	358,062	(447,626)	(398,749)	48,877
Other Financing Sources (Uses):				
Transfers In	264,240	186,985	187,000	15
<b>Total Other Financing Sources (Uses)</b>	<b>264,240</b>	<b>186,985</b>	<b>187,000</b>	<b>15</b>
Net Change in Fund Balance	622,302	(260,641)	(211,749)	48,892
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	66,008	66,008	66,008	0
<b>Fund Balance End of Year</b>	<b>\$688,310</b>	<b>(\$194,633)</b>	<b>(\$145,741)</b>	<b>\$48,892</b>

See accompanying notes to the required supplementary information.

**City of Trotwood, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Ended December 31, 2013**

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**Note 1 – Budgetary Process**

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

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

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

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

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

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

**City of Trotwood, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Ended December 31, 2013**

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Net Change in Fund Balance

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	<u>General</u>	<u>Fire Levy</u>
GAAP Basis	(\$156,671)	(\$169,241)
Revenue Accruals	863,018	0
Expenditure Accruals	(619,872)	(35,591)
Advances (Out)	(440,470)	0
Encumbrances	<u>(164,715)</u>	<u>(6,917)</u>
Budget Basis	<u><u>(\$518,710)</u></u>	<u><u>(\$211,749)</u></u>

# COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES



## **MAJOR GOVERNMENTAL FUNDS**

**Salem Mall Tax Increment** - To account for resources related to the Salem Mall Tax Increment. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are included in the Basic Financial Statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.



City of Trotwood, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2013

	Salem Mall Tax Increment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$2	\$2	\$0
Revenue in Lieu of Taxes	490,404	489,575	(829)
Other Revenues	2,205	2,201	(4)
<b>Total Revenues</b>	<b>492,611</b>	<b>491,778</b>	<b>(833)</b>
Expenditures:			
Current:			
Community Development	132,962	129,802	3,160
Debt Service:			
Principal Retirement	2,118,307	2,067,960	50,347
Interest and Fiscal Charges	282,862	276,139	6,723
<b>Total Expenditures</b>	<b>2,534,131</b>	<b>2,473,901</b>	<b>60,230</b>
Excess of Revenues Over (Under) Expenditures	(2,041,520)	(1,982,123)	59,397
Other Financing Sources (Uses):			
Issuance of Short Term Debt	1,873,165	1,870,000	(3,165)
Advances In	117,198	117,000	(198)
<b>Total Other Financing Sources (Uses)</b>	<b>1,990,363</b>	<b>1,987,000</b>	<b>(3,363)</b>
<b>Net Change in Fund Balance</b>	<b>(51,157)</b>	<b>4,877</b>	<b>56,034</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	40	40	0
<b>Fund Balance End of Year</b>	<b>(\$51,117)</b>	<b>\$4,917</b>	<b>\$56,034</b>

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

### **Debt Service Fund**

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

### **Capital Projects Funds**

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

City of Trotwood, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$2,266,840	\$186,306	\$8,825	\$2,461,971
<b>Receivables (Net):</b>				
Taxes	1,131,265	153,852	0	1,285,117
Accounts	33,791	0	0	33,791
Intergovernmental	613,790	11,541	392,782	1,018,113
Special Assessments	3,394	0	0	3,394
<b>Total Assets</b>	<b>4,049,080</b>	<b>351,699</b>	<b>401,607</b>	<b>4,802,386</b>
<b>Liabilities:</b>				
Accounts Payable	63,589	0	0	63,589
Accrued Wages and Benefits	175,874	0	0	175,874
Compensated Absences	16,789	0	0	16,789
Interfund Payable	0	0	70,700	70,700
<b>Total Liabilities</b>	<b>256,252</b>	<b>0</b>	<b>70,700</b>	<b>326,952</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	1,131,265	153,852	0	1,285,117
Grants and Other Taxes	538,034	11,541	0	549,575
Unavailable Revenue	3,394	0	392,782	396,176
<b>Total Deferred Inflows of Resources</b>	<b>1,672,693</b>	<b>165,393</b>	<b>392,782</b>	<b>2,230,868</b>
<b>Fund Balances:</b>				
Restricted	2,120,135	186,306	5,992	2,312,433
Unassigned	0	0	(67,867)	(67,867)
<b>Total Fund Balances</b>	<b>2,120,135</b>	<b>186,306</b>	<b>(61,875)</b>	<b>2,244,566</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$4,049,080</b>	<b>\$351,699</b>	<b>\$401,607</b>	<b>\$4,802,386</b>

City of Trotwood, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property and Other Local Taxes	\$735,182	\$110,952	\$0	\$846,134
Charges for Services	1,024,822	0	0	1,024,822
Investment Earnings	519	39	92	650
Intergovernmental	2,329,623	21,899	0	2,351,522
Special Assessments	20	0	0	20
Fines, Licenses & Permits	351,103	0	1,200	352,303
Revenue in Lieu of Taxes	0	0	1,307,265	1,307,265
Other Revenues	256,568	199,000	0	455,568
<b>Total Revenues</b>	<b>4,697,837</b>	<b>331,890</b>	<b>1,308,557</b>	<b>6,338,284</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	669	0	1,027,740	1,028,409
Public Safety	1,844,894	0	0	1,844,894
Community Development	161,836	0	0	161,836
Transportation and Street Repair	1,156,415	0	0	1,156,415
Capital Outlay	1,050,253	0	0	1,050,253
<b>Debt Service:</b>				
Principal	87,790	125,000	164,415	377,205
Interest and Other Charges	19,591	20,679	121,002	161,272
<b>Total Expenditures</b>	<b>4,321,448</b>	<b>145,679</b>	<b>1,313,157</b>	<b>5,780,284</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>376,389</b>	<b>186,211</b>	<b>(4,600)</b>	<b>558,000</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	3,492	0	0	3,492
<b>Total Other Financing Sources (Uses)</b>	<b>3,492</b>	<b>0</b>	<b>0</b>	<b>3,492</b>
<b>Net Change in Fund Balance</b>	<b>379,881</b>	<b>186,211</b>	<b>(4,600)</b>	<b>561,492</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,740,254</b>	<b>95</b>	<b>(57,275)</b>	<b>1,683,074</b>
<b>Fund Balance - End of Year</b>	<b>\$2,120,135</b>	<b>\$186,306</b>	<b>(\$61,875)</b>	<b>\$2,244,566</b>

## **NONMAJOR SPECIAL REVENUE FUNDS**

### **Fund Descriptions**

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

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

**Motor Vehicle License Tax** - To account for the \$5 license tax levied by the City. This money is used for street construction, maintenance and repair.

**Permissive Use Tax** - To account for the funding allocated by the County to the City for specific projects qualified by the County. State law requires that such funding be spent on street construction, maintenance and repair of the specified projects.

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

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

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

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

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

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

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

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

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

**Redlight Enforcement** - To account for the fines generated from any traffic light violations.

City of Trotwood, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2013

	Street Construction Maintenance and Repair	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement
Assets:					
Equity in Pooled Cash and Investments	\$827,683	\$217,937	\$125,236	\$19,136	\$18,617
Receivables (Net):					
Taxes	526,168	0	0	0	0
Accounts	0	0	0	0	0
Intergovernmental	448,584	33,484	0	0	0
Special Assessments	0	0	0	0	0
<b>Total Assets</b>	<b>1,802,435</b>	<b>251,421</b>	<b>125,236</b>	<b>19,136</b>	<b>18,617</b>
Liabilities:					
Accounts Payable	17,491	28	14,299	0	0
Accrued Wages and Benefits	38,411	2,172	0	0	0
Compensated Absences	15,801	988	0	0	0
<b>Total Liabilities</b>	<b>71,703</b>	<b>3,188</b>	<b>14,299</b>	<b>0</b>	<b>0</b>
Deferred Inflows of Resources:					
Property Taxes	526,168	0	0	0	0
Grants and Other Taxes	378,510	27,802	0	0	0
Unavailable Revenue	0	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>904,678</b>	<b>27,802</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balances:					
Restricted	826,054	220,431	110,937	19,136	18,617
<b>Total Fund Balances</b>	<b>826,054</b>	<b>220,431</b>	<b>110,937</b>	<b>19,136</b>	<b>18,617</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$1,802,435</b>	<b>\$251,421</b>	<b>\$125,236</b>	<b>\$19,136</b>	<b>\$18,617</b>



Curbs/Gutters/ Sidewalks Assessment	Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy
\$118,373	\$253,522	\$75	\$11,277	\$268,735	\$219	\$385,965
0	0	0	0	0	0	605,097
0	0	0	0	0	0	33,791
0	94,873	0	0	0	0	36,849
3,394	0	0	0	0	0	0
<u>121,767</u>	<u>348,395</u>	<u>75</u>	<u>11,277</u>	<u>268,735</u>	<u>219</u>	<u>1,061,702</u>
0	14,944	0	0	0	0	16,827
0	1,832	0	0	0	0	119,015
0	0	0	0	0	0	0
0	16,776	0	0	0	0	135,842
0	0	0	0	0	0	605,097
0	94,873	0	0	0	0	36,849
3,394	0	0	0	0	0	0
3,394	94,873	0	0	0	0	641,946
<u>118,373</u>	<u>236,746</u>	<u>75</u>	<u>11,277</u>	<u>268,735</u>	<u>219</u>	<u>283,914</u>
<u>118,373</u>	<u>236,746</u>	<u>75</u>	<u>11,277</u>	<u>268,735</u>	<u>219</u>	<u>283,914</u>
<u>\$121,767</u>	<u>\$348,395</u>	<u>\$75</u>	<u>\$11,277</u>	<u>\$268,735</u>	<u>\$219</u>	<u>\$1,061,702</u>

