

City of Moraine, Ohio

Comprehensive Annual Financial Report



For the Year Ended
December 31, 2010

INTRODUCTORY SECTION

CITY OF MORaine, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

Issued by:
Finance Department

Jennifer A. Arp
Acting Finance Director

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CITY OF MORAINÉ, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

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The seal of the City of Moraine, Ohio, is a circular emblem. It features a central shield with a sun rising over a river, flanked by two sheaves of wheat. The shield is surrounded by a ring containing the text "CITY OF MORaine, OHIO" at the top and "PROGRESS THROUGH FAITH" at the bottom. The year "1964" is also visible.

City of Moraine

Finance Department

June 24, 2011

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

The Comprehensive Annual Financial Report of the City of Moraine, Ohio, for the fiscal year ended December 31, 2010, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

City Profile

The City provides the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services. This report includes all the funds of the City of Moraine and all of its component units, which make up the financial reporting entity for the City. Component units are legally separate entities for which the City is financially responsible. At December 31, 2010 the City had no component units.

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

HISTORY AND BACKGROUND

Moraine is located in the heart of the Miami Valley, to the southwest of the Dayton, Ohio metropolitan area. Though the region has been predominantly dependent upon manufacturing, automobile manufacturing most recently, the area is now trending towards a diversification of industries. The City currently occupies a land area of approximately 9.5 square miles, maintains 54 miles of road and serves a population of 6,307.

In February 1953, residents voted to detach from the Village of Kettering and formed the Township of Moraine. The Township grew to Village status in July, 1957 and on May 12, 1965, had the distinction of attaining the status of a full-fledged City. The original City Charter was presented in 1966 and at that time a Home Rule Charter was adopted along with the Council-Manager form of city government. Under this form of government, policy-making and legislative authority are vested in an elected council consisting of the Mayor and six council members. Four of the council members are elected based upon geographic wards and the remaining two are elected on a non-partisan basis, meaning they represent the entire City rather than specific geographical areas within the City's boundaries. The Mayor is elected separately on a non-partisan basis. The Mayor and City Council are responsible for passing resolutions and ordinances, adopting and amending the capital and operating budgets and for appointing various committee members. The City Manager of Moraine is charged with carrying out the policies and ordinances of City Council, overseeing day-to-day operations of the City and for appointing the department heads, with general responsibilities for the Economic Development and Health, Safety and Culture components of the City's vision.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

In 2008, the General Motors facility in the City of Moraine ceased operations. Not only did the GM facility close, it had an unfortunate ripple effect on many surrounding businesses that supplied the manufacturer and were subsequently forced to close. During the ensuing two year period, the City has been faced with decreased revenues and rising expenses due to the overall economic impact.

The redevelopment of the former GM Moraine Assembly plant continues to be at the forefront for the City. During 2010 the City made significant progress in pushing for the sale and acquisition of the GM plant and properties. Several investment owner prospects were vetted during the year and by year end, a single candidate became the focus.

We expect the future owner to be Industrial Realty Group (IRG), a highly successful and renowned development firm that owns millions of square feet of industrial property throughout the country and is known for significant success in repurposing former manufacturing facilities. Their efforts are praised across the country and we look forward to assisting them in an expected acquisition during the first few months of 2011. In respect to specific redevelopment objectives, IRG envisions significant reutilization of the existing structure along with necessary demolition to allow for expected separation of multiple business tenants.

The acreage is projected to be redeveloped in phases through intense marketing including sale, lease and donation options. We expect the workforce, site proximity, interstate accessibility and prospective owner experience to be key attributes in the initial stages of successful redevelopment in 2011. We also see the recently awarded contract for a full access interchange at I-75, Exit 47 to play an integral role in the redevelopment during 2012 and beyond.

Construction of the new I-75 Exit 47 has begun with expected completion scheduled in 21 months. Northbound and southbound traffic from I-75 will exit to traffic signals and be able to turn left or right to get to Moraine or West Carrollton. The new exit will give direct access to the former General Motors property, DMAX and the former Cooper Tire building. This direct access makes the properties more desirable for development. The decrease in traffic and turns will help traffic flow at that intersection. Emergency responders from the Main St. station will no longer have to travel into West Carrollton to come back into Moraine if a train is blocking the Main St. crossing. The interchange is expected to boost the local economy with easier business and residential access to the highway.

The unemployment rate in the region had been 11.8% and has dropped in 2010 to 9.8%, signifying that the local economy is beginning to redevelop and recover. Building permit activity is increasing in the Oak Pointe subdivision and it is expected that the City will see the project built-out and completed within the next two years.

The Oak Pointe neighborhood will see continued growth in 2011 as the City added Ryan Homes as a fifth home builder. Ryan Homes joins JD Enterprises, Shriner Building Company, Generations Construction and Duggan Homes as part of the Oak Pointe Homebuilders' Group.

Ryan Homes has completed a new model home on Oak Avenue, and offers a variety of home designs suited to the development. We look forward to working with Ryan Homes in 2011 and beyond.

Ryan Homes was founded in 1948 in Pittsburgh, Pennsylvania, to provide housing in the post World War II economy. In the 62 years since, Ryan has constructed more than 300,000 homes. With operations in 23 metropolitan areas spanning 13 states, Ryan Homes is one of the nation's most prolific home builders.

The American Recovery and Reinvestment Act (ARRA) is an unprecedented effort to jumpstart our economy, preserve or create jobs, make investments in infrastructure, energy and science and provide unemployment assistance, and state and local economic stabilization. The ARRA was signed into law by President Barack Obama on February 17, 2009. The ARRA provides \$787 billion in spending and tax relief projects. The federal legislation includes grant funds that are distributed in two ways: (1) directly to cities and states by formula, and (2) by competitive grants for which applicants must apply.

Throughout 2010, several hundred thousand dollars has been allocated to the City of Moraine in competitive grant funding for projects. In addition to the funds received from ARRA, the City has leveraged stimulus funding provided through other agencies to help reduce the strain on the City's reserves.

Long Term Financial Planning

Financial planning for Moraine is a dynamic interactive effort of the community, small and large business and industry, social and cultural service organizations, and municipal government. These dynamics are best demonstrated by the willingness of Moraine residents to involve themselves to support both City service and long-term capital investment. The Citizen's Budgetary Advisory Committee met several times during the year with the City's management to participate in reviews of the City's finances and to provide direction as to residents' needs. Management will continue to meet with this committee throughout the upcoming years.

The current national economic downturn has had an impact on the City's income tax collections for 2010. However, as a result of stronger final quarter collections, the City was able to develop a budget for fiscal year 2011 that had a minimal effect on services to its citizens. The City's management continues to develop stronger performance management methods for reducing the budget and will continue this financial stewardship philosophy even once the revenue stream can adequately sustain the budget. All City employees participated in a ten percent decrease in compensation in 2010 and have continued this into the 2011 budget year. The Finance Committee continues to meet on a quarterly basis to review the City's finances and to insure that the budget remains on target.

In 2010, City Council implemented an enhanced Investment Policy to strengthen and monitor the city funds that are held in reserves. Moraine is committed to maximizing its investments, while guarding the asset's principle.

The City continued its collaboration with other public entities such as BusinessFirst! and the University of Toledo to maximize efficiencies and minimize the duplication of services. Moraine maintained its commitment to actively review all budgetary expenses and to competitively bid for services. For example, a newly signed contract for street lighting services will save the city thousands of dollars in the coming years.

The City coordinates public improvements of all City related entities through adoption of a Capital Improvement Plan (CIP). The goal of the City is to improve service to the community by adopting a CIP that is compatible with the City's financial condition and will fund capital improvements at a realistic level. The CIP consist of a five-year plan of capital expenditures for all City projects. The CIP is prepared fully every two years and amended, as necessary, in other years. The amendment process ensures continuity in projects and funding.

The City completed the Comprehensive Economic Development Strategy (CEDS) in 2010, which is a collaborative effort with regional partners highlighting future objectives and strategies for success. In February, White House Director of Recovery for Auto Communities and Workers, Ed Montgomery, Ph.D brought a team of federal leaders to the community to discuss how federal agencies could possibly assist with implementation. Governor Ted Strickland also attended the meeting and supported many of the comments shared by his Ohio Department of Development Staff. As a result of CEDS, the City strategized plans to attract new types of industries to the local area.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

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

Awards and Acknowledgements

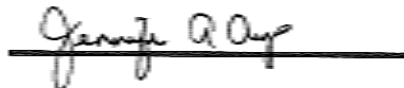
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Moraine for its comprehensive annual financial report for the year ended December 31, 2009. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an informative and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is applicable to one year only. The City of Moraine has received a Certificate of Achievement for the last 24 consecutive years (fiscal years ended 1986-2009). We believe our current report will also conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another Certificate.

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

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Jennifer A. Arp", is written over a solid horizontal line.

Jennifer A. Arp
Acting Finance Director

CITY OF MORAINÉ, OHIO

CITY COUNCIL

Elaine Allison, Mayor

Jim McGuire, Council Member (At Large)

Jack Sexton, Council Member (Ward 1)

Dana Bonfield, Council Member (Ward 2)

Kimberly Misner, Council Member (Ward 3)

Jeanette Marcus, Council Member (Ward 4)

APPOINTED OFFICIALS

David Hicks, City Manager

Robert Portune, Law Director

Jennifer Arp, Acting Finance Director

Stephen French, Clerk of Council

CITY OF MORAINÉ, OHIO

DEPARTMENT OF FINANCE STAFF

Jennifer A. Arp, Acting Finance Director

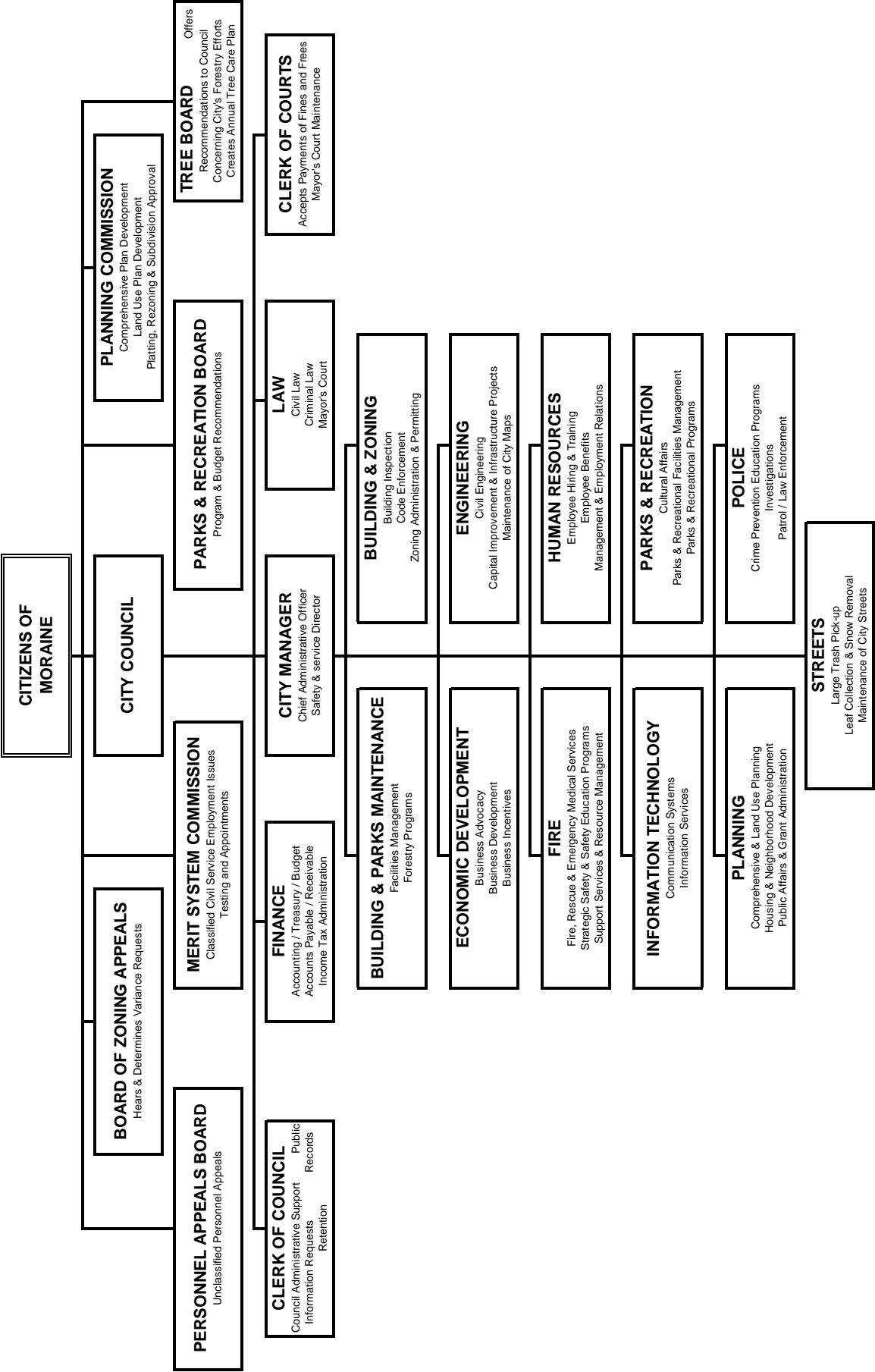
Lora L. Marlett, Tax Administrator

Sherry L. Bosse, Financial Assistant

Paula G. Cox, Financial Assistant

Penny C. Tincher, Financial Assistant

Organization of the City of Moraine



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Moraine
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director

**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information the of City of Moraine, Ohio (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moraine, Ohio, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 and the budgetary comparison information on pages 43 through 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 21, 2011

CITY OF MORaine, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Unaudited)

The discussion and analysis of the City of Moraine, Ohio's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for the year ended December 31, 2010 are as follows:

- Total net assets decreased by \$3,736,898 which represents a 7.7% decrease from the beginning of 2010. A decrease of \$3,755,050 was reported in governmental activities and an increase of \$18,152 was reported in business-type activities.
- Total assets of governmental activities at December 31, 2010 decreased by \$3,041,177 from those reported one year prior due primarily to a decrease in income tax revenues which resulted in a decrease in cash. Long-term liabilities of the governmental activities increased by approximately \$450,000 due to the issuance of general obligation bonds.
- Overall, the net assets of the City's business-type activities increased by \$18,152. The increase was less than the increase in 2009 due to fewer investment earnings.
- The \$7,607,746 unreserved, undesignated ending fund balance reported in the General Fund represents 60.0% of the total expenditures reported in the General Fund for 2010.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Moraine, Ohio as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

CITY OF MORaine, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Unaudited)

These two statements report the City's net assets and changes in 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 should 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 its capital assets. In the Statement of Net Assets and the Statement of Activities, the financial information of the City is divided into two kinds of activities:

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

Reporting the City's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about each major fund. The major funds of the City include the General, Economic Development, Capital Improvement and T.I.F Funds. The City uses many funds to account for a multitude of financial transactions. However, the focus of the fund financial statements is on the City's most significant funds, and therefore only the major funds are presented in separate columns. All other funds are combined into one column for reporting purposes.

Governmental Funds

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

Proprietary Funds

When the City charges citizens for the services it provides, with the intent of recouping 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 MORaine, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Unaudited)

Fiduciary Funds

The financial activity of custodial funds, for which the City acts as the fiscal agent, is reported separately in the Statement of Assets and Liabilities. This financial activity is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes.

The City as a Whole

Recall that the Statement of Net Assets provides the perspective of the City as a whole. In the case of the City of Moraine, Ohio, assets exceeded liabilities by a total of \$45.0 million at December 31, 2010.

Table 1 provides a summary of the City's net assets for 2010 compared to 2009:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 20,748,970	23,040,774	580,833	562,681	21,329,803	23,603,455
Capital assets	35,773,749	36,523,122	-	-	35,773,749	36,523,122
Total assets	56,522,719	59,563,896	580,833	562,681	57,103,552	60,126,577
Long-term liabilities	9,881,969	9,428,924	-	-	9,881,969	9,428,924
Other liabilities	2,239,555	1,978,727	-	-	2,239,555	1,978,727
Total liabilities	12,121,524	11,407,651	-	-	12,121,524	11,407,651
Net assets:						
Invested in capital assets, net of related debt	28,862,606	30,032,994	-	-	28,862,606	30,032,994
Restricted for:						
Capital Projects	3,463,758	2,848,133	-	-	3,463,758	2,848,133
Streets and Highways	1,628,246	1,485,743	-	-	1,628,246	1,485,743
Debt Service	150,443	146,836	-	-	150,443	146,836
Other Purposes	753,968	513,339	-	-	753,968	513,339
Unrestricted	9,542,174	13,129,200	580,833	562,681	10,123,007	13,691,881
Total net assets:	\$ 44,401,195	48,156,245	580,833	562,681	44,982,028	48,718,926

As displayed in Table 1, total net assets of the City decreased by \$3,755,050 from 2009 to 2010. A significant decrease in cash was attributable to a decrease in revenues, primarily income taxes. Net assets invested in capital assets reported at December 31, 2010 decreased due to annual depreciation expense and the sale of certain assets. During 2010 the City invested in several assets including police and fire equipment and improvements in infrastructure and long-term liabilities increased \$453,045 due to the issuance of bonds.

CITY OF MORaine, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Unaudited)

Table 2 shows the changes in the governmental and business-type net assets for the year ended December 31, 2010 compared with the prior year.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program revenues:						
Charges for services	\$ 782,194	1,455,421	-	665	782,194	1,456,086
Operating grants and contributions	350,772	200,121	-	-	350,772	200,121
Capital grants and contributions	1,043,863	784,271	-	-	1,043,863	784,271
Total program revenues	<u>2,176,829</u>	<u>2,439,813</u>	<u>-</u>	<u>665</u>	<u>2,176,829</u>	<u>2,440,478</u>
General revenues:						
Income taxes	9,852,558	11,817,442	-	-	9,852,558	11,817,442
Property and other taxes	586,979	484,573	-	-	586,979	484,573
Payment in lieu of taxes	41,288	10,876	-	-	41,288	10,876
Shared revenues	718,455	712,879	-	-	718,455	712,879
Intergovernmental	443,766	259,555	-	-	443,766	259,555
Investment earnings	409,605	960,468	18,152	32,644	427,757	993,112
Miscellaneous	577,082	1,968,881	-	-	577,082	1,968,881
Total general revenues	<u>12,629,733</u>	<u>16,214,674</u>	<u>18,152</u>	<u>32,644</u>	<u>12,647,885</u>	<u>16,247,318</u>
Total revenues	<u>14,806,562</u>	<u>18,654,487</u>	<u>18,152</u>	<u>33,309</u>	<u>14,824,714</u>	<u>18,687,796</u>
Expenses:						
General government	4,079,039	4,523,502	-	100	4,079,039	4,523,602
Public Safety	8,730,333	9,455,865	-	-	8,730,333	9,455,865
Highways & Streets	3,658,041	879,200	-	-	3,658,041	879,200
Sanitation	345,969	419,100	-	-	345,969	419,100
Culture & Recreation	1,249,115	2,312,009	-	-	1,249,115	2,312,009
Economic Development	326,036	934,969	-	-	326,036	934,969
Health & Welfare	83,285	92,683	-	-	83,285	92,683
Interest Expense	89,794	220,658	-	-	89,794	220,658
Total Expenses	<u>18,561,612</u>	<u>18,837,986</u>	<u>-</u>	<u>100</u>	<u>18,561,612</u>	<u>18,838,086</u>
Change in net assets	\$ <u>(3,755,050)</u>	<u>(183,499)</u>	<u>18,152</u>	<u>33,209</u>	<u>(3,736,898)</u>	<u>(150,290)</u>

As noted in the table above, the City's municipal income tax revenue reported for 2010 was approximately \$2.0 million less than those reported for 2009. With the closing of a large automotive assembly plant in 2008, income tax revenues have decreased substantially over the last two years. Intergovernmental revenues, which includes operating grants/contributions, capital grants/contributions and grants and entitlements, were up from 2009 due mainly to the City receiving state and federal grants for road improvements. Expenditures decreased mainly in the culture and recreation department due to the closing of the City's waterpark and increased for highways and streets due to capital grants received for the improvements of existing roads.

CITY OF MORAIN, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Unaudited)

Governmental Activities

Table 3 shows the percentage of total expenses each functional area comprises, the net cost of each functional area and the percentage of each functional area expenses financed with general revenue for 2010.

Table 3
Governmental Activities

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2010	2009	2010	2009	2010	2009
General government	4,079,039	4,523,502	521,842	764,774	3,557,197	3,758,728
Public safety	8,730,333	9,455,865	440,102	44,219	8,290,231	9,411,646
Highways and streets	3,658,041	879,200	1,029,822	343,857	2,628,219	535,343
Sanitation	345,969	419,100	-	-	345,969	419,100
Culture and recreation	1,249,115	2,312,009	22,897	756,119	1,226,218	1,555,890
Economic development	326,036	934,969	162,166	475,000	163,870	459,969
All Others	173,079	313,341	-	55,844	173,079	257,497
	<u>\$ 18,561,612</u>	<u>\$ 18,837,986</u>	<u>\$ 2,176,829</u>	<u>\$ 2,439,813</u>	<u>\$16,384,783</u>	<u>\$16,398,173</u>

As indicated by Table 3, the City is spending the majority of its resources on public safety and general government activities. While the operation of the police and fire departments is approximately \$8.7 million, approximately \$440,000 of program revenue is generated to cover department expenses. The remaining \$8.3 million of expenses must be covered by general revenues collected by the City, principally municipal income taxes and property taxes. General government functions, principally legislation and administration, comprise approximately \$4.1 million of the total governmental expenses. Court costs and fees generated by licenses and permits financed approximately \$520,000 of the general government functional expenses while the remaining \$3.6 million comes from general revenue sources. Operating and capital grants received from the State of Ohio and the federal government provided approximately \$1.0 million of funding for expenses related to highways and streets.