Continued

City of Trotwood, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2013

	Police Levy	Redlight Enforcement	Total Nonmajor Special Revenue Funds
Assets:			
Equity in Pooled Cash and Investments	\$2,039	\$18,026	\$2,266,840
Receivables (Net):			
Taxes	0	0	1,131,265
Accounts	0	0	33,791
Intergovernmental	0	0	613,790
Special Assessments	0	0	3,394
<b>Total Assets</b>	<b>2,039</b>	<b>18,026</b>	<b>4,049,080</b>
Liabilities:			
Accounts Payable	0	0	63,589
Accrued Wages and Benefits	0	14,444	175,874
Compensated Absences	0	0	16,789
<b>Total Liabilities</b>	<b>0</b>	<b>14,444</b>	<b>256,252</b>
Deferred Inflows of Resources:			
Property Taxes	0	0	1,131,265
Grants and Other Taxes	0	0	538,034
Unavailable Revenue	0	0	3,394
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>1,672,693</b>
Fund Balances:			
Restricted	2,039	3,582	2,120,135
<b>Total Fund Balances</b>	<b>2,039</b>	<b>3,582</b>	<b>2,120,135</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$2,039</b>	<b>\$18,026</b>	<b>\$4,049,080</b>

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City of Trotwood, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended December 31, 2013

	Street Construction Maintenance and Repair	State Highway	Motor Vehicle License Tax	Permissive Use Tax	Drug Law Enforcement
Revenues:					
Property and Other Local Taxes	\$357,507	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0	0
Investment Earnings	199	78	44	7	7
Intergovernmental	912,279	68,426	156,367	0	0
Special Assessments	0	0	0	0	0
Fines, Licenses & Permits	0	0	0	0	564
Other Revenues	227,183	3,640	0	0	0
<b>Total Revenues</b>	<b>1,497,168</b>	<b>72,144</b>	<b>156,411</b>	<b>7</b>	<b>571</b>
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	0
Community Development	0	0	0	0	0
Transportation and Street Repair	1,103,166	53,249	0	0	0
Capital Outlay	13,500	0	124,732	0	0
Debt Service:					
Principal	12,500	0	0	0	0
Interest and Other Charges	12,967	0	0	0	0
<b>Total Expenditures</b>	<b>1,142,133</b>	<b>53,249</b>	<b>124,732</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>355,035</b>	<b>18,895</b>	<b>31,679</b>	<b>7</b>	<b>571</b>
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	3,492	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>3,492</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>358,527</b>	<b>18,895</b>	<b>31,679</b>	<b>7</b>	<b>571</b>
<b>Fund Balance - Beginning of Year</b>	<b>467,527</b>	<b>201,536</b>	<b>79,258</b>	<b>19,129</b>	<b>18,046</b>
<b>Fund Balance - End of Year</b>	<b>\$826,054</b>	<b>\$220,431</b>	<b>\$110,937</b>	<b>\$19,136</b>	<b>\$18,617</b>

Curbs/Gutters/ Sidewalks Assessment	Grants	Local Law Enforcement Block	Enforcement and Education	Law Enforcement Trust	Government Equity Program	Rescue Levy
\$0	\$0	\$0	\$0	\$0	\$0	\$377,675
0	0	0	0	0	0	1,024,822
46	0	0	4	0	0	124
0	1,118,429	0	0	0	0	74,122
20	0	0	0	0	0	0
0	0	0	459	118,134	0	0
0	420	0	0	115	0	21,510
66	1,118,849	0	463	118,249	0	1,498,253
0	669	0	0	0	0	0
0	102,165	0	0	85,042	0	1,509,140
0	161,836	0	0	0	0	0
0	0	0	0	0	0	0
0	853,363	0	0	6,731	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	1,118,033	0	0	91,773	0	1,509,140
66	816	0	463	26,476	0	(10,887)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
66	816	0	463	26,476	0	(10,887)
118,307	235,930	75	10,814	242,259	219	294,801
<u>\$118,373</u>	<u>\$236,746</u>	<u>\$75</u>	<u>\$11,277</u>	<u>\$268,735</u>	<u>\$219</u>	<u>\$283,914</u>

Continued

City of Trotwood, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended December 31, 2013

	Police Levy	Redlight Enforcement	Total Nonmajor Special Revenue Funds
Revenues:			
Property and Other Local Taxes	\$0	\$0	\$735,182
Charges for Services	0	0	1,024,822
Investment Earnings	1	9	519
Intergovernmental	0	0	2,329,623
Special Assessments	0	0	20
Fines, Licenses & Permits	0	231,946	351,103
Other Revenues	0	3,700	256,568
<b>Total Revenues</b>	<b>1</b>	<b>235,655</b>	<b>4,697,837</b>
Expenditures:			
Current:			
General Government	0	0	669
Public Safety	0	148,547	1,844,894
Community Development	0	0	161,836
Transportation and Street Repair	0	0	1,156,415
Capital Outlay	0	51,927	1,050,253
Debt Service:			
Principal	0	75,290	87,790
Interest and Other Charges	0	6,624	19,591
<b>Total Expenditures</b>	<b>0</b>	<b>282,388</b>	<b>4,321,448</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1</b>	<b>(46,733)</b>	<b>376,389</b>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	0	0	3,492
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>3,492</b>
<b>Net Change in Fund Balance</b>	<b>1</b>	<b>(46,733)</b>	<b>379,881</b>
Fund Balance - Beginning of Year	2,038	50,315	1,740,254
<b>Fund Balance - End of Year</b>	<b>\$2,039</b>	<b>\$3,582</b>	<b>\$2,120,135</b>

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Street Construction Maintenance and Repair Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Property and Other Local Taxes	\$357,507	\$357,507	\$0
Investment Earnings	199	199	0
Intergovernmental	910,469	910,469	0
Other Revenues	227,183	227,183	0
<b>Total Revenues</b>	<b>1,495,358</b>	<b>1,495,358</b>	<b>0</b>
Expenditures:			
Current:			
Transportation & Street Repair	1,212,345	1,147,402	64,943
Capital Outlay	14,264	13,500	764
Debt Service:			
Principal Retirement	13,208	12,500	708
Interest and Fiscal Charges	13,701	12,967	734
<b>Total Expenditures</b>	<b>1,253,518</b>	<b>1,186,369</b>	<b>67,149</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>241,840</b>	<b>308,989</b>	<b>67,149</b>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	3,492	3,492	0
<b>Total Other Financing Sources (Uses)</b>	<b>3,492</b>	<b>3,492</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>245,332</b>	<b>312,481</b>	<b>67,149</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>462,699</b>	<b>462,699</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$708,031</b>	<b>\$775,180</b>	<b>\$67,149</b>

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	State Highway Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$78	\$78	\$0
Intergovernmental	68,279	68,279	0
Other Revenues	3,640	3,640	0
Total Revenues	<u>71,997</u>	<u>71,997</u>	<u>0</u>
Expenditures:			
Current:			
Transportation & Street Repair	67,768	52,170	15,598
Total Expenditures	<u>67,768</u>	<u>52,170</u>	<u>15,598</u>
Net Change in Fund Balance	4,229	19,827	15,598
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>197,765</u>	<u>197,765</u>	<u>0</u>
Fund Balance End of Year	<u>\$201,994</u>	<u>\$217,592</u>	<u>\$15,598</u>



City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Motor Vehicle License Tax Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$44	\$44	\$0
Intergovernmental	156,367	156,367	0
Total Revenues	156,411	156,411	0
Expenditures:			
Current:			
Capital Outlay	125,000	124,732	268
Total Expenditures	125,000	124,732	268
Net Change in Fund Balance	31,411	31,679	268
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	79,258	79,258	0
Fund Balance End of Year	\$110,669	\$110,937	\$268

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Permissive Use Tax Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$7	\$7	\$0
Total Revenues	7	7	0
Expenditures:			
Current:			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	7	7	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	19,129	19,129	0
Fund Balance End of Year	\$19,136	\$19,136	\$0

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Drug Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$7	\$7	\$0
Fines, Licenses & Permits	564	564	0
Total Revenues	571	571	0
Expenditures:			
Current:			
Public Safety	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	571	571	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,046	18,046	0
Fund Balance End of Year	\$18,617	\$18,617	\$0

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Curbs/Gutters/ Sidewalks Assessment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$46	\$46	\$0
Special Assessments	20	20	0
Total Revenues	66	66	0
Expenditures:			
Current:			
General Government	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	66	66	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	118,307	118,307	0
Fund Balance End of Year	\$118,373	\$118,373	\$0

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,749,537	\$1,749,537	\$0
Other Revenues	420	420	0
Total Revenues	<u>1,749,957</u>	<u>1,749,957</u>	<u>0</u>
Expenditures:			
Current:			
General Government	12,679	10,669	2,010
Public Safety	135,662	114,153	21,509
Community Development	276,357	232,542	43,815
Capital Outlay	<u>1,064,477</u>	<u>895,708</u>	<u>168,769</u>
Total Expenditures	<u>1,489,175</u>	<u>1,253,072</u>	<u>236,103</u>
Net Change in Fund Balance	260,782	496,885	236,103
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>275,753</u>	<u>275,753</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$536,535</u></u>	<u><u>\$772,638</u></u>	<u><u>\$236,103</u></u>

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Local Law Enforcement Block Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Charges for Services	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
General Government	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	75	75	0
Fund Balance End of Year	\$75	\$75	\$0

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$4	\$4	\$0
Fines, Licenses & Permits	459	459	0
Total Revenues	463	463	0
Expenditures:			
Current:			
Public Safety	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	463	463	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,814	10,814	0
Fund Balance End of Year	\$11,277	\$11,277	\$0