The City's Funds

Information about the City's major governmental funds begins after the Statement of Activities. These funds are reported using the modified accrual basis of accounting. Governmental funds had total revenues of \$14.2 million, expenditures of \$23.6 million, and net other financing sources of \$6.2 million. In 2010 the City issued general obligation bonds for various infrastructure improvements. During 2010, the net change in fund balance of the governmental funds decreased by \$3.3 million to an ending total fund balance of \$14.7 million at year end. While capital assets are included in the statement of net assets, expenditures are recognized in the fund statements thereby reducing the amount of resources available for future spending. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

CITY OF MORaine, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Unaudited)

The City's General Fund realized a decrease of \$4.1 million in fund balance during 2010. The General Fund is the primary fund that finances government services to citizens. The decrease in fund balance is a result of the City receiving significantly less income tax revenues as a result of a declining economy as well as a decrease in investment earnings due to declining interest rates. At December 31, 2010 the ending unreserved and undesignated fund balance of the General Fund was \$7.6 million or 60 percent of the total General Fund expenditures reported for 2010.

The City's other three major funds, the Economic Development, Capital Improvement and T.I.F Funds reported net change in fund balances of (\$100,036), \$390,111 and \$138,947, respectively. The decrease in the Economic Development Fund was due to decreased intergovernmental revenues received for 2010 due to State fiscal conditions. The fund balance at December 31, 2010 was (\$4,468) with \$21,038 encumbered and \$349,844 reserved for loans. This fund also has an outstanding interfund payable for a loan made in prior years. The increase in the Capital Improvement Fund is associated with a decrease in capital expenditures. The fund balance at December 31, 2010 is \$3,238,244 with \$2,109,986 in encumbrances. The T.I.F. Fund's increase in fund balance is due mainly to a transfer made from the General Fund to help retire the outstanding notes. This fund now has a positive fund balance at December 31, 2010 of \$44,482. Future payments in lieu of taxes will be used to pay debt service on the bonds. All other governmental fund balances increased by \$358,508 during 2010.

General Fund Budgeting Highlights

The City's budget is adopted on a fund basis. Before the budget is adopted, the City Manager and Finance Director review the budgets of each department within the General Fund with City Council. City Council then adopts the annual appropriations budget at the personal services, other operating expenditures, and capital expenditures level for each department within each fund (legal level of control). Management may reallocate appropriations below the legal level, but modifications must be approved by Council in advance.

General Fund revenues at the beginning of the year were estimated at \$11,023,636 and no modifications were made to estimates throughout the year. Actual revenues for the year totaled \$11,720,386 with increases in intergovernmental and miscellaneous revenues. This can be attributed to an unexpected increase in economic development grants and reimbursements received.

The expenditures including transfers for the General Fund were estimated to be \$18,496,122 at the beginning of the year and modified slightly to \$18,506,699 at the close of the year. Actual expenditures and transfers on the budget basis totaled \$15,702,374 which was \$2,804,325 less than final budgeted expenditures. This is attributed to management's efforts to control spending and reduced transfers throughout the year.

Budgetary fund balance at December 31, 2010 was \$6.9 million compared to the \$3.5 million anticipated in the final 2010 budget.

Capital Assets

At the end of fiscal year 2010, the City had a total of \$63.2 million invested in capital assets less accumulated depreciation of \$27.4 million resulting in total capital assets, net of accumulated depreciation of \$35.8 million.

The City continued its efforts to upgrade its capital assets during 2010. The City purchased several pieces of equipment during 2010 including playground and police equipment. Additions were made to construction in progress for the Northlawn bridge project and Kettering Boulevard improvements. Amounts were also moved from construction in progress to infrastructure for road improvements and a dewatering system.

CITY OF MORaine, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Unaudited)

Table 4 shows 2010 balances compared to those of 2009:

Table 4
Capital Assets at Year-End
(Net of Depreciation)

		Governmental Activities	
		2010	2009
Land	\$	13,768,045	13,868,937
Construction in progress		1,661,214	721,578
Building and improvements		5,624,449	6,012,275
Machinery and equipment		1,978,741	2,494,687
Infrastructure		<u>12,741,300</u>	<u>13,425,645</u>
Total	\$	<u>35,773,749</u>	<u>36,523,122</u>

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration

At December 31, 2010, the City had the following outstanding long-term obligations: \$5,805,000 of general obligation bonds, \$591,160 for an OPWC loan and capital leases in the amount of \$424,020.

At December 31, 2010, the City's overall legal debt margin was \$17.0 million and the unvoted debt margin was \$6.1 million. See Notes 10, 11 and 12 of the notes to the basic financial statements for more detailed information on the debt obligations of the City.

Contacting the City's Finance Department

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

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CITY OF MORaine, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Investments	\$ 16,519,601	\$ 574,986	\$ 17,094,587
Receivables:			
Income Tax	1,727,997	-	1,727,997
Property Tax	631,727	-	631,727
Payment in Lieu of Taxes	247,500	-	247,500
Accounts	177,865	-	177,865
Intergovernmental	595,644	-	595,644
Loans	349,844	5,847	355,691
Inventories	245,389	-	245,389
Prepays	78,383	-	78,383
Deferred Charges	175,020	-	175,020
Non depreciable Assets	15,429,259	-	15,429,259
Depreciable Capital Assets, Net of Accumulated Depreciation	20,344,490	-	20,344,490
Total Assets	<u>56,522,719</u>	<u>580,833</u>	<u>57,103,552</u>
LIABILITIES			
Accounts Payable	285,749	-	285,749
Retainage Payable	88,631	-	88,631
Salaries and Benefits Payable	890,470	-	890,470
Matured Compensated Absences Payable	35,569	-	35,569
Accrued Interest Payable	25,240	-	25,240
Insurance Claims Payable	77,379	-	77,379
Unearned Revenue	836,517	-	836,517
Long-Term Liabilities:			
Due Within One Year	847,857	-	847,857
Due In More Than One Year	9,034,112	-	9,034,112
Total Liabilities	<u>12,121,524</u>	<u>-</u>	<u>12,121,524</u>
NET ASSETS			
Invested in Capital Assets Net of Related Debt	28,862,606	-	28,862,606
Restricted for:			
Capital Projects	3,463,758	-	3,463,758
Streets and Highways	1,628,246	-	1,628,246
Debt Service	150,443	-	150,443
Other Purposes	753,968	-	753,968
Unrestricted	9,542,174	580,833	10,123,007
Total Net Assets	<u>\$ 44,401,195</u>	<u>\$ 580,833</u>	<u>\$ 44,982,028</u>

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 4,079,039	\$ 409,722	\$ 112,120	\$ -	\$ (3,557,197)	\$ -	\$ (3,557,197)
Public safety	8,730,333	372,472	67,630	-	(8,290,231)	-	(8,290,231)
Highways and streets	3,658,041	-	-	1,029,822	(2,628,219)	-	(2,628,219)
Sanitation	345,969	-	-	-	(345,969)	-	(345,969)
Culture and recreation	1,249,115	-	22,897	-	(1,226,218)	-	(1,226,218)
Economic development	326,036	-	148,125	14,041	(163,870)	-	(163,870)
Health and welfare	83,285	-	-	-	(83,285)	-	(83,285)
Debt service							
Interest Expense	89,794	-	-	-	(89,794)	-	(89,794)
Total Governmental Activities	\$ 18,561,612	\$ 782,194	\$ 350,772	\$ 1,043,863	\$ (16,384,783)		\$ (16,384,783)
Business Type Activities							
Loan Program	-	-	-	-	-	-	-
Total Business Type Activities	-	-	-	-	-	-	-
Total Primary Government	\$ 18,561,612	\$ 782,194	\$ 350,772	\$ 1,043,863	\$ (16,384,783)	\$ -	\$ (16,384,783)
General Revenues							
Income tax					9,852,558	-	9,852,558
Property tax levied for							
General purposes					387,971	-	387,971
Police pensions					90,314	-	90,314
Fire pensions					90,314	-	90,314
Other taxes					18,380	-	18,380
Payments in lieu of taxes					41,288	-	41,288
Shared revenues (unrestricted)					718,455	-	718,455
Intergovernmental revenue					443,766	-	443,766
Miscellaneous receipts & reimbursements					577,082	-	577,082
Investment earnings					409,605	18,152	427,757
Total General Revenues					12,629,733	18,152	12,647,885
Change in Net Assets					(3,755,050)	18,152	(3,736,898)
Net Assets - Beginning					48,156,245	562,681	48,718,926
Net Assets - Ending					\$ 44,401,195	\$ 580,833	\$ 44,982,028

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Major Governmental Funds				Other	Total
	General	Economic	Capital	T.I.F.	Governmental	Governmental
	Fund	Development	Improvement		Funds	Funds
ASSETS						
Equity in Pooled Cash and Investments	\$ 7,496,813	\$ 497,150	\$ 3,320,979	\$ 44,482	\$ 3,044,955	\$ 14,404,379
Receivables:						
Income Tax	1,555,197	-	172,800	-	-	1,727,997
Property Tax	510,689	-	-	-	121,038	631,727
Payment in Lieu of Tax	-	-	-	247,500	-	247,500
Accounts	163,591	-	-	-	14,274	177,865
Intergovernmental	242,690	-	147,811	-	205,143	595,644
Loans	-	349,844	-	-	-	349,844
Due from Other Funds	845,000	-	-	-	-	845,000
Inventories	3,577	-	-	-	104,791	108,368
Prepays	78,383	-	-	-	-	78,383
Total Assets	10,895,940	846,994	3,641,590	291,982	3,490,201	19,166,707
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	147,303	6,462	89,201	-	16,370	259,336
Retainage Payable	-	-	88,631	-	-	88,631
Salaries and Benefits Payable	483,612	-	-	-	392,389	876,001
Matured Compensated Absences Payable	-	-	-	-	35,569	35,569
Due to Other Funds	-	845,000	-	-	-	845,000
Deferred Revenue	1,537,515	-	225,514	247,500	304,482	2,315,011
Total Liabilities	2,168,430	851,462	403,346	247,500	748,810	4,419,548
FUND BALANCES:						
Reserved for:						
Encumbrances	192,804	21,038	2,109,986	-	139,823	2,463,651
Prepays	78,383	-	-	-	-	78,383
Inventories	3,577	-	-	-	104,791	108,368
Loans	-	349,844	-	-	-	349,844
Reserved for Long Term Receivables	845,000	-	-	-	-	845,000
Unreserved, Undesignated, Reported in:						
General Fund	7,607,746	-	-	-	-	7,607,746
Special Revenue Funds	-	(375,350)	-	44,482	2,346,334	2,015,466
Debt Service Fund	-	-	-	-	150,443	150,443
Capital Projects Fund	-	-	1,128,258	-	-	1,128,258
Total Fund Balance	8,727,510	(4,468)	3,238,244	44,482	2,741,391	14,747,159
Total Liabilities and Fund Balances	\$ 10,895,940	\$ 846,994	\$ 3,641,590	\$ 291,982	\$ 3,490,201	\$ 19,166,707