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Law Enforcement Trust Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Fines, Licenses & Permits	\$118,134	\$118,134	\$0
Other Revenues	115	115	0
Total Revenues	<u>118,249</u>	<u>118,249</u>	<u>0</u>
Expenditures:			
Current:			
Public Safety	87,840	86,157	1,683
Capital Outlay	6,862	6,731	131
Total Expenditures	<u>94,702</u>	<u>92,888</u>	<u>1,814</u>
Net Change in Fund Balance	23,547	25,361	1,814
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>243,374</u>	<u>243,374</u>	<u>0</u>
Fund Balance End of Year	<u>\$266,921</u>	<u>\$268,735</u>	<u>\$1,814</u>



City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Government Equity Program Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$6	\$0	(\$6)
Total Revenues	6	0	(6)
Expenditures:			
Current:			
Community Development	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	6	0	(6)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	219	219	0
Fund Balance End of Year	\$225	\$219	(\$6)

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Rescue Levy Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Property and Other Local Taxes	\$377,675	\$377,675	\$0
Charges for Services	1,073,569	1,073,570	1
Investment Earnings	124	124	0
Intergovernmental	74,122	74,122	0
Other Revenues	21,510	21,510	0
		0	
Total Revenues	<u>1,547,000</u>	<u>1,547,001</u>	<u>1</u>
Expenditures:			
Current:			
Public Safety	<u>1,627,404</u>	<u>1,566,845</u>	<u>60,559</u>
Total Expenditures	<u>1,627,404</u>	<u>1,566,845</u>	<u>60,559</u>
Net Change in Fund Balance	(80,404)	(19,844)	60,560
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>362,347</u>	<u>362,347</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$281,943</u></u>	<u><u>\$342,503</u></u>	<u><u>\$60,560</u></u>

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Police Levy Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$1	\$1	\$0
Total Revenues	1	1	0
Expenditures:			
Current:			
Public Safety	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	1	1	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,038	2,038	0
Fund Balance End of Year	\$2,039	\$2,039	\$0

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Redlight Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$9	\$9	\$0
Fines, Licenses & Permits	231,946	231,946	0
Other Revenues	3,700	3,700	0
<b>Total Revenues</b>	<b>235,655</b>	<b>235,655</b>	<b>0</b>
Expenditures:			
Current:			
Public Safety	149,139	144,871	4,268
Capital Outlay	54,460	52,901	1,559
Debt Service:			
Principal Retirement	77,508	75,290	2,218
Interest and Fiscal Charges	6,819	6,624	195
<b>Total Expenditures</b>	<b>287,926</b>	<b>279,686</b>	<b>8,240</b>
<b>Net Change in Fund Balance</b>	<b>(52,271)</b>	<b>(44,031)</b>	<b>8,240</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	55,759	55,759	0
<b>Fund Balance End of Year</b>	<b>\$3,488</b>	<b>\$11,728</b>	<b>\$8,240</b>

## **NONMAJOR DEBT SERVICE FUND**

### **Fund Description**

**Debt Retirement Fund** - To account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessments levies when the government is obligated in some manner for payment. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the Debt Retirement Fund has been included in the Nonmajor Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance. The Schedule of Revenues, Expenditures by Budget Center and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follow this page.

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Debt Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Property and Other Local Taxes	\$110,952	\$110,952	\$0
Investment Earnings	39	39	0
Intergovernmental	21,249	21,249	0
Other Revenues	199,000	199,000	0
<b>Total Revenues</b>	<b>331,240</b>	<b>331,240</b>	<b>0</b>
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	125,009	125,000	9
Interest and Fiscal Charges	20,681	20,679	2
<b>Total Expenditures</b>	<b>145,690</b>	<b>145,679</b>	<b>11</b>
<b>Net Change in Fund Balance</b>	<b>185,550</b>	<b>185,561</b>	<b>11</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	95	95	0
<b>Fund Balance End of Year</b>	<b>\$185,645</b>	<b>\$185,656</b>	<b>\$11</b>

## **NONMAJOR CAPITAL PROJECT FUNDS**

### **Fund Descriptions**

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

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

**Fire Facility Improvements** – To account for resources related to the Fire Facility Improvements.

City of Trotwood, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2013

	Park Acquisition and Development	Industrial Park	Fire Facility Improvements	Total Nonmajor Capital Projects Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$2,801	\$32	\$5,992	\$8,825
Receivables (Net):				
Intergovernmental	0	392,782	0	392,782
<b>Total Assets</b>	<b>2,801</b>	<b>392,814</b>	<b>5,992</b>	<b>401,607</b>
<b>Liabilities:</b>				
Interfund Payable	67,700	3,000	0	70,700
<b>Total Liabilities</b>	<b>67,700</b>	<b>3,000</b>	<b>0</b>	<b>70,700</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	0	392,782	0	392,782
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>392,782</b>	<b>0</b>	<b>392,782</b>
<b>Fund Balances:</b>				
Restricted	0	0	5,992	5,992
Unassigned	(64,899)	(2,968)	0	(67,867)
<b>Total Fund Balances</b>	<b>(64,899)</b>	<b>(2,968)</b>	<b>5,992</b>	<b>(61,875)</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$2,801</b>	<b>\$392,814</b>	<b>\$5,992</b>	<b>\$401,607</b>



City of Trotwood, Ohio  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Capital Projects Funds  
 For the Fiscal Year Ended December 31, 2013

	Park Acquisition and Development	Industrial Park	Fire Facility Improvements	Total Nonmajor Capital Projects Funds
Revenues:				
Investment Earnings	\$1	\$89	\$2	\$92
Fines, Licenses & Permits	1,200	0	0	1,200
Revenue in Lieu of Taxes	0	1,307,265	0	1,307,265
Total Revenues	1,201	1,307,354	2	1,308,557
Expenditures:				
Current:				
General Government	0	1,027,740	0	1,027,740
Debt Service:				
Principal	0	164,415	0	164,415
Interest and Other Charges	0	121,002	0	121,002
Total Expenditures	0	1,313,157	0	1,313,157
Net Change in Fund Balance	1,201	(5,803)	2	(4,600)
Fund Balance - Beginning of Year	(66,100)	2,835	5,990	(57,275)
Fund Balance - End of Year	(\$64,899)	(\$2,968)	\$5,992	(\$61,875)

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Park Acquisition and Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$1	\$1	\$0
Fines, Licenses & Permits	1,200	1,200	0
Total Revenues	1,201	1,201	0
Expenditures:			
Current:			
Leisure Time Activities	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	1,201	1,201	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,600	1,600	0
Fund Balance End of Year	\$2,801	\$2,801	\$0

City of Trotwood, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2013

	Industrial Park Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$89	\$89	\$0
Revenue in Lieu of Taxes	279,525	279,525	0
Total Revenues	279,614	279,614	0
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	245,571	164,415	81,156
Interest and Fiscal Charges	180,729	121,002	59,727
Total Expenditures	426,300	285,417	140,883
Excess of Revenues Over (Under) Expenditures	(146,686)	(5,803)	140,883
Other Financing Sources (Uses):			
Advances In	3,000	3,000	0
Total Other Financing Sources (Uses)	3,000	3,000	0
Net Change in Fund Balance	(143,686)	(2,803)	140,883
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,835	2,835	0
Fund Balance End of Year	(\$140,851)	\$32	\$140,883

City of Trotwood, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2013

	Fire Facility Improvements Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$10	\$2	(\$8)
Total Revenues	10	2	(8)
Expenditures:			
Current:			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	10	2	(8)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,990	5,990	0
Fund Balance End of Year	\$6,000	\$5,992	(\$8)

# STATISTICAL SECTION



## STATISTICAL SECTION

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** - These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

**Revenue Capacity** - These schedules contain information to help the reader understand and assess the City's most significant local revenue source, the income tax.

**Debt Capacity** - 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** - 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** - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**Sources** - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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City of Trotwood, Ohio  
 Net Position by Component  
 Last Ten Calendar Years  
 (accrual basis of accounting)  
 Schedule 1

	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012 (1)	2013
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$1,676,251	\$4,160,573	\$36,682,729	\$38,871,297	\$38,614,884	\$39,438,652	\$40,915,075	\$41,557,908	\$41,722,668	\$41,628,553
Restricted	1,887,487	1,655,451	1,013,408	1,272,167	1,544,593	2,293,955	2,465,871	2,872,633	3,079,582	3,904,525
Unrestricted	3,632,843	4,256,902	5,600,934	3,017,751	2,388,264	2,822,983	3,890,365	3,304,999	2,364,978	2,826,354
Total governmental activities net position	\$7,196,581	\$10,072,926	\$43,297,071	\$43,161,215	\$42,547,741	\$44,555,590	\$47,271,311	\$47,735,540	\$47,167,228	\$48,359,432
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$589,122	\$700,308	\$17,794,473	\$17,316,334	\$18,004,296	\$17,525,298	\$17,308,100	\$17,486,158	\$16,951,303	\$17,098,282
Unrestricted	244,501	109,298	988,899	1,339,867	1,502,010	1,887,258	3,266,183	2,701,790	2,814,752	4,776,408
Total business-type activities net position	\$833,623	\$809,606	\$18,783,372	\$18,656,201	\$19,506,306	\$19,412,556	\$20,574,283	\$20,187,948	\$19,766,055	\$21,874,690
<b>Total Primary Government</b>										
Net Investment in Capital Assets	\$2,265,373	\$4,860,881	\$54,477,202	\$56,187,631	\$56,619,180	\$56,963,950	\$58,223,175	\$59,044,066	\$58,673,971	\$58,726,835
Restricted	1,887,487	1,655,451	1,013,408	1,272,167	1,544,593	2,293,955	2,465,871	2,872,633	3,079,582	3,904,525
Unrestricted	3,877,344	4,366,200	6,589,833	4,357,618	3,890,274	4,710,241	7,156,548	6,006,789	5,179,730	7,602,762
Total primary government net position	\$8,030,204	\$10,882,532	\$62,080,443	\$61,817,416	\$62,054,047	\$63,968,146	\$67,845,594	\$67,923,488	\$66,933,283	\$70,234,122

(1) - Amounts reflect prior period adjustments. See Note 18

Source: City Records



City of Trotwood, Ohio  
Changes in Net Position  
Last Ten Calendar Years  
(accrual basis of accounting)  
Schedule 2

	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$2,424,667	\$2,521,463	\$2,691,268	\$2,861,598	\$3,503,943	\$3,172,930	\$2,232,408	\$3,062,455	\$3,210,313	\$3,220,714
Public Safety	8,712,931	9,749,517	9,745,013	9,158,585	10,146,961	8,603,664	8,338,531	8,583,577	8,713,796	8,499,414
Leisure Time Activities	468,158	601,949	538,424	514,178	452,003	362,824	364,636	383,732	463,194	377,420
Community Development	2,478,991	2,258,759	2,043,598	1,288,856	1,604,067	600,620	885,151	1,029,674	1,352,215	1,310,140
Transportation & Street Repair	2,603,908	1,693,198	2,801,135	2,335,807	3,077,816	2,630,672	2,473,363	2,754,010	3,035,008	2,191,630
Interest and Fiscal Charges	264,371	333,652	551,113	833,690	780,516	629,723	603,972	679,405	677,856	650,130
<b>Total Governmental Activities Expenses</b>	<b>16,953,026</b>	<b>17,158,538</b>	<b>18,370,551</b>	<b>16,992,714</b>	<b>19,565,306</b>	<b>16,000,433</b>	<b>14,898,061</b>	<b>16,492,853</b>	<b>17,452,382</b>	<b>16,249,448</b>
<b>Business-Type Activities:</b>										
Water	1,050,022	1,078,263	1,222,874	1,659,355	1,417,933	1,576,732	1,032,248	1,338,543	1,509,516	1,286,474
Sewer	883,254	854,856	933,622	1,063,804	1,012,659	986,256	771,290	982,998	977,308	968,372
Refuse	986,635	1,122,749	1,155,773	1,280,068	1,448,058	1,493,178	1,075,134	1,432,650	1,420,131	1,450,538
Stormwater	2,570	18,514	508,984	612,570	777,578	603,839	817,277	1,025,845	821,225	735,306
<b>Total Business-Type Activities Expenses</b>	<b>2,922,481</b>	<b>3,074,382</b>	<b>3,821,253</b>	<b>4,615,797</b>	<b>4,656,228</b>	<b>4,660,005</b>	<b>3,695,949</b>	<b>4,780,036</b>	<b>4,678,180</b>	<b>4,440,690</b>
<b>Total Primary Government Expenses</b>	<b>\$19,875,507</b>	<b>\$20,232,920</b>	<b>\$22,191,804</b>	<b>\$21,608,511</b>	<b>\$24,221,534</b>	<b>\$20,660,438</b>	<b>\$18,594,010</b>	<b>\$21,272,889</b>	<b>\$22,130,562</b>	<b>\$20,690,138</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$248,314	\$357,370	\$276,140	\$374,435	\$459,251	\$688,724	\$320,538	\$586,951	\$518,244	\$510,089
Public Safety	1,002,634	1,051,086	1,241,261	1,299,752	1,370,157	1,421,970	1,313,859	1,456,169	1,841,053	1,402,282
Leisure Time Activities	20,444	20,709	5,024	28,049	27,070	25,242	26,048	17,598	19,783	34,329
Community Development	268,738	398,139	170,698	97,669	71,059	85,627	105,285	95,490	136,821	178,106
Transportation and Street Repair	19,084	17,104	19,147	0	36,736	19,219	13,620	9,183	473	0
Interest and Fiscal Charges	0	24,312	27,217	55,457	0	0	0	0	0	0
Operating Grants and Contributions	1,980,059	1,738,257	2,148,982	2,143,830	3,323,285	2,512,349	1,385,532	1,722,345	1,431,386	1,733,156
Capital Grants and Contributions	841,261	2,188,017	1,050,263	550,503	2,279,206	1,832,990	1,444,975	1,465,441	1,769,666	416,073
<b>Total Governmental Activities Program Revenues</b>	<b>4,380,534</b>	<b>5,794,994</b>	<b>4,938,732</b>	<b>4,549,695</b>	<b>7,566,764</b>	<b>6,586,121</b>	<b>4,609,857</b>	<b>5,353,177</b>	<b>5,717,426</b>	<b>4,274,035</b>
<b>Business-Type Activities:</b>										
Charges for Services:										
Water	922,730	922,392	1,490,307	1,753,586	1,593,335	1,407,494	1,473,421	1,440,360	1,138,393	2,109,507
Sewer	876,218	894,980	924,526	897,670	984,239	962,845	1,134,721	1,034,511	842,995	1,439,045
Refuse	834,199	1,067,735	1,415,993	1,165,640	1,474,799	1,513,051	1,297,453	1,276,413	1,562,730	1,477,665
Stormwater	0	0	116,724	664,582	766,726	701,665	869,985	664,331	632,778	1,066,961
Capital Grants and Contributions	0	180,257	0	0	0	0	0	0	714,225	0
<b>Total Business-Type Activities Program Revenues</b>	<b>2,633,147</b>	<b>3,065,364</b>	<b>3,947,550</b>	<b>4,481,478</b>	<b>4,819,099</b>	<b>4,585,055</b>	<b>4,775,580</b>	<b>4,415,615</b>	<b>4,891,121</b>	<b>6,093,178</b>
<b>Total Primary Government Program Revenues</b>	<b>\$7,013,681</b>	<b>\$8,860,358</b>	<b>\$8,886,282</b>	<b>\$9,031,173</b>	<b>\$12,385,863</b>	<b>\$11,171,176</b>	<b>\$9,385,437</b>	<b>\$9,768,792</b>	<b>\$10,608,547</b>	<b>\$10,367,213</b>

City of Trotwood, Ohio  
Changes in Net Position  
Last Ten Calendar Years  
(accrual basis of accounting)  
Schedule 2 (Continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental Activities	(\$12,572,492)	(\$11,363,544)	(\$13,431,819)	(\$12,443,019)	(\$11,998,542)	(\$9,414,312)	(\$10,288,204)	(\$11,139,676)	(\$11,734,956)	(\$11,975,413)
Business-Type Activities	(289,334)	(9,018)	126,297	(134,319)	162,871	(74,950)	1,079,631	(364,421)	212,941	1,652,488
Total Primary Government Net Expenses	(\$12,861,826)	(\$11,372,562)	(\$13,305,522)	(\$12,577,338)	(\$11,835,671)	(\$9,489,262)	(\$9,208,573)	(\$11,504,097)	(\$11,522,015)	(\$10,322,925)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$5,640,632	\$5,899,378	\$5,500,282	\$5,088,924	\$5,058,111	\$4,785,979	\$5,298,769	\$5,040,411	\$4,911,790	\$5,666,888
Property Taxes Levied for:										
General Purposes	1,752,966	1,831,789	1,741,372	1,860,377	1,846,296	1,896,060	1,629,886	1,852,469	1,389,958	1,408,461
Special Revenue Purposes	2,758,703	3,101,473	2,512,531	2,816,738	2,842,302	2,422,963	3,383,798	3,451,260	2,405,539	2,920,096
Debt Service Purposes	127,239	176,348	145,086	164,829	163,110	140,976	222,216	77,662	106,780	115,023
Grants and Entitlements not Restricted	1,567,345	1,630,941	1,245,265	1,615,694	1,421,021	1,328,460	1,883,135	625,816	1,194,125	856,478
Revenue in Lieu of Taxes	170,064	188,685	201,886	213,029	320,584	243,735	285,209	266,173	314,945	1,796,840
Investment Earnings	43,794	103,728	300,610	261,499	78,738	5,950	2,765	1,628	1,985	1,339
Refunds & Reimbursements	0	344,726	0	0	0	0	0	0	0	0
Other Revenues	503,482	945,321	261,214	286,073	335,746	578,038	305,224	265,986	432,197	853,239
Transfers-Internal Activities	0	17,500	0	286,073	(680,840)	20,000	(7,077)	22,500	25,000	(450,747)
Total Governmental Activities	12,564,225	14,239,889	11,908,246	12,307,163	11,385,068	11,422,161	13,003,925	11,603,905	10,782,319	13,167,617
Business-type activities:										
Investment Earnings	1,258	2,471	3,063	7,086	6,362	1,166	867	550	1,102	627
Other Revenues	286,162	30	30	62	32	34	3,729	36	128	4,773
Transfers-Internal Activities	0	(17,500)	0	0	680,840	(20,000)	77,500	(22,500)	(25,000)	450,747
Total Business-Type Activities	287,420	(14,999)	3,093	7,148	687,234	(18,800)	82,096	(21,914)	(23,770)	456,147
Total Primary Government	\$12,851,645	\$14,224,890	\$11,911,339	\$12,314,311	\$12,072,302	\$11,403,361	\$13,086,021	\$11,581,991	\$10,758,549	\$13,623,764
Change in Net Position										
Governmental Activities	(\$8,267)	\$2,876,345	(\$1,523,573)	(\$135,856)	(\$613,474)	\$2,007,849	\$2,715,721	\$464,229	(\$952,637)	\$1,192,204
Business-Type Activities	(1,914)	(24,017)	129,390	(127,171)	850,105	(93,750)	1,161,727	(386,335)	189,171	2,108,635
Total Primary Government	(\$10,181)	\$2,852,328	(\$1,394,183)	(\$263,027)	\$236,631	\$1,914,099	\$3,877,448	\$77,894	(\$763,466)	\$3,300,839

Source: City Records

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City of Trotwood, Ohio  
Fund Balances, Governmental Funds  
Last Ten Calendar Years  
(modified accrual basis of accounting)  
Schedule 3