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2010

Total Governmental Fund Balances		\$ 14,747,159
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		35,768,377
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Municipal income taxes	777,031	
Property and other taxes	42,710	
Shared taxes and grants	509,094	
Charges for services	149,659	
Total		1,478,494
Internal service fund is used by management to charge the costs of providing insurance as well as central services to the individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets		2,104,503
Some liabilities, including long-term debt obligations and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable	(25,240)	
Compensated absences payable	(2,935,975)	
General obligations bonds payable	(5,805,000)	
Premium on bonds	(90,963)	
Capital lease obligation	(424,020)	
OPWC loans payable	(591,160)	
Total		(9,872,358)
Bond issuance costs are expenditures in the funds but are reported as deferred charges in the statement of net assets and amortized over the life of the bonds.		175,020
Net Assets of Governmental Activities		\$ 44,401,195

See accompanying notes to the basic financial statements.

CITY OF MORAIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Major Governmental Funds				Other	Total
	General	Economic	Capital	T.I.F.	Governmental	Governmental
	Fund	Development	Improvement		Funds	Funds
REVENUES						
Taxes:						
Income	\$ 8,751,988	\$ -	\$ 1,008,057	\$ -	\$ -	\$ 9,760,045
Property	355,625	-	-	-	170,264	525,889
Other	2,718	-	-	-	-	2,718
Payment in Lieu of Taxes	-	-	-	41,288	-	41,288
Shared Revenues	261,272	-	-	-	446,984	708,256
Licenses and Permits	14,297	-	-	-	905	15,202
Charges for Services	366,777	-	-	-	207,921	574,698
Fines	41,748	-	-	-	33,354	75,102
Investment Earnings	343,552	-	-	(902)	66,955	409,605
Contribution and Donations	-	-	-	-	22,897	22,897
Rents and Royalties	19,670	-	-	-	-	19,670
Intergovernmental	546,777	12,783	939,310	-	65,937	1,564,807
Miscellaneous	229,454	-	277,847	-	1,506	508,807
Total Revenues	10,933,878	12,783	2,225,214	40,386	1,016,723	14,228,984
EXPENDITURES						
Current:						
General government	3,773,979	-	88,631	-	5,200	3,867,810
Public Safety	7,823,913	-	-	-	486,671	8,310,584
Highways and streets	464,297	-	-	-	1,854,283	2,318,580
Sanitation	345,969	-	-	-	-	345,969
Economic development	186,301	112,819	-	-	-	299,120
Health and welfare	76,564	-	-	-	-	76,564
Culture and recreation	7,500	-	-	-	992,061	999,561
Debt service:						
Principal	-	-	174,948	5,300,000	-	5,474,948
Interest	-	-	19,198	47,303	-	66,501
Bond issuance costs	-	-	-	182,313	-	182,313
Capital Outlays:						
Highways and streets	-	-	1,664,043	-	-	1,664,043
Public Safety	-	-	48,283	-	-	48,283
Total Expenditures	12,678,523	112,819	1,995,103	5,529,616	3,338,215	23,654,276
Excess (deficiency) of Revenues						
Over (under) Expenditures	(1,744,645)	(100,036)	230,111	(5,489,230)	(2,321,492)	(9,425,292)
OTHER FINANCING						
SOURCES (USES)						
Issuance of bonds	417,439	-	-	5,387,561	-	5,805,000
Transfers in	-	-	-	125,000	2,680,000	2,805,000
Transfers out	(2,805,000)	-	-	-	-	(2,805,000)
Premium on issuance of bonds	-	-	-	94,753	-	94,753
Proceeds from the sale of capital assets	78,851	-	160,000	20,863	-	259,714
Total Other Financing Sources (Uses)	(2,308,710)	-	160,000	5,628,177	2,680,000	6,159,467
Net Change in Fund Balance	(4,053,355)	(100,036)	390,111	138,947	358,508	(3,265,825)
Fund Balance - Beginning	12,780,865	95,568	2,848,133	(94,465)	2,382,883	18,012,984
Fund Balance - Ending	\$ 8,727,510	\$ (4,468)	\$ 3,238,244	\$ 44,482	\$ 2,741,391	\$ 14,747,159

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net Change in Fund Balance - Total Governmental Funds \$ (3,265,825)

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	1,570,508	
Depreciation	(2,098,156)	
Total		(527,648)

In the statement of activities, only the gain on the sale of city assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. (212,309)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Issuance of general obligation bonds	(5,805,000)	
Premium on issuance	(94,753)	
Note principal payment	5,300,000	
Bond issuance costs	182,313	
Amortization of premium and bond issuance costs	(3,503)	
Capital lease payment	135,988	
OPWC loan payment	38,960	
Total		(245,995)

Internal service funds are used by management to charge the cost of certain activities to individual funds.

The net revenue (expense) of the internal service funds is reported with governmental activities. 56,453

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, rather these revenues are deferred. 530,173

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

These activities consist of:

Increase in accrued interest payable	(19,790)	
Increase in compensated absences payable	(70,109)	
Total		(89,899)

Change in Net Assets of Governmental Activities \$ (3,755,050)

See accompanying notes to the basic financial statements.

CITY OF MORAINE, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	<u>Enterprise Fund</u> <u>Moraine Loan</u> <u>Program</u>	<u>Internal</u> <u>Service Funds</u>
ASSETS		
CURRENT ASSETS		
Equity in Pooled Cash and Investments	\$ 574,986	\$ 2,115,222
Receivables:		
Loans (net of Allowance for uncollectible)	5,847	-
Inventories	-	137,021
Total Current Assets	<u>580,833</u>	<u>2,252,243</u>
NON-CURRENT ASSETS		
Capital Assets, Net	-	5,372
Total Assets	<u>580,833</u>	<u>2,257,615</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	-	26,413
Salaries and Benefits Payable	-	14,469
Compensated Absences Payable	-	5,957
Insurance Claims Payable	-	77,379
Total Current Liabilities	<u>-</u>	<u>124,218</u>
LONG-TERM LIABILITIES		
Compensated Absences Payable	-	28,894
Total Liabilities	<u>-</u>	<u>153,112</u>
NET ASSETS		
Invested in Capital Assets	-	5,372
Unrestricted	580,833	2,099,131
Total Net Assets	<u><u>\$ 580,833</u></u>	<u><u>\$ 2,104,503</u></u>

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise Fund</u>	
	<u>Moraine Loan</u>	<u>Internal</u>
	<u>Program</u>	<u>Service Funds</u>
Operating Revenues		
Charges for Services	\$ -	\$ 2,270,879
Miscellaneous	-	5,603
Total Operating Revenues	<u>-</u>	<u>2,276,482</u>
Operating Expenses		
Current:		
Cost of Services	-	2,246,424
Depreciation	-	9,416
Total Operating Expenses	<u>-</u>	<u>2,255,840</u>
Operating Income (Loss)	<u>-</u>	<u>20,642</u>
Non-Operating Revenues		
Investment earnings	18,152	35,811
Total Non-Operating Revenues	<u>18,152</u>	<u>35,811</u>
Change in Net Assets	18,152	56,453
Total Net Assets - Beginning	562,681	2,048,050
Total Net Assets - Ending	<u>\$ 580,833</u>	<u>\$ 2,104,503</u>

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise Fund</u> <u>Moraine Loan</u> <u>Program</u>	<u>Internal</u> <u>Service Funds</u>
Cash Flows From Operating Activities		
Cash received for services	\$ 3,746	\$ 2,270,879
Miscellaneous receipts & reimbursements	-	5,603
Cash paid to suppliers for goods or services	(5,909)	(1,986,083)
Cash paid to employees for services	-	(235,375)
Net cash provided by operating activities	<u>(2,163)</u>	<u>55,024</u>
Cash Flows From Investing Activities		
Investment earnings	<u>18,152</u>	<u>35,811</u>
Net cash provided by investing activities	<u>18,152</u>	<u>35,811</u>
Net Change	15,989	90,835
Equity in Pooled Cash and Investments Beginning of Year	<u>558,997</u>	<u>2,024,387</u>
Equity in Pooled Cash and Investments End of Year	<u><u>\$ 574,986</u></u>	<u><u>\$ 2,115,222</u></u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ -	\$ 20,642
Adjustments to reconcile operating income (loss)		
to net cash provided (used) by operating activities:		
Depreciation expense	-	9,416
Increase in loans receivable	(2,184)	-
Decrease in accounts receivable	21	-
Decrease in inventories	-	2,806
Decrease in prepaid expenses	-	42
Increase in accounts payable	-	26,254
Decrease in salaries and benefits payable	-	(513)
Increase in compensated absences payable	-	9,378
Decrease in insurance claims payable	-	(13,001)
Net cash provided by operating activities	<u><u>\$ (2,163)</u></u>	<u><u>\$ 55,024</u></u>

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2010

	<u>Agency Funds</u>
ASSETS	
Equity in Pooled Cash and Investments	\$ 38,545
Cash in Segregated Accounts	<u>20,629</u>
Total Assets	<u><u>\$ 59,174</u></u>
LIABILITIES	
Deposits	\$ 40,010
Due to Other Governments	17,143
Escrow Bonds and Deposits	<u>2,021</u>
Total Liabilities	<u><u>\$ 59,174</u></u>

See accompanying notes to the basic financial statements.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – DESCRIPTION OF CITY AND REPORTING ENTITY:

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

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds and departments which provide the following services: public safety (police and fire), highways and streets, sanitation (refuse collection on a contractual basis), parks and recreation, public improvements, planning and zoning, and general administrative services.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Moraine have been prepared in conformity with generally accepted accounting principles (GAAP) applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and to its proprietary funds. The most significant of the City’s accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements

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

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by a 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. Revenues 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 governmental function or business-type activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Proprietary Fund Types

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

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has one enterprise fund, the Moraine Improvement Loan Fund, which accounts for home improvement and business loans offered to residents and businesses located within the City.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's fiduciary funds include agency funds only and account for undistributed receipts of the Moraine Mayor's Court and miscellaneous deposits received by the City.

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 operations of the City are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances report 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.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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 fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of 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; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and 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. The available period for the City is thirty-one days after year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income tax, property tax, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the tax imposed takes place and revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements and matching requirements. Timing requirements specify the year when the resources are required to be used or the fiscal year when use is first permitted. Matching requirements specify how the City must provide local resources and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income tax, state-levied locally shared taxes (including local government assistance, gasoline tax and vehicle license tax), EMS charges for services, court fines and forfeitures, and investment earnings.

Unearned/Deferred Revenue

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance 2011 operations, have been recorded as unearned revenues. Special assessment installments which are measurable, but not available at December 31, are recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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 recorded when the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

Equity in Pooled Cash and Investments

To improve cash management, cash received by the City is pooled. Money for all funds, except the Health Insurance Program Fund, is maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pooled bank account is presented as "equity in pooled cash and investments" on the financial statements.

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

During the year, the City's investments included STAROhio. STAROhio is an investment pool managed by the State of Ohio's Treasurer's Office, which allows governments within Ohio to pool their funds for investment purposes. STAROhio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2010.

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

Interest income is distributed to the funds according to ordinance and statutory requirements. Interest revenue reported in the statement of activities for 2010 amounted to \$427,757.

Supplies Inventory

Inventory consists of expendable supplies held for consumption. Inventories are presented at cost on first-in, first-out basis and are expended/expensed when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Capital Assets

Capital assets, which include property, infrastructure, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets utilized by governmental activities are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the respective fund financial statements with the enterprise funds capital assets being reported in the business-type activities column of the government-wide statement of net assets.

The City defines capital assets as those with an individual cost of more than \$3,000 except for improvements to infrastructure, which is \$50,000. All capital assets are capitalized at cost where historical records are available and at estimated historical where no historical records exist. Donated capital assets are recorded at their fair market values as of the date received. Interest on constructed capital assets within the business-type activities is capitalized. When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements. The City's infrastructure consists of bridges, culverts, curbs, storm sewers and streets.

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

Land Improvements	20-25 years
Building and Improvements	20-40 years
Machinery and Equipment	2-25 years
Infrastructure	20-50 years

Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued based on guidelines set forth in GASB Statement No. 16 "Accounting for Compensated Absences". The vesting method was implemented and states that the City will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are expected to become eligible in the future to receive such payments. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, a liability for the amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In proprietary funds the entire amount of compensated absences is reported as a fund liability.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balance has been reserved for encumbrances, supplies inventory, prepaid items, long-term loans and receivables.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include various grant and other special revenue funds. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. At December 31, 2010, none of the City's net assets were restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide goods or services that are the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

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 expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without 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. Repayment from funds responsible for particular expenditures/expenses to funds that initially paid for them are not presented on the financial statements.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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.

Budgetary Process

All funds, except for agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriation ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation 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 the Council at the department level with a detail breakdown by personal services, operating and capital expenditures/expenses. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the department level within each fund. Administrative control is maintained through the establishment of more detailed line-item budgets.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. 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 amended certificate at the time final appropriations were adopted.

The appropriation ordinance is subject to amendment by Council 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 covers the entire year plus 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.

NOTE 3 – DEPOSITS AND INVESTMENTS:

Monies of substantially all funds of the City are maintained or invested in a common group of bank accounts and STAROhio. This is done in order to limit the risk associated with the investments while providing for a reasonable market rate of return. Interest income is distributed to the funds according to local ordinances and statutory requirements.

The provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code govern the investment and deposit of City monies. In accordance with these provisions, only financial institutions located in Ohio, as well as primary and regional securities dealers are eligible to hold public deposits. The provisions also permit the City to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool (STAROhio), obligations of the United States government or certain agencies thereof, bankers acceptance notes, and commercial paper. The City may also enter into repurchase agreements with any eligible depository for a period not exceeding five years.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Public depositories must give security for all public funds on deposit. According to the City's Deposit and Investment Policy, these institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities, the face value of which is at least 105 percent of the total value of public monies on deposit at the institution.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. Protection of the City's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institution.

At year end, the carrying amount of the City's deposits was \$1,262,433 and the bank balance was \$1,621,176. Of the bank balance, \$1,371,973 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", \$249,203 of the City's bank balance was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name.

Investments

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

Investment Type	Rating	Fair Value	Maturity				
			6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Two to five years
Freddie Mac	AAA	\$ 583,464	\$ 293,466	\$ 199,957	\$ 90,041	\$ -	\$ -
Fannie Mae	AAA	7,153,115	283,646	91,160	-	-	6,778,309
Federal Farm Credit Bank Notes	AAA	237,943	140,704	97,239	-	-	-
Federal Home Loan Bank Notes	AAA	1,026,167	271,423	458,859	45,360	-	250,525
Federal Home Loan Mortgage	AAA	192,276	-	-	-	-	192,276
US Treasury Notes	N/A	75,419	-	75,419	-	-	-
Negotiable CD's	N/A	4,106,793	624,612	623,481	1,052,695	1,332,673	473,332
STAR Ohio	AAAm	522,058	522,058	-	-	-	-
US Treasury Money Market	N/A	1,994,093	1,994,093	-	-	-	-
		<u>\$ 15,891,328</u>	<u>\$ 4,130,002</u>	<u>\$ 1,546,115</u>	<u>\$ 1,188,096</u>	<u>\$ 1,332,673</u>	<u>\$ 7,694,442</u>

Interest Rate Risk – The City's investment policy addresses interest rate risk only by directing management to attempt to match the term to maturity of the investments with anticipated cash flow requirements.

Credit Risk – The City's investment policy addresses credit risk only in that commercial paper purchased by the City must be rated P-1 by Moody's and/or A-1 by Standard and Poor's. Bankers' acceptances must be from commercial banks or bank holding companies having assets of over \$2 billion and who is at least 110% of the national median ranking. The City's investment in STAR Ohio has an AAAm credit rating, as provided by Standard & Poor's.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The City's investment policy addresses concentration of credit risk by limiting the portfolio holding of allowable investments to the following percentages:

<u>Diversification of Instrument</u>	<u>Maximum Percent Allowed</u>
U.S. Treasury Obligations	100%
Authorized U.S. Federal Agency Securities and U.S. Government-sponsored Corporations	100%
Nonnegotiable Certificates of Deposit	100%
Authorized Bankers Acceptance	25%
STAR Ohio	100%
Prime Commercial Paper	25%

The following table includes percentage of each investment type held by the City at December 31, 2010:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Freddie Mac	\$ 583,464	3.67%
Fannie Mae	7,153,115	45.01%
Federal Farm Credit Bank Notes	237,943	1.50%
Federal Home Loan Bank Notes	1,026,167	6.46%
Federal Home Loan Mortgage	192,276	1.21%
US Treasury Notes	75,419	0.47%
Negotiable CD's	4,106,793	25.84%
STAR Ohio	522,058	3.29%
US Treasury Money Market	<u>1,994,093</u>	<u>12.55%</u>
	\$ <u>15,891,328</u>	<u>100.00%</u>

NOTE 4– RECEIVABLES:

Receivables at December 31, 2010 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues and special assessments.

Property Taxes

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. Real property and public utility taxes collected during 2010 were levied on December

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

31, 2009 on assessed values listed as of January 1, 2009, the lien date. One-half of these taxes are due February 15, 2010 with the remaining balance due on July 15, 2010. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2010 taxes.

Assessed values of real property are established by State law at 35% of appraised market value. A revaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The most recent revaluation was completed in 2008.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business railroad property was eliminated in 2009 and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The full tax rate for all City operations for the year ended December 31, 2010 was \$2.5 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property Tax Assessed Valuation	\$ 154,952,530
Public Utility Real Property Assessed Valuation	336,480
Public Utility Personal Property Assessed Valuation	<u>61,613,620</u>
Total	<u><u>\$ 216,902,630</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Moraine. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2010, and for which there is an enforceable legal claim. At the fund level, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the full accrual basis, collectible delinquent property taxes have been recorded as revenue.

Income Tax

The City levies a municipal income tax of two percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current income tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City monthly. Corporation and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Council has designated that 10% of all income taxes are to be recorded in the Capital Improvement Fund to help annual capital improvements.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Loans Receivable

The City operates a long-term home improvement loan program as an enterprise fund. Loans receivable at December 31, 2010 were \$5,847.

In 2001, as an economic development tool, the City began offering business loans that would be forgiven if the business met certain employment and financial conditions over the life of the loan. The first such loan was made during 2001. The loans receivable in the Economic Fund at December 31, 2010 were as follows:

Loans Receivable @12/31/09	\$	420,201
New Loans		36,000
Forgiven Loans		<u>(106,357)</u>
Loans Receivable @12/31/10	\$	<u>349,844</u>

NOTE 5 – CAPITAL ASSETS:

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance 12/31/09	Increases	Decreases	Balance 12/31/10
<u>Governmental Activities</u>				
Non-depreciable capital assets:				
Land	\$ 13,868,937	\$ -	\$ (100,892)	\$ 13,768,045
Construction in Progress	<u>721,578</u>	<u>1,075,221</u>	<u>(135,585)</u>	<u>1,661,214</u>
Non-depreciable capital assets:	<u>14,590,515</u>	<u>1,075,221</u>	<u>(236,477)</u>	<u>15,429,259</u>
Depreciable capital assets:				
Buildings and improvements	12,554,571	-	-	12,554,571
Equipment	10,112,647	114,888	(685,875)	9,541,660
Infrastructure	<u>25,178,615</u>	<u>515,984</u>	<u>-</u>	<u>25,694,599</u>
Depreciable capital assets:	<u>47,845,833</u>	<u>630,872</u>	<u>(685,875)</u>	<u>47,790,830</u>
Less: accumulated depreciation				
Buildings and improvements	(6,542,296)	(387,826)	-	(6,930,122)
Equipment	(7,617,960)	(519,417)	574,458	(7,562,919)
Infrastructure	<u>(11,752,970)</u>	<u>(1,200,329)</u>	<u>-</u>	<u>(12,953,299)</u>
Accumulated depreciation	<u>(25,913,226)</u>	<u>(2,107,572) *</u>	<u>574,458</u>	<u>(27,446,340)</u>
Depreciable capital assets, net	<u>21,932,607</u>	<u>(1,476,700)</u>	<u>(111,417)</u>	<u>20,344,490</u>
Governmental activities capital assets, net	<u>\$ 36,523,122</u>	<u>\$ (401,479)</u>	<u>\$ (347,894)</u>	<u>\$ 35,773,749</u>

The City decided not to open its water park, Splash! Moraine, for the 2010 season due to budgetary constraints. While the City hopes to re-open the facility in the future, there is no current timetable to do so. No impairment loss is recognized since the City is still performing normal, routine maintenance to ensure the asset does not lose value, other than normal depreciation, over time. The carrying value of this asset as of December 31, 2010 is \$361,164, of which, \$345,499 and \$15,665 is related to buildings and equipment, respectively.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Depreciation expense was charged to governmental functions as follows:

* - Depreciation expense was charged to governmental functions as follows:

General government	\$ 170,770
Public Safety	455,695
Highways and Streets	1,217,004
Culture and Recreation	243,377
Health and Welfare	6,796
Economic Development	<u>13,930</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,107,572</u></u>

Capital assets of the Internal Service City Garage Fund include machinery and equipment with a cost of \$173,851 and accumulated depreciation of \$168,479 or Net Capital Assets of \$5,372.