	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012	2013
<b>General Fund</b>										
Reserved	\$129,249	\$375,847	\$197,716	\$160,153	\$32,781	\$170,941	\$323,338	\$0	\$0	\$0
Unreserved	1,350,792	1,995,065	2,156,943	1,890,919	899,472	768,523	1,860,427	0	0	0
Assigned								327,879	678,551	269,342
Unassigned								1,372,066	183,290	435,828
<b>Total General Fund</b>	<b>1,480,041</b>	<b>2,370,912</b>	<b>2,354,659</b>	<b>2,051,072</b>	<b>932,253</b>	<b>939,464</b>	<b>2,183,765</b>	<b>1,699,945</b>	<b>861,841</b>	<b>705,170</b>
<b>All Other Governmental Funds</b>										
Reserved	1,510,001	1,570,182	3,319,992	356,958	621,121	2,712,223	2,492,175	0	0	0
Unreserved, Reported in:										
Special Revenue Funds	(102,390)	(105,092)	(482,482)	313,731	425,726	(1,373,686)	(1,172,862)	0	0	0
Debt Service Funds	78,043	104,474	144,237	67,189	75,507	68,819	4,656	0	0	0
Capital Projects Funds	(5,783,497)	(8,959,817)	(12,579,423)	(9,049,502)	(10,745,183)	(9,758,212)	(1,739,335)	0	0	0
Restricted								1,538,308	1,749,174	2,312,433
Unassigned								(2,321,494)	(2,132,793)	(2,372,170)
<b>Total all Other Governmental Funds</b>	<b>(\$4,297,843)</b>	<b>(\$7,390,253)</b>	<b>(\$9,597,676)</b>	<b>(\$8,311,624)</b>	<b>(\$9,622,829)</b>	<b>(\$8,350,856)</b>	<b>(\$415,366)</b>	<b>(\$783,186)</b>	<b>(\$383,619)</b>	<b>(\$59,737)</b>

Source: City Records

(1) - Prior year amounts have not been restated for the implementation of GASB Statement 54. The change in the classification of fund balance amounts in 2011 are discussed in the Notes to the Financial Statements.

City of Trotwood, Ohio  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Calendar Years  
 (modified accrual basis of accounting)  
 Schedule 4

	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$10,115,617	\$10,740,107	\$10,062,944	\$10,036,000	\$9,442,375	\$9,296,348	\$10,236,302	\$9,470,903	\$9,221,597	\$8,661,385
Fines, Licenses & Permits	342,430	480,358	677,621	575,306	616,859	481,668	548,145	727,987	992,612	655,933
Charges for Services	1,152,644	1,351,932	1,091,174	1,194,610	1,291,014	1,709,363	1,169,280	1,385,887	1,448,384	1,351,569
Investment Earnings	43,794	103,728	160,367	261,499	78,737	5,950	2,765	1,628	1,985	1,341
Intergovernmental	4,073,076	4,719,916	4,591,098	4,410,278	6,765,127	5,719,250	4,973,269	4,089,584	3,696,921	3,618,810
Special Assessments	85,086	69,630	153,553	90,415	56,400	49,752	61,125	47,361	75,378	117,304
Revenue in Lieu of Taxes	0	0	0	213,029	320,584	243,735	266,986	285,046	314,945	1,796,840
Other Revenues	622,598	1,382,456	412,626	279,887	335,746	578,037	305,223	261,485	432,196	853,237
<b>Total Revenues</b>	<b>\$16,435,245</b>	<b>\$18,848,127</b>	<b>\$17,149,383</b>	<b>\$17,061,024</b>	<b>\$18,906,842</b>	<b>\$18,084,103</b>	<b>\$17,563,095</b>	<b>\$16,269,881</b>	<b>\$16,184,018</b>	<b>\$17,056,419</b>
<b>Expenditures</b>										
Current:										
General Government	\$2,312,200	\$2,373,557	\$2,592,549	\$2,818,858	\$2,768,203	\$2,985,350	\$2,146,466	\$2,939,192	\$3,043,505	\$2,869,875
Public Safety	8,302,497	9,485,513	8,624,274	9,147,913	9,656,271	8,233,223	8,060,103	8,156,930	8,144,645	7,952,880
Leisure Time Activities	390,252	540,983	476,915	463,841	396,378	295,161	328,681	340,410	416,767	338,705
Community Development	1,727,732	2,289,567	1,632,056	1,255,235	1,598,660	588,409	883,977	1,027,674	1,351,751	1,296,813
Transportation and Street Repair	2,334,873	1,568,494	1,089,451	1,423,293	1,775,955	1,062,396	1,721,843	1,797,058	1,639,448	1,370,506
Capital Outlay	5,778,866	4,858,385	4,175,627	4,827,180	3,508,994	2,505,113	3,596,228	1,341,925	2,465,112	1,295,827
Debt Service										
Principal	422,402	244,466	369,207	340,423	492,860	520,366	862,114	843,569	902,503	1,101,506
Interest	210,017	272,846	504,498	861,877	858,384	636,247	568,610	697,263	690,605	678,188
Bond Issuance Costs	0	0	0	0	0	0	240,650	0	0	0
<b>Total Expenditures</b>	<b>\$21,478,839</b>	<b>\$21,633,811</b>	<b>\$19,464,577</b>	<b>\$21,138,620</b>	<b>\$21,055,705</b>	<b>\$16,826,265</b>	<b>\$18,408,672</b>	<b>\$17,144,021</b>	<b>\$18,654,336</b>	<b>\$16,904,300</b>

Source: City Records

City of Trotwood, Ohio  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Calendar Years  
 (modified accrual basis of accounting)  
 Schedule 4 (Continued)

	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Excess of revenues over (under) expenditures	(\$5,043,594)	(\$2,785,684)	(\$2,315,194)	(\$4,077,596)	(\$2,148,863)	\$1,257,838	(\$845,577)	(\$874,140)	(\$2,470,318)	\$152,119
Other Financing Sources (Uses)										
Proceeds From Sale of Capital Assets	\$65,389	\$61,774	\$7,858	\$1,633	\$399,679	\$1,346	\$74,838	\$0	\$0	\$15,092
Issuance of Long-Term Capital-Related Debt	0	0	0	5,015,000	0	0	8,000,000	0	1,831,724	0
Premium on Bonds Sold	0	0	0	0	0	0	444,147	0	0	0
Inception of Capital Lease	37,400	471,298	108,696	119,328	0	0	1,583,883	0	232,257	0
Transfers In	664,100	62,500	25,000	551,000	386,750	531,000	22,500	258,410	744,800	187,000
Transfers (Out)	(664,100)	(45,000)	(25,000)	(551,000)	(1,067,590)	(511,000)	(100,000)	(235,910)	(777,000)	(187,000)
Total Other Financing Sources (Uses)	102,789	550,572	116,554	5,135,961	(281,161)	21,346	10,025,368	22,500	2,031,781	15,092
Net Change in Fund Balances	(\$4,940,805)	(\$2,235,112)	(\$2,198,640)	\$1,058,365	(\$2,430,024)	\$1,279,184	\$9,179,791	(\$851,640)	(\$438,537)	\$167,211
Debt service as a percentage of noncapital expenditures	3.8%	3.3%	5.1%	7.5%	7.4%	7.7%	9.8%	9.6%	9.7%	11.0%

Source: City Records

City of Trotwood, Ohio  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Calendar Years  
 Schedule 5

Calendar Year	Real Property Assessed Value	Tangible Personal Property and Utilities Personal Assessed Value	Total Assessed Value	Total Estimated Actual Value	Total Direct Rate
2004	\$290,157,130	\$32,003,608	\$322,160,738	\$920,459,251	17.39
2005 (1)	290,127,620	30,158,312	320,285,932	915,102,663	17.39
2006 (1)	320,939,050	24,675,433	345,614,483	1,003,565,161	17.39
2007 (1)	329,508,630	21,887,257	351,395,887	1,054,046,213	17.39
2008 (1)	329,072,430	16,603,522	345,675,952	1,083,409,574	17.39
2009 (1)	327,506,030	10,757,430	338,263,460	975,075,555	16.65
2010 (1)	318,888,480	9,317,140	328,205,620	939,390,777	19.65
2011 (1)	313,729,310	9,477,670	323,206,980	905,847,127	19.65
2012 (1)	262,916,010	9,738,930	272,654,940	776,199,943	19.65
2013 (1)	256,295,220	10,405,180	266,700,400	758,994,451	19.65

Source: County Auditor

(1) - Both Tangible Personal Property and Public Utility Personal Property are expected to further decrease over the next three years due to a change made by the State of Ohio in its tax structure. Currently the State is reimbursing the City for these lost revenues and plans to reimburse 100% of these losses through 2010 at which time the reimbursement is expected to be reduced until 2017.

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed.

City of Trotwood, Ohio  
Special Assessment Billings and Collections  
Last Ten Calendar Years  
Schedule 6

Calendar Year	Current Assessments Due	Current Assessment Collections	Percent of Current Assesments Collected	Delinquent Assessment Collections (2)	Total Assessment Collections	Ratio of Total Collections to Current	Outstanding Delinquent Assessments (1)	Ratio of Delinquent Assessments to Current Due
2004	\$567,231	N/A	N/A	N/A	\$402,911	71.03%	\$745,556	131.44%
2005	491,739	\$479,111	97.43%	\$12,628	491,739	100.00%	424,402	86.31%
2006	728,663	532,532	73.08%	196,131	728,663	100.00%	421,174	57.80%
2007	523,130	408,702	78.13%	112,673	521,375	99.66%	429,156	82.04%
2008	748,345	569,480	76.10%	81,666	651,146	87.01%	590,314	78.88%
2009	1,150,732	768,811	66.81%	114,711	883,522	76.78%	929,888	80.81%
2010	920,708	717,180	77.89%	121,217	838,397	91.06%	1,376,386	149.49%
2011	928,696	821,525	88.46%	0	821,525	88.46%	1,362,665	146.73%
2012	2,092,939	411,889	19.68%	0	411,889	19.68%	1,801,083	86.06%
2013	3,447,738	741,474	21.51%	521,171	1,262,646	36.62%	2,620,297	76.00%

Source: County Auditor

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

(2) - Delinquent Collections by levy year are not available. Only Delinquent Collections by collection year are available and presented.