NOTE 6 – DEFINED BENEFIT PENSION PLANS:

Both the Ohio Police and Firemen's Disability and Pension Fund and the Ohio Public Employees Retirement System are reported using GASB Statement No. 27 "Accounting for Pensions by State and Local Governmental Employers". Substantially all City employees are covered by one of the two cost-sharing multiple-employer defined benefit pension plans, namely, the Police and Firemen's Disability and Pension Fund or the Ohio Public Employees Retirement System of Ohio (OPERS). Both funds provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans discussed above. Separate divisions for law enforcement and public safety divisions exist only within the Traditional Plan. The 2010 member contribution rates were 10% of their annual salary for members in state and local classifications. Public

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

safety and law enforcement members contributed at a rate of 10.1%. The City was required to contribute 14% of covered payroll for employees and 17.87% for employees engaged in law enforcement and public safety. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2010, 2009, and 2008 were \$758,793, \$692,157 and \$757,604, respectively; 91% has been contributed for 2010 and 100% for 2009 and 2008.

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 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 for the plan. That report may be obtained by writing to Ohio Police & Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the city is required to contribute 19.5% for police officers and 24% for firefighters. Contributions are authorized by State statute. The City's contributions to the fund for police officers and firefighters for the years ending December 31, 2010, 2009 and 2008 were \$995,255, \$985,847 and \$992,064, respectively; 74% has been contributed for 2010 and 100% for 2009 and 2008.

NOTE 7 – POSTEMPLOYMENT BENEFITS

Statement 45 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting by Employers for Post-employment benefits other than Pension," establishes standards for disclosure information for postemployment benefits other than pension benefits. Both OPERS and OP&F have post-employment benefits that meet the definition as described in GASB Statement 45.

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit postemployment 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 postemployment health care coverage.

In order to qualify for postemployment 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 Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. 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.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14% of covered payroll, and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2010, the employer contribution allocated to the health care plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Actual employer contributions for 2010, 2009 and 2008 which were used to fund postemployment benefits were \$275,534 \$289,494 and \$378,802, respectively; 91% has been contributed for 2010 and 100% for 2009 and 2008.

The Health Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006-2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final increase in January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care 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 dependent.

OP&F provides access to post-retirement health care 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 Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits 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 for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

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 payroll of active pension members, currently 19.5% of covered payroll for police employers. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Service 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 the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care 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 City's actual contributions for 2010, 2009 and 2008 that were used to fund postemployment benefits were \$312,784, \$307,446 and \$309,715 for police and firefighters, respectively; 74% has been contributed for 2010 and 100% for 2009 and 2008.

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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.

NOTE 8 – OTHER EMPLOYEE BENEFITS:

Compensated Absences

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, the City accrues a liability for sick leave and vacation when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined.

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. At termination or retirement, employees are paid at their full rate for 100% of their unused vacation. The obligation for accrued unpaid vacation time for the City as a whole amounted to \$1,032,942 at December 31, 2010.

Accumulated Unpaid Sick Leave

City employees earn sick leave at varying rates based upon length of service and when the employee was hired. Employees who have completed ten to twenty years of service and were hired prior to April 11, 1993 and have a sick leave balance are able to receive payment upon retirement of one hour for each two hours accumulated. For service beyond twenty years an employee would receive payment for each hour accumulated in that time. Employees hired after April 11, 1993 that have completed ten to twenty years of service are able to receive payment upon retirement of one hour for each three hours up to a maximum of 720 hours. For service beyond twenty years an employee would receive payment upon retirement of one hour for every three accumulated up to a maximum of 960 hours. Individuals leaving the employment of the City prior to retirement or at retirement with less than ten years of service lose their accumulated sick leave. The obligation for accrued unpaid sick leave for the City as a whole amounted to \$1,973,453.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 – RISK MANAGEMENT:

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

PEP financial data as of December 31, 2010 and 2009 was as follows:

Casualty & Property Coverage

	<u>2010</u>	<u>2009</u>
Assets	\$ 34,952,010	\$ 36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets - Unrestricted	<u>\$ 20,631,198</u>	<u>\$ 21,118,036</u>

Unpaid claims to be billed were approximately \$12.4 million in 2010 and \$13.7 million in 2009.

The Pool's membership increased from 447 members in 2009 to 454 members in 2010.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2010 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. Coverage has not changed and losses have not exceeded coverage the last three years.

Health Insurance Coverage

The City provides health insurance coverage for its employees. This program is accounted for in the Internal Service Health Insurance Program Fund. This coverage is provided by the City self-funding a portion of the program with the balance of coverage provided by stop loss coverage through Anthem Insurance Company. The stop loss carrier provides coverage as follows: the City pays all claims up to \$60,000 per individual or \$2,209,659 in aggregate during the contract year, which runs from August 1 through July 31 of each year. The City expects that all claims will be settled within one year.

Stop loss reimbursement for the past three years:

	<u>2010</u>		<u>2009</u>		<u>2008</u>
\$	29,072	\$	109,646	\$	46,231

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Below is a claims history for the past three years:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Claims liability at January 1	\$ 90,380	\$ 186,914	\$ 101,828
Claims incurred	1,423,012	1,294,234	1,851,466
Claims paid	<u>(1,436,013)</u>	<u>(1,390,768)</u>	<u>(1,766,380)</u>
Claims liability at December 31	<u>\$ 77,379</u>	<u>\$ 90,380</u>	<u>\$ 186,914</u>

NOTE 10 - LONG-TERM OBLIGATIONS:

The changes in the City's long-term liabilities for the year ended December 31, 2010, were as follows.

	<u>Beginning</u>			<u>Ending</u>	<u>Due within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>One Year</u>
<i><u>Governmental Activities:</u></i>					
Various Purpose Infrastructure & Improv bonds	\$ -	\$ 5,805,000	\$ -	\$ 5,805,000	\$ 30,000
Premium on Bonds	-	94,753	3,790	90,963	-
Bond Anticipation Note	5,300,000	-	5,300,000	-	-
Ohio Public Works Commission - 0%	630,120	-	38,960	591,160	50,210
Capital Lease Obligation	560,008	-	135,988	424,020	138,635
Compensated absences	<u>2,938,796</u>	<u>380,613</u>	<u>348,583</u>	<u>2,970,826</u>	<u>629,012</u>
Total Governmental Activities	<u>\$ 9,428,924</u>	<u>\$ 6,280,366</u>	<u>\$ 5,827,321</u>	<u>\$ 9,881,969</u>	<u>\$ 847,857</u>

On January 7, 2010 the City issued \$5,805,000 in various purpose infrastructure and improvement general obligation bonds. These bonds were issued to retire outstanding notes of \$5,300,000 that were originally issued for the purpose of designing, engineering, constructing and improving new and existing infrastructure. The issue is made up of serial and term bonds with interest rates between 2% and 5%. The bonds will mature on December 1, 2034. A portion of the debt service on the bonds will be paid from service payments in lieu of taxes made by certain property owners in the area benefited by the project. In the event TIF payments are insufficient to cover debt service, the City is responsible for the debt service payments.

The City has received two separate loans from the Ohio Public Works Commission (OPWC) to finance various projects. In 1996, the City borrowed \$784,000 from OPWC for street improvements. During 2009, the City borrowed \$450,000 also for street improvements. Both loans are interest free.

The compensated absences are liquidated from the General Fund, Parks and Recreation Fund, and the Street Construction and Maintenance Fund.

CITY OF MORAIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Principal and interest requirement to retire the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2010 were as follows:

	Governmental Activities		
	Various Purpose Infrastructure and Improvement Bonds		OPWC
	Principal	Interest	Principal
2011	\$ 30,000	\$ 253,961	\$ 50,210
2012	40,000	253,361	50,210
2013	50,000	252,561	50,210
2014	60,000	251,561	50,210
2015	185,000	250,061	50,210
2016-2020	1,020,000	1,157,817	126,355
2021-2025	1,275,000	905,805	112,500
2026-2030	1,590,000	584,924	101,255
2031-2034	1,555,000	187,607	-
Total	<u>\$5,805,000</u>	<u>\$ 4,097,658</u>	<u>\$ 591,160</u>

NOTE 11 – CONDUIT DEBT OBLIGATIONS:

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. The City, the State, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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

NOTE 12 – OTHER LONG-TERM OBLIGATION:

The City has agreed to make the Bond payments less all hook-up fees for a sewer trunk line that Montgomery County installed to benefit a new industrial park in the City limits. The bond payments are billed to the City each year less all hook-up fees. The 2010 payment was \$76,096 and included \$35,000 in principal and \$41,096 in interest. These payments are recorded as expenses in the year that they are paid and no asset or long term liability is being carried on the City's books. The sewer belongs to and is maintained by Montgomery County.

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 13 – CAPITAL LEASE:

The City previously entered into a lease agreement as lessee with Kansas State Bank for a new fire truck for \$693,399. The accumulated depreciation on the fire truck as of December 31, 2010 is \$115,567 resulting in a book value of \$577,832. The lease will be repaid over five years and qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore has been recorded at the present value of the future minimum lease payments as of the date of inception.

This lease obligation meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the governmental fund.

The following is a schedule of the future minimum lease payments for the capital leases, and the present value of the future minimum lease payments at December 31, 2010:

Year Ending December 31,	
2011	\$ 152,473
2012	149,707
2013	<u>146,888</u>
Total Minimum Lease Payments	449,068
Less: Amount representing interest	<u>(25,048)</u>
Present value of minimum lease payments	\$ <u><u>424,020</u></u>

NOTE 14 – SIGNIFICANT CONTRACTUAL COMMITMENTS

As of December 31, 2010, the City had the following significant construction and other contractual commitments outstanding:

Vendor	
Brumbaugh Construction	\$ 1,105,988
Bowser Morner	64,263
Norfolk	104,410
Ford Development	125,177
Rainbow Environmental	<u>45,740</u>
	\$ <u><u>1,445,578</u></u>

CITY OF MORaine, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 15 – INTERFUND ACTIVITY

Interfund transfers for the year ended December 31, 2010, consisted of the following:

<u>Transfer to Fund</u>	<u>Transfer from Fund</u>	<u>Amount</u>
T.I.F	General	\$ 125,000
Other Governmental	General	<u>2,680,000</u>
		<u>\$ 2,805,000</u>

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

An Due From/To Other Funds is recorded in the General Fund and Economic Development Fund for \$845,000. The outstanding balance between funds is the result of a working capital loan to the Economic Development Fund. None of the balance is scheduled to be collected in the subsequent year.