N/A - Information not available



City of Trotwood, Ohio  
 Direct and Overlapping Property Tax Rates  
 Last Ten Calendar Years  
 Schedule 7

Calendar Year	Direct Rates					Overlapping Rates				
	General Fund	Inside Bond	Fire Fund	Street Fund	Ambulance and EMS	Total Direct Rate	Miami Valley		Dayton-	
							Career Technology Center	Montgomery County Library	Montgomery County	
2004	6.85	0.50	6.30	1.74	2.00	17.39	60.85	2.58	0.26	18.24
2005	6.85	0.50	6.30	1.74	2.00	17.39	60.70	2.58	1.25	18.24
2006	6.85	0.50	6.30	1.74	2.00	17.39	60.06	2.58	1.25	18.24
2007	6.85	0.50	6.30	1.74	2.00	17.39	60.06	2.58	1.25	18.24
2008	6.85	0.50	6.30	1.74	2.00	17.39	60.06	2.58	1.25	20.24
2009	6.85	0.50	6.30	1.00	2.00	16.65	60.06	2.58	1.25	20.94
2010	6.85	0.50	8.30	2.00	2.00	19.65	60.06	2.58	1.75	20.94
2011	6.85	0.50	8.30	2.00	2.00	19.65	60.06	2.58	1.75	20.94
2012	6.85	0.50	8.30	2.00	2.00	19.65	60.06	2.58	1.75	20.94
2013	6.85	0.50	8.30	2.00	2.00	19.65	60.06	2.58	3.31	20.94

Source: County Auditor

Note: Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

City of Trotwood, Ohio  
Principal Property Tax Payers  
Current Year and Ten Years Ago  
Schedule 8

Taxpayer	2013	
	Assessed Value	Percentage of Total Assessed Value
Dayton Power and Light Co	\$9,595,920	3.60%
Dayton Healthcare	4,215,900	1.58%
Shilo Apartments Limited	2,301,370	0.86%
Woodland Hills Associates	2,273,920	0.85%
Shiloh Springs, LP	2,042,280	0.77%
Vectren Energy Delivery of Ohio, Inc.	1,986,190	0.74%
Maria Joseph Properties, LLC	1,817,120	0.68%
Westbrooke Village	1,815,810	0.68%
Garrison Central II	1,805,580	0.68%
Lowe's Home Centers, Inc.	1,586,440	0.59%
Total Principal Property Tax Payers	<u>\$29,440,530</u>	<u>11.03%</u>

Taxpayer	2004	
	Assessed Value	Percentage of Total Assessed Value
Dayton Power & Light Company	\$6,532,920	2.03%
Bradley Operating Company	4,689,730	1.46%
Lowe's Companies, Inc.	4,127,720	1.28%
Verizon (GTE)	3,251,130	1.01%
Castlebrook Capital Company	2,940,200	0.91%
Home Depot USA Inc.	2,386,120	0.74%
Sears Roebuck & Co.	2,352,820	0.73%
Tramlaw LLC	2,112,990	0.66%
Kmart Corporation	2,077,080	0.64%
Belle Meadows	1,912,930	0.59%
Total Principal Property Tax Payers	<u>\$32,383,640</u>	<u>10.05%</u>

Source: County Auditor

City of Trotwood, Ohio  
Property Tax Levies and Collections  
Last Ten Calendar Years  
Schedule 9

Calendar Year	Taxes Levied for the Calendar Year (1)	Collected within the Calendar Year of the Levy		Delinquent Levied in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy		Amount	Percentage of Levy
2004	\$5,132,762	\$4,687,779	91.33%	\$410,790	\$5,098,569	99.33%
2005	5,115,982	4,687,404	91.62%	428,578	5,115,982	100.00%
2006	5,102,486	4,698,677	92.09%	403,809	5,102,486	100.00%
2007	5,198,756	4,756,627	91.50%	442,129	5,198,756	100.00%
2008	5,114,181	4,473,466	87.47%	381,246	4,854,712	94.93%
2009	4,825,545	4,118,788	85.35%	397,166	4,515,954	93.58%
2010	5,798,953	5,191,344	89.52%	447,938	5,639,282	97.25%
2011	5,768,525	5,168,579	89.60%	216,908	5,385,487	93.36%
2012	5,213,861	4,682,117	89.80%	434,140	5,116,257	98.13%
2013	5,108,189	4,554,602	89.16%	137,026	4,691,628	91.85%

Source: County Auditor

- (1) - Taxes levied and collected are presented on a cash basis.
- (2) - State reimbursements of rollback and homestead exemptions are included.

City of Trotwood  
Income Tax Collections  
Last Ten Calendar Years  
(cash basis of accounting)  
Schedule 10

Calendar Year	Tax Rate	Withholding Collections	Non-Withholding Collections	Gross Collections	Refunds	Net Collections
2004	2.25%	\$4,249,749	\$956,303	\$5,206,052	\$102,219	\$5,103,833
2005	2.25%	4,267,281	1,191,652	5,458,933	89,570	5,369,363
2006	2.25%	4,098,072	1,114,668	5,212,740	71,309	5,141,431
2007	2.25%	4,261,915	996,216	5,258,131	101,262	5,156,869
2008	2.25%	3,900,691	1,038,996	4,939,687	106,836	4,832,851
2009	2.25%	3,849,645	1,058,833	4,908,478	87,154	4,821,324
2010	2.25%	3,982,157	1,209,641	5,191,798	65,756	5,126,042
2011	2.25%	3,691,940	1,017,084	4,709,024	78,830	4,630,194
2012	2.25%	3,902,259	1,040,093	4,942,352	63,438	4,878,914
2013	2.25%	3,696,030	1,078,265	4,774,295	53,113	4,721,182

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

City of Trotwood  
Principal Income Taxpayers  
Current Year  
(cash basis of accounting)  
Schedule 11

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Note: Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

City of Trotwood, Ohio  
Ratios of Outstanding Debt by Type  
Last Ten Calendar Years  
Schedule 12

Calendar Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Anticipation Notes	Capital Leases	General Obligation Bonds (1)	Loans	Bond Anticipation Notes			
2004	\$3,645,000	\$5,945,000	\$284,602	\$0	\$36,876	\$225,000	\$22,003	0.06%	\$320
2005	3,490,000	8,730,000	666,434	0	32,066	200,000	11,303	0.07%	404
2006	3,330,000	12,085,000	570,923	0	27,111	175,000	0	0.09%	471
2007	8,170,000	8,710,000	519,828	0	22,007	150,000	0	0.09%	498
2008	7,850,000	10,060,000	346,968	0	16,748	125,000	0	0.10%	514
2009	7,490,000	10,060,000	186,602	0	14,059	100,000	0	0.09%	507
2010	15,564,706	1,905,000	1,273,371	0	8,560	0	0	0.10%	519
2011	15,026,940	1,905,000	949,802	0	2,983	0	0	0.09%	475
2012	15,642,581	1,905,000	874,556	603,317	308,636	255,000	0	0.09%	492
2013	14,915,112	1,870,000	482,753	575,692	912,081	255,000	0	N/A	N/A

Source: City Records

(1) - A portion of the General Obligation Bonds were reclassified in 2012.

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

N/A - Information not available due to a lag in data availability

City of Trotwood, Ohio  
Ratios of General Bonded Debt Outstanding  
Last Ten Calendar Years  
Schedule 13

Calendar Year	General Bonded Debt Outstanding Total General Obligation Bonds	Debt Service Fund Balance (2)	General Bonded Debt Outstanding Net General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2004	\$3,645,000	\$78,043	\$3,723,043	0.40%	\$117
2005	3,490,000	124,039	3,614,039	0.39%	111
2006	3,330,000	213,752	3,543,752	0.35%	103
2007	8,170,000	67,189	8,237,189	0.78%	233
2008	7,850,000	75,507	7,925,507	0.73%	221
2009	7,490,000	68,819	7,558,819	0.78%	215
2010	15,125,000	4,656	15,129,656	1.61%	419
2011	14,605,000	0	14,605,000	1.61%	388
2012	16,245,898	95	15,841,819	2.04%	398
2013	15,490,804	186,306	15,677,110	2.07%	N/A

Source: City Records

(1) - In 2003 the City issued \$3,790,000 in General Obligation Bonds, which included advance refunding the remaining \$610,000 balance in Special Assessment Bonds into General Obligation Bonds

(2) - If Debt Service Fund Balance is negative, amount will be \$0

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

City of Trotwood, Ohio  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2013  
Schedule 14

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Trotwood
Montgomery County	\$1,220,000	2.85%	\$34,770
Dayton City School District	186,744,989	2.90%	5,415,605
Northmont City School District	53,986,703	0.43%	232,143
Trotwood-Madison City School District	29,615,422	92.83%	27,491,996
Brookville Local School District	18,009,978	0.58%	104,458
New Lebanon Local School District	2,550,000	2.06%	52,530
Miami Valley Career Center Joint Vocational School District	6,390,000	3.36%	214,704
Dayton Metro Library District Miscellaneous	179,650,000	3.72%	6,682,980
Subtotal Overlapping Debt	478,167,092		40,229,186
City of Trotwood - Direct Debt	17,267,865	100.00%	17,267,865
Total Direct and Overlapping Debt	\$495,434,957		\$57,497,051

Source: Ohio Municipal Advisory Council

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government.