NOTE 16 – CONTINGENT LIABILITIES:

Litigation

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

Federal and State Grants

For the period January 1, 2010 to December 31, 2010, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 17 – COMPLIANCE AND ACCOUNTABILITY:

At December 31, 2010, the Economic Development Fund had a deficit fund balance of \$4,468. The deficit occurred as a result of current year accruals being recognized and deficits do not exist on a cash basis. The General Fund provides transfers to cover fund deficit balances; however, this is done when cash is needed and not when accruals occur.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF MORaine, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Income	\$ 9,000,000	\$ 9,000,000	\$ 8,823,729	\$ (176,271)
Property	357,000	357,000	355,624	(1,376)
Other	10,000	10,000	19,607	9,607
Shared Revenues	510,115	510,115	422,221	(87,894)
License and Permits	26,100	26,100	15,198	(10,902)
Charges for Services	300,000	300,000	325,130	25,130
Fines	259,800	259,800	249,123	(10,677)
Investment Earnings	400,000	400,000	417,717	17,717
Rents and Royalties	19,000	19,000	19,070	70
Intergovernmental	29,300	29,300	377,574	348,274
Miscellaneous	112,321	112,321	695,393	583,072
Total Revenues	<u>11,023,636</u>	<u>11,023,636</u>	<u>11,720,386</u>	<u>696,750</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Council:				
Personnel services	18,231	18,231	12,364	5,867
General operating expenses	34,323	33,726	18,242	15,484
Total Council	<u>52,554</u>	<u>51,957</u>	<u>30,606</u>	<u>21,351</u>
Clerk of Council				
Personnel services	59,790	60,875	52,705	8,170
General operating expenses	5,456	3,845	3,521	324
Total Clerk of Council	<u>65,246</u>	<u>64,720</u>	<u>56,226</u>	<u>8,494</u>
City Manager				
Personnel services	313,240	313,240	289,501	23,739
General operating expenses	35,941	34,714	12,377	22,337
Total City Manager	<u>349,181</u>	<u>347,954</u>	<u>301,878</u>	<u>46,076</u>
Clerk of Courts				
Personnel services	132,160	131,860	118,127	13,733
General operating expenses	30,821	28,797	25,412	3,385
Total Clerk of Courts	<u>162,981</u>	<u>160,657</u>	<u>143,539</u>	<u>17,118</u>
Law Director				
Personnel services	4,265	4,265	39	4,226
General operating expenses	231,748	210,005	157,238	52,767
Total Law Director	<u>236,013</u>	<u>214,270</u>	<u>157,277</u>	<u>56,993</u>

(continued)

CITY OF MORAIN, OHIO

GENERAL FUND

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Non-GAAP Basis)

For Year Ended December 31, 2010

(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Merit Service				
General operating expenses	3,800	11,000	5,140	5,860
Total Merit Service	3,800	11,000	5,140	5,860
Mayor				
Personnel services	12,640	12,640	11,942	698
General operating expenses	23,050	23,050	4,892	18,158
Total Mayor	35,690	35,690	16,834	18,856
Finance				
Personnel services	528,300	525,803	478,703	47,100
General operating expenses	54,080	53,975	48,203	5,772
Total Finance	582,380	579,778	526,906	52,872
Information Center				
Personnel services	112,890	112,400	104,895	7,505
Total Information Center	112,890	112,400	104,895	7,505
Public Buildings				
Personnel services	1,334,870	1,324,870	1,148,606	176,264
General operating expenses	863,273	830,320	502,125	328,195
Total Public Buildings	2,198,143	2,155,190	1,650,731	504,459
General Miscellaneous				
Personnel services	385,256	375,083	143,705	231,378
General operating expenses	535,441	529,978	412,762	117,216
Total General Miscellaneous	920,697	905,061	556,467	348,594
Information Technology				
Personnel services	111,430	111,430	102,778	8,652
General operating expenses	193,312	201,227	185,021	16,206
Total Information Technology	304,742	312,657	287,799	24,858
Human Resources				
Personnel services	2,300	1,849	1,848	1
General operating expenses	54,502	52,226	51,473	753
Total Human Resources	56,802	54,075	53,321	754
TOTAL GENERAL GOVERNMENT	5,081,119	5,005,409	3,891,619	1,113,790

(continued)

CITY OF MORaine, OHIO

GENERAL FUND

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Non-GAAP Basis)

For Year Ended December 31, 2010

(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY				
Police				
Personnel services	4,044,055	3,984,000	3,839,082	144,918
General operating expenses	564,566	599,376	439,200	160,176
Total Police	4,608,621	4,583,376	4,278,282	305,094
Fire				
Personnel services	3,559,240	3,542,240	3,358,206	184,034
General operating expenses	448,956	447,683	193,038	254,645
Total Fire	4,008,196	3,989,923	3,551,244	438,679
Civil Defense				
General operating expenses	11,250	11,250	8,475	2,775
Total Civil Defense	11,250	11,250	8,475	2,775
TOTAL PUBLIC SAFETY	8,628,067	8,584,549	7,838,001	746,548
HIGHWAYS AND STREETS				
Engineering				
Personnel services	143,370	143,370	132,954	10,416
General operating expenses	106,944	107,235	103,935	3,300
Total Engineering	250,314	250,605	236,889	13,716
Street Lighting				
General operating expenses	269,841	260,000	260,000	-
Total Street Lighting	269,841	260,000	260,000	-
TOTAL HIGHWAYS AND STREETS	520,155	510,605	496,889	13,716
SANITATION				
Waste Collection				
General operating expenses	378,760	393,670	384,905	8,765
Total Waste Collection	378,760	393,670	384,905	8,765
TOTAL SANITATION	378,760	393,670	384,905	8,765
HEALTH AND WELFARE				
Health & Alcoholism				
General operating expenses	2,000	2,000	-	2,000
Total Health & Alcoholism	2,000	2,000	-	2,000
Board of Zoning Appeals				
General operating expenses	1,679	1,510	1,210	300
Total Board of Zoning Appeals	1,679	1,510	1,210	300

(continued)

CITY OF MORaine, OHIO
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010
(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Building Inspection				
Personnel services	64,300	65,241	61,747	3,494
General operating expenses	35,976	33,303	25,810	7,493
Total Building Inspection	100,276	98,544	87,557	10,987
TOTAL HEALTH AND WELFARE	103,955	102,054	88,767	13,287
CULTURE-RECREATION				
Senior Citizens				
General operating expenses	14,500	14,500	7,500	7,000
Total Senior Citizens	14,500	14,500	7,500	7,000
TOTAL CULTURE-RECREATION	14,500	14,500	7,500	7,000
ECONOMIC DEVELOPMENT AND ASSISTANCE				
Planning				
Personnel services	171,520	173,020	159,018	14,002
General operating expenses	32,053	32,392	26,102	6,290
Total Planning	203,573	205,412	185,120	20,292
Planning Commission				
General operating expenses	5,993	5,500	4,573	927
Total Planning Commission	5,993	5,500	4,573	927
TOTAL ECONOMIC DEVELOPMENT AND ASSISTANCE	209,566	210,912	189,693	21,219
TOTAL EXPENDITURES	14,936,122	14,821,699	12,897,374	1,924,325
Excess (deficiency) of revenues over (under) expenditures	(3,912,486)	(3,798,063)	(1,176,988)	2,621,075
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	-	(100,000)
Transfers out	(3,560,000)	(3,685,000)	(2,805,000)	880,000
Proceeds from the sale of capital assets	25,000	25,000	78,851	53,851
Total Other Financing Sources (Uses)	(3,435,000)	(3,560,000)	(2,726,149)	833,851
Net Change in Fund Balance	(7,347,486)	(7,358,063)	(3,903,137)	3,454,926
Fund Balance - Beginning	10,604,764	10,604,764	10,604,764	-
Encumbrances	231,352	231,352	231,352	-
Fund Balance - Ending	\$ 3,488,630	\$ 3,478,053	\$ 6,932,979	\$ 3,454,926

See accompanying notes to the required supplementary information.

CITY OF MORaine, OHIO
ECONOMIC DEVELOPMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 12,783	\$ (487,217)
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>12,783</u>	<u>(487,217)</u>
EXPENDITURES				
Economic Development	959,650	599,650	130,650	469,000
Total Expenditures	<u>959,650</u>	<u>599,650</u>	<u>130,650</u>	<u>469,000</u>
Net Change in Fund Balance	(459,650)	(99,650)	(117,867)	(18,217)
Fund Balance - Beginning	492,867	492,867	492,867	-
Encumbrances	94,650	94,650	94,650	-
Fund Balance - Ending	<u>\$ 127,867</u>	<u>\$ 487,867</u>	<u>\$ 469,650</u>	<u>\$ (18,217)</u>

See accompanying notes to the required supplementary information.

CITY OF MORAIN, OHIO
T. I. F. FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
REVENUES				
Payments in lieu of taxes	\$ 9,000	\$ 9,000	\$ 41,288	\$ 32,288
Investment Earnings	12,000	12,000	765	(11,235)
Total Revenues	<u>21,000</u>	<u>21,000</u>	<u>42,053</u>	<u>21,053</u>
EXPENDITURES				
Economic development				
Engineer				
General operating expenses	-	1,041	1,041	-
Debt Service				
Issuance costs	207,000	189,273	186,782	2,491
Principal Retirement	5,500,000	5,300,000	5,300,000	-
Interest	325,000	250,000	229,616	20,384
Total Expenditures	<u>6,032,000</u>	<u>5,740,314</u>	<u>5,717,439</u>	<u>22,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,011,000)</u>	<u>(5,719,314)</u>	<u>(5,675,386)</u>	<u>43,928</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	350,000	350,000	20,782	(329,218)
Proceeds from the sale of bonds	5,805,000	5,805,000	5,482,314	(322,686)
Transfers In	-	-	125,000	125,000
Total Other Financing Sources (Uses)	<u>6,155,000</u>	<u>6,155,000</u>	<u>5,628,096</u>	<u>(526,904)</u>
Net Change in Fund Balance	144,000	435,686	(47,290)	(482,976)
Fund Balance - Beginning	(5,408,209)	(5,408,209)	(5,408,209)	-
Encumbrances	5,499,000	5,499,000	5,499,000	-
Fund Balance - Ending	<u>\$ 234,791</u>	<u>\$ 526,477</u>	<u>\$ 43,501</u>	<u>\$ (482,976)</u>

See accompanying notes to the required supplementary information.