Legal Debt Margin Calculation for Calendar Year 2013

Assessed Value	\$266,700,400	\$266,700,400
Statutory Legal Debt Limitation (1)	10.5%	5.5%
Total Debt Limitation	28,003,542	14,668,522
Debt Applicable to Limit:		
Gross Indebtedness	13,766,408	13,766,408
Less: Debt Retirement Fund Balance	186,306	186,306
Total Net Debt Applicable to Limit	13,580,102	13,580,102
Legal Debt Margin	\$14,423,440	\$1,088,420

Calendar Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Debt Limit (1)										
Debt Limit (10.5%)	\$33,826,877	\$33,630,023	\$36,289,521	\$36,896,568	\$36,295,975	\$35,517,663	\$34,461,590	\$33,936,733	\$28,628,769	\$28,003,542
Total Net Debt Applicable to Limit	9,815,000	12,420,000	15,944,512	12,489,646	13,308,209	12,766,842	13,292,275	12,447,785	14,169,821	13,580,102
Legal Debt Margin	\$24,011,877	\$21,210,023	\$20,345,009	\$24,406,922	\$22,987,766	\$22,750,821	\$21,169,315	\$21,488,948	\$14,458,948	\$14,423,440

Total Net Debt Applicable to the Limit  
 as a Percentage of Debt Limit

	29.0%	36.9%	43.9%	33.9%	36.7%	35.9%	38.6%	36.7%	49.5%	48.5%
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Calendar Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$17,718,841	\$17,615,726	\$19,008,797	\$19,326,774	\$19,012,177	\$18,604,490	\$18,051,309	\$17,776,384	\$14,996,022	\$14,668,522
Total Net Debt Applicable to Limit	9,815,000	12,420,000	15,944,512	12,489,646	13,308,209	12,766,842	13,292,275	12,447,785	14,169,821	13,580,102
Legal Debt Margin	\$7,903,841	\$5,195,726	\$3,064,285	\$6,837,128	\$5,703,968	\$5,837,648	\$4,759,034	\$5,328,599	\$826,201	\$1,088,420

Total Net Debt Applicable to the Limit  
 as a Percentage of Debt Limit

	55.4%	70.5%	83.9%	64.6%	70.0%	68.6%	73.6%	70.0%	94.5%	92.6%
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Source: City Records

(1) - Direct debt limitation based upon Section 133, the Uniform Bond Act of the Ohio Revised Code. Total debt limit should not exceed 10.5% of net assessed property value.  
 Total unvoted debt limit should not exceed 5.5% of net assessed property value.

City of Trotwood, Ohio  
Pledged-Revenue Coverage  
Last Ten Calendar Years  
Schedule 16

Calendar Year	Special Assessment Bonds				Coverage
	Special Assessment Collections (1)	Debt Service			
		Principal	Interest		
2004	\$1,462	\$0	\$0	0.0000	
2005	1,294	0	0	0.0000	
2006	0	0	0	0.0000	
2007	0	0	0	0.0000	
2008	0	0	0	0.0000	
2009	0	0	0	0.0000	
2010	0	0	0	0.0000	
2011	0	0	0	0.0000	
2012	0	0	0	0.0000	
2013	0	0	0	0.0000	

Source: City Records

(1) - Only includes special assessment collections in Fund 301

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

City of Trotwood, Ohio  
 Demographic and Economic Statistics - Montgomery County  
 Last Ten Calendar Years  
 Schedule 17

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2004	27,420	\$17,461,179	\$31,773	6.20%
2005	27,420	17,717,911	32,520	6.40%
2006	27,420	18,606,241	34,387	6.00%
2007	27,420	18,996,515	35,301	6.20%
2008	27,420	19,161,715	35,823	7.40%
2009	27,420	18,829,675	35,176	11.40%
2010	27,431	19,347,596	36,108	10.10%
2011	27,431	20,258,807	37,684	8.60%
2012	27,431	21,263,616	39,795	7.00%
2013	27,431	N/A	N/A	7.50%

- Sources:
- (1) - Population estimates provided by U.S. Census Bureau (2000 Census for years 2003 - 2009 and 2010 Census for years 2010 - 2012)
  - (2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts
  - (3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional EconomicAccounts
  - (4) - Ohio Department of Job and Family Services for Montgomery County

N/A - Information not available due to a lag in data availability

City of Trotwood, Ohio  
 Major Employers (1)  
 Current Fiscal Year and Four Fiscal Years Ago (2)  
 Schedule 18

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2013	
Major Employers (3)	Type (4)
AES Corp./Dayton Power & Light Co.	Utility
Behr Dayton Thermal Products, LLC	Mfg
Dayton City Schools	Govt
DMAX Ltd.	Mfg
GE Capital	Fin
Green Tokai CO	Mfg
Kettering Health Network	Serv
PNC Financial Services Group	Fin
Premier Health Partners, Inc.	Serv
Reed Elsevier LexisNexis	Serv
Reynolds & Reynolds Co., Inc.	Mfg
University of Dayton	Serv
U.S. Federal Government	Govt

2009	
Major Employers (3)	Type (4)
Behr Dayton Thermal Products, LLC	Mfg
Dayton City Board of Education	Govt
DPL, Inc./Dayton Power & Light Co.	Util
General Motors Corp.	Mfg
Kettering Medical Center	Health
NCR Corp.	Mfg
Premier Health Partners, Inc.	Health
Reed Elsevier LexisNexis	Pub
Reynolds & Reynolds Co., Inc.	Mfg
University of Dayton	Edu
U.S. Federal Government	Govt

Source: Ohio Department of Development

- (1) - For all of Montgomery County
- (2) - Only current fiscal year and fiscal period three years ago information available
- (3) - In alphabetical order only
- (4) - Number of employees and percentage of population employed not available

City of Trotwood, Ohio  
 Full-Time Equivalent City Government Employees by Function/Program  
 Last Ten Calendar Years  
 Schedule 19

Function/Program	Full-Time Equivalent Employees as of December 31									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
City Administration	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.5	3.5
City Council	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Buildings and Grounds	1.0	1.0	1.0	1.0	0.5	0.0	0.0	0.0	0.0	0.0
Finance	8.0	9.3	9.4	9.4	8.7	8.0	8.0	8.8	8.8	8.8
Fleet Maintenance	2.1	2.1	2.1	2.1	2.1	2.1	2.1	0.0	3.0	3.0
Public Safety										
Police										
Officers	51.0	49.0	47.0	45.3	41.3	34.0	33.0	35.0	34.0	34.0
Non-Sworn	5.0	5.0	5.0	5.0	4.5	3.0	4.0	4.0	4.0	4.0
Fire	54.9	54.9	45.6	42.7	47.5	47.2	42.0	41.0	52.0	40.3
Leisure Time Activities										
Cemeteries	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Parks and recreation	7.2	5.4	5.4	6.9	3.9	4.2	3.3	2.0	1.0	1.0
Community Development										
Planning and Zoning	6.0	6.0	4.3	4.0	3.3	3.0	3.0	2.5	2.0	2.0
Building Inspection/Code Enforcement	1.3	1.3	1.3	4.3	2.8	3.0	3.0	3.0	3.6	3.0
Economic Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic Utility Service										
Water	2.7	2.7	2.7	2.7	2.7	2.7	1.7	1.7	1.2	1.2
Sanitary Sewers	2.7	2.7	2.7	2.7	2.7	2.7	1.7	1.7	1.2	1.2
Refuse Collection	0.0	0.5	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Transportation and Street Repair	10.4	9.0	9.6	7.7	6.9	6.9	6.5	6.5	6.5	6.5
<b>Total</b>	<b>161.2</b>	<b>157.7</b>	<b>145.7</b>	<b>143.4</b>	<b>136.4</b>	<b>125.4</b>	<b>116.9</b>	<b>114.8</b>	<b>126.4</b>	<b>114.1</b>

Source: Various City Departments

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City of Trotwood, Ohio  
 Operating Indicators by Function/Program  
 Last Ten Calendar Years  
 Schedule 20

Function/Program	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Building permits issued	154	239	71	40	41	43	37	37	43	37
Zoning permits issued	N/A	106	116	108	95	126	99	121	146	95
Checks issued	3,983	3,775	3,544	3,431	3,411	3,122	2,835	2,666	2,631	2,393
Ordinances adopted	30	45	39	30	48	29	15	13	29	95
Resolutions adopted	117	95	94	75	94	91	88	87	73	14
Police										
Calls for service	36,782	35,143	32,049	34,982	35,227	33,161	31,617	32,599	30,288	30,987
Cases assigned	1,303	1,094	1,078	1,408	1,219	854	1,255	1,371	1,316	1,205
Suspects charged	359	406	314	421	306	274	260	362	247	194
Percent cases closed by arrest	0	37%	29%	30%	25%	32%	21%	26%	19%	16%
Traffic accidents	N/A	544	479	389	406	401	364	358	378	366
Traffic stops	4,047	3,744	2,779	4,463	3,903	4,306	3,236	3,353	2,409	2,980
Fire										
Calls for service	962	1,050	1,054	1,181	1,405	1,052	1,362	1,324	1,200	1,342
Average response time (minutes)	6.6	6.3	7.3	7.5	7.3	6.9	6.3	6.5	6.5	6.4
Average calls per day	2.6	2.9	2.9	3.2	3.8	2.8	3.7	3.6	3.3	3.7
Average call duration (minutes)	62	60	97	94.3	98.4	76.2	68.0	0.0	53.9	114.2
EMS										
Calls for service	3,739	3,789	3,743	4,202	4,361	3,864	4,200	4,245	4,440	4,572
Average response time (minutes)	6.0	6.0	6.2	6.1	6.3	6.2	6.6	5.9	5.2	5.9
Average calls per day	10.2	10.4	10.3	11.5	12.5	10.5	11.5	11.6	12.2	12.5
Average call duration (minutes)	62	60	60	62	60	58	71	0	67	72

Source: Various City Departments

N/A - Information not available

City of Trotwood, Ohio  
 Operating Indicators by Function/Program  
 Last Ten Calendar Years  
 Schedule 20 (Continued)

Function/Program	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Works										
Street resurfacing (square yards)	N/A	N/A	47,585	50,022	50,000	0	123,200	0	93,848	25,500
Potholes repaired	N/A	N/A	1,500	3,800	7,200	8,000	9,000	9,000	9,000	9,000
Street cleaning (lane miles)	N/A	N/A	1,640	1,640	500	480	500	500	500	250
Street striping (miles)	N/A	N/A	12	20	10	20	10	20	20	12
Parks and recreation										
Shelter rentals	N/A	64	63	80	102	80	37	36	48	49
Pavilion rentals	N/A	23	11	21	16	9	2	0	2	2
Water										
Water main breaks	N/A	N/A	17	13	15	13	15	11	18	20
Wastewater										
Sewer main cleaning (miles)	N/A	N/A	10	10.0	12.0	10.0	12.0	12.0	11.0	12.0

Source: Various City Departments

N/A - Information not available



City of Trotwood, Ohio  
 Capital Asset Statistics by Function/Program  
 Last Ten Calendar Years  
 Schedule 21

Function/Program	Calendar Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (lane-miles)	362	362	362	362	411	411	411	411	411	411
Streetlights	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285	1,285
Traffic signaled intersections	41	41	41	41	41	41	41	41	41	41
Parks and Recreation										
Community centers	0	0	0	0	0	0	0	0	0	0
Number of Parks	9	7	7	7	7	7	7	7	7	7
Acreage	169	150	150	150	150	150	150	150	150	150
Swimming pools	0	0	0	0	0	0	0	0	0	0
Utilities										
Water Mains (miles)	38	38	38	38	38	38	38	38	38	38
Fire hydrants	1,096	1,096	1,096	1,096	1,096	1,096	1,096	1,096	1,096	1,225
Storm Sewers (miles)	39	39	39	39	40	40	40	40	40	40
Sanitary Sewers (miles)	31	31	31	31	32	32	32	32	32	32

Source: Various City Departments

N/A - Information not available

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Dave Yost • Auditor of State



**CITY OF TROTWOOD  
MONTGOMERY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards.....	1
Schedule of Findings.....	3
Schedule of Prior Audit Findings.....	8

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# Dave Yost • Auditor of State

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

City of Trotwood  
Montgomery County  
3035 Olive Road  
Trotwood, Ohio 45426

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Trotwood, Montgomery County, Ohio, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2014. We noted the City of Trotwood adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 65, "*Items Previously Reported as Assets and Liabilities*".

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-005 through 2013-007 described in the accompanying schedule of findings to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 through 2013-004.

***Entity's Response to Findings***

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 30, 2014



CITY OF TROTWOOD  
MONTGOMERY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013

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

FINDING NUMBER 2013-001

**Noncompliance Citation**

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the Finance Director can certify that both at the time that the contract or order was made ("then"), and at the time that the Finance Director is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Finance Director without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.
2. **Blanket Certificate** – The Finance Director may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The City may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Of 43 expenditures tested the Finance Director did not certify 19 (44%) at the time the commitment was incurred. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. The City did not utilize Then & Now Certificates.

**FINDING NUMBER 2013-001  
 (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, we recommend that the Finance Director certify that the funds are or will be available prior to obligation by the City. When prior certification is not possible, "then and now" certification should be used.

We recommend the City certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Finance Director should sign the certification at the time the City incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Finance Director should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Officials' Response:** The Finance Director will create and use the "Then and Now" Certificate. Also the Finance Director will provide more in depth training on purchasing procedures and policies to all of the employees.

**FINDING NUMBER 2013-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance. The following fund balances were negative per review of the quarterly MTD/YTD fund reports:

<b>Fund</b>	<b>Month End</b>	<b>Fund Balance</b>
444 Salem Mall Tax Increment	March	\$1,933,583
444 Salem Mall Tax Increment	June	164,642
250 Fire Protection Fund	December	138,823

The City should monitor fund balances to ensure that expenditures are made within appropriated levels of available funds and if negative fund balances are anticipated, the City Council should make an approved transfer or advance of funds to cover the necessary expenditure.

**Officials' Response:** The negative fund balance for F444 at the end of month for March was due to the proceeds from the sale of a Bond Anticipation Note not posted by month's end. The money was wired and in our bank account, however the receipt of funds wasn't posted to the revenue account until the first of the following month.

The negative fund balance for F444 at the end of month for June was covered by the General Fund until the next settlement of property taxes was received from the County Auditor.

The negative fund balance for F250 at year end was not contemplated at the time of our year end appropriation amendment. The City recognizing that the current level of revenues generated from the existing levies would sustain the operations of this department, did place a 4.15 MIL levy on the ballot in November of 2013 to address this issue. The voters did approve the levy.

### FINDING NUMBER 2013-003

#### Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The following funds had appropriations in excess of estimated resources:

<u>Fund</u>	<u>Appropriation</u>	<u>Estimated Resources</u>	<u>Variance</u>
Fire Levy	\$2,458,550	\$2,263,307	\$195,243
Salem Mall Tax Increment	2,534,131	2,483,014	51,117

Failure to limit appropriations can lead to over spending and negative fund balances. A lack of funds can lead to the City being unable to meet its financial obligations.

We recommend the City ensure that estimated resources are sufficient to cover appropriations at the time of certification or amendment.

**Officials' Response:** The City's practice has been to estimate conservatively based on limited resources which cause these variances. The City will ensure that the estimated resources are sufficient to cover appropriations at the time of certification and/or amendment.

### FINDING NUMBER 2013-004

#### Noncompliance Citation

**Ohio Admin. Code Section 117-2-02(C)(1)** states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Appropriations for the Salem Mall Tax Increment Fund were not accurately posted to the financial accounting system at December 31, 2013. Approved appropriations were \$2,534,131 and appropriations per the system were \$2,478,104 for a variance of \$56,027.

Failure to properly post appropriations can result in an inability to monitor unrealized budgetary uncommitted balances of appropriations timely and accurately.

We recommend the City accurately post appropriations and estimated receipts to the financial accounting system.

**Officials' Response:** The City will monitor more closely to accurately post appropriations and estimated receipts to the financial accounting system.

### FINDING NUMBER 2013-005

#### Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

**FINDING NUMBER 2013-005  
 (Continued)**

The City did not properly report special assessments receivable in the financial statements as noted by the following:

<b>Fund</b>	<b>Original Special Assessments</b>	<b>Audited Special Assessments</b>	<b>Variance</b>
General	\$294,615	\$289,382	(\$5,233)
Curb/Gutter/Sidewalk Assessment Fund	3,386	3,394	8
Water	219,897	220,157	260
Sewer	118,564	138,443	19,879
Trash	479,232	500,493	21,261
Storm	210,161	255,908	45,747

Adjustments were posted to the accompanying financial statements.

Failure to properly report financial activity can result in inaccurate financial statements. To improve record keeping and accountability of financial activity we recommend that the City properly report all financial activity.

The City of Trotwood should develop review procedures over the reporting of the City's financial activity.

**Officials' Response:** The City will develop review procedures for the reporting of the City's financial activity.

**FINDING NUMBER 2013-006**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The City lacks management oversight in the posting of the following financial transaction: The Industrial Park Fund reimbursed funds for the repayment of prior year's debt a total of \$1,027,740. Of the \$1,027,740, the General Fund was reimbursed \$828,740. This transaction was erroneously posted as a negative Revenue in Lieu of Taxes receipt in the Industrial Park Fund instead of General Government and as Other Revenue in the General Fund instead of a negative General Government expenditure.

Adjustments were posted to the financial statements to correct the above misclassifications.

The lack of proper management oversight could result in material misstatements relating to financial data. To improve record keeping and accountability of receipts and expenditures we recommend that all activity be posted properly.

**Officials' Response:** The City will review the GAAP preparer's posting to insure the correct classification. This repayment of prior year's debt is a one-time posting. The repayment was initiated after receiving a multi-year settlement related to the Industrial Park TIF.

### FINDING NUMBER 2013-007

#### Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The City's GAAP converter erroneously posted the following transactions to the financial statements:

- Increase in principal payments and increase Transfers In in the amount of \$27,520 in the General Fund for payment of the 2003 and 2010 Various Purpose Bonds.
- Decrease in principal payments and increase in Transfers Out in the amount of \$15,020 in the Water Fund in regards to the 2003 and 2010 Various Purpose Bonds.
- Decrease in principal payments and increase in Transfers Out in the amount of \$12,500 in the Sewer Fund in regards to the 2003 Various Purpose Bonds.
- Understated Net Investment in Capital Assets and overstated Unrestricted Net Position in the Governmental Activities due to including the premium on bonds in the Net Investment in Capital Assets calculation.
- Debt proceeds and interest expense in the Salem Mall Tax Increment Fund were understated by \$4,196.
- The 2003 and 2010 Various Purpose Bonds were erroneously recorded as Governmental Activities only, instead of recording a portion of the debt as Business-Type Activities. The portion of the ending balance that should have been recorded as Business-Type Activities is \$575,692.

Posting incorrect financial activity could result in material misstatements relating to financial data. We recommend the City review the financial statements to ensure all financial activity is posted properly.

**Officials' Response:** The City will review the financial statements to ensure all financial activity is posted properly.

**CITY OF TROTWOOD  
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-1	Unrecorded Capital Assets and Long-Term Liabilities; Misstatements in Schedule of Expenditures of Federal Awards	Yes	
2012-2	Ohio Rev. Code Section 5705.39, appropriations exceeding estimated resources.	No	Not Corrected - Reissued as Finding Number 2013-003



# Dave Yost • Auditor of State

**CITY OF TROTWOOD**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 29, 2014**