CITY OF MORaine, OHIO

Notes to Required Supplementary Information
For the Year Ended December 31, 2010

NOTE A-BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balances 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 Balance – Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and GAAP basis are as follows:

Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP Basis).

Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budgetary basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following summarizes the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule for the City's major funds.

	Net Change in Fund Balance		
	General	Economic Development	T.I.F
GAAP Basis	\$ (4,053,355)	(100,036)	138,947
Revenue Accruals	786,508	-	1,667
Expenditure Accruals	90,160	9,669	(187,823)
Encumbrances	(309,011)	(27,500)	-
Other Financing Sources (Uses)	(417,439)	-	(81)
Budget Basis	\$ (3,903,137)	(117,867)	(47,290)

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**COMBINING FINANCIAL STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

CITY OF MORAIN, OHIO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	\$ 2,894,512	\$ 150,443	\$ 3,044,955
Receivables:			
Property Tax	121,038	-	121,038
Accounts	14,274	-	14,274
Intergovernmental	205,143	-	205,143
Inventories	104,791	-	104,791
Total Assets	<u>3,339,758</u>	<u>150,443</u>	<u>3,490,201</u>
LIABILITIES AND FUND BALANCES			
Accounts Payable	16,370	-	16,370
Salaries and Benefits Payable	392,389	-	392,389
Matured Compensated Absences Payable	35,569	-	35,569
Deferred Revenue	304,482	-	304,482
Total Liabilities	<u>748,810</u>	<u>-</u>	<u>748,810</u>
FUND BALANCES			
Reserved For:			
Encumbrances	139,823	-	139,823
Prepays		-	
Inventories	104,791	-	104,791
Unreserved	2,346,334	150,443	2,496,777
Total Fund Balance	<u>2,590,948</u>	<u>150,443</u>	<u>2,741,391</u>
Total Liabilities and Fund Balances	<u>\$ 3,339,758</u>	<u>\$ 150,443</u>	<u>\$ 3,490,201</u>

CITY OF MORaine, OHIO
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Taxes:			
Property	\$ 170,264	\$ -	\$ 170,264
Shared Revenues	446,984	-	446,984
Licenses and Permits	905	-	905
Charges for Services	207,921	-	207,921
Fines	33,354	-	33,354
Investment Earnings	63,348	3,607	66,955
Contributions and Donations	22,897	-	22,897
Intergovernmental	65,937	-	65,937
Miscellaneous	1,506	-	1,506
Total Revenues	<u>1,013,116</u>	<u>3,607</u>	<u>1,016,723</u>
EXPENDITURES			
General government	5,200	-	5,200
Public Safety	486,671	-	486,671
Highways and streets	1,854,283	-	1,854,283
Culture and recreation	992,061	-	992,061
Total Expenditures	<u>3,338,215</u>	<u>-</u>	<u>3,338,215</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,325,099)</u>	<u>3,607</u>	<u>(2,321,492)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,680,000	-	2,680,000
Total Other Financing Sources (Uses)	<u>2,680,000</u>	<u>-</u>	<u>2,680,000</u>
Net Change in Fund Balance	354,901	3,607	358,508
Fund Balance - Beginning	2,236,047	146,836	2,382,883
Fund Balance - Ending	<u>\$ 2,590,948</u>	<u>\$ 150,443</u>	<u>\$ 2,741,391</u>

CITY OF MORaine, OHIO
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	Street Construction and Maintenance	State Highway Improvement	Parks and Recreation	Cemetery	Motor Vehicle License Tax	Enforcement and Education	Police Pension	Fire Pension	Federal Law Enforcement	State Law Enforcement	Drug Law Enforcement	Total Nonmajor Special Revenue Funds
ASSETS												
Equity in Pooled Cash and Investments	\$ 615,173	\$ 704,888	\$ 476,113	\$ 120,270	\$ 143,242	59,745	289,338	288,344	67,475	88,699	41,225	2,894,512
Receivables:												
Property Tax	-	-	-	-	-	-	60,519	60,519	-	-	-	121,038
Accounts	-	-	12,894	1,380	-	-	-	-	-	-	-	14,274
Intergovernmental	173,760	14,090	2,435	-	9,132	-	2,863	2,863	-	-	-	205,143
Inventories	104,791	-	-	-	-	-	-	-	-	-	-	104,791
Total Assets	<u>893,724</u>	<u>718,978</u>	<u>491,442</u>	<u>121,650</u>	<u>152,374</u>	<u>59,745</u>	<u>352,720</u>	<u>351,726</u>	<u>67,475</u>	<u>88,699</u>	<u>41,225</u>	<u>3,339,758</u>
LIABILITIES AND FUND BALANCES												
CURRENT LIABILITIES												
Accounts Payable	3,752	-	12,253	-	-	365	-	-	-	-	-	16,370
Salaries and Benefits Payable	97,509	-	36,633	-	-	-	124,232	134,015	-	-	-	392,389
Matured Compensated Absences Payable	35,569	-	-	-	-	-	-	-	-	-	-	35,569
Deferred Revenue	143,961	11,673	12,894	1,380	7,810	-	63,382	63,382	-	-	-	304,482
Total Current Liabilities	<u>280,791</u>	<u>11,673</u>	<u>61,780</u>	<u>1,380</u>	<u>7,810</u>	<u>365</u>	<u>187,614</u>	<u>197,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>748,810</u>
FUND BALANCES												
Reserved For:												
Encumbrances	19,734	-	114,017	6,072	-	-	-	-	-	-	-	139,823
Inventories	104,791	-	-	-	-	-	-	-	-	-	-	104,791
Unreserved	488,408	707,305	315,645	114,198	144,564	59,380	165,106	154,329	67,475	88,699	41,225	2,346,334
Total Fund Balance	<u>612,933</u>	<u>707,305</u>	<u>429,662</u>	<u>120,270</u>	<u>144,564</u>	<u>59,380</u>	<u>165,106</u>	<u>154,329</u>	<u>67,475</u>	<u>88,699</u>	<u>41,225</u>	<u>2,590,948</u>
Total Liabilities and Fund Balances	<u>\$ 893,724</u>	<u>\$ 718,978</u>	<u>\$ 491,442</u>	<u>\$ 121,650</u>	<u>\$ 152,374</u>	<u>\$ 59,745</u>	<u>\$ 352,720</u>	<u>\$ 351,726</u>	<u>\$ 67,475</u>	<u>\$ 88,699</u>	<u>\$ 41,225</u>	<u>\$ 3,339,758</u>

CITY OF MORaine, OHIO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

	Street Construction and Maintenance	State Highway Improvement	Parks and Recreation	Cemetery	Motor Vehicle License Tax	Enforcement and Education	Police Pension	Fire Pension	Federal Law Enforcement	State Law Enforcement	Drug Law Enforcement	Total Nonmajor Special Revenue Funds
REVENUES												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,132	\$ 85,132	\$ -	\$ -	\$ -	\$ 170,264
Shared Revenues	394,151	31,958	-	-	20,875	-	-	-	-	-	-	446,984
Licenses and Permits	-	-	-	-	-	905	-	-	-	-	-	905
Charges for Services	-	-	205,521	2,400	-	-	-	-	-	-	-	207,921
Fines	-	-	-	-	-	-	-	-	31,134	2,183	37	33,354
Investment Earnings	7,865	17,387	10,666	2,823	3,759	1,450	7,058	6,719	2,286	2,141	1,194	63,348
Contributions and Donations	-	-	22,897	-	-	-	-	-	-	-	-	22,897
Intergovernmental	-	-	44,726	-	-	-	2,803	2,803	-	-	15,605	65,937
Miscellaneous	-	-	-	1,506	-	-	-	-	-	-	-	1,506
Total Revenues	402,016	49,345	283,810	6,729	24,634	2,355	94,993	94,654	33,420	4,324	16,836	1,013,116
EXPENDITURES												
General government	-	-	-	5,200	-	-	-	-	-	-	-	5,200
Public Safety	-	-	-	-	-	999	236,798	248,874	-	-	-	486,671
Highways and streets	1,854,283	-	-	-	-	-	-	-	-	-	-	1,854,283
Culture and recreation	-	-	992,061	-	-	-	-	-	-	-	-	992,061
Total Expenditures	1,854,283	-	992,061	5,200	-	999	236,798	248,874	-	-	-	3,338,215
Excess (deficiency) of Revenues Over (under) Expenditures	(1,452,267)	49,345	(708,251)	1,529	24,634	1,356	(141,805)	(154,220)	33,420	4,324	16,836	(2,325,099)
OTHER FINANCING SOURCES (USES)												
Transfers in	1,525,000	-	550,000	-	-	-	315,000	290,000	-	-	-	2,680,000
Net Change in Fund Balance	72,733	49,345	(158,251)	1,529	24,634	1,356	173,195	135,780	33,420	4,324	16,836	354,901
Fund Balance - Beginning	540,200	657,960	587,913	118,741	119,930	58,024	(8,089)	18,549	34,055	84,375	24,389	2,236,047
Fund Balance - Ending	<u>\$ 612,933</u>	<u>\$ 707,305</u>	<u>\$ 429,662</u>	<u>\$ 120,270</u>	<u>\$ 144,564</u>	<u>\$ 59,380</u>	<u>\$ 165,106</u>	<u>\$ 154,329</u>	<u>\$ 67,475</u>	<u>\$ 88,699</u>	<u>\$ 41,225</u>	<u>\$ 2,590,948</u>

CITY OF MORaine, OHIO
STREET CONSTRUCTION AND MAINTENANCE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 400,000	\$ 400,000	\$ 392,997	\$ (7,003)
Investment Earnings	8,400	8,400	7,967	(433)
Total Revenues	<u>408,400</u>	<u>408,400</u>	<u>400,964</u>	<u>(7,436)</u>
EXPENDITURES				
Highways and Streets				
Personnel Services	1,619,180	1,638,180	1,486,587	151,593
General Operating Expenses	466,964	440,443	329,863	110,580
Total Highways and Streets	<u>2,086,144</u>	<u>2,078,623</u>	<u>1,816,450</u>	<u>262,173</u>
Total Expenditures	<u>2,086,144</u>	<u>2,078,623</u>	<u>1,816,450</u>	<u>262,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,677,744)</u>	<u>(1,670,223)</u>	<u>(1,415,486)</u>	<u>254,737</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,800,000	1,800,000	1,525,000	(275,000)
Total Other Financing Sources (Uses)	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,525,000</u>	<u>(275,000)</u>
Net Change in Fund Balance	122,256	129,777	109,514	(20,263)
Fund Balance - Beginning	460,280	460,280	460,280	-
Encumbrances	8,327	8,327	8,327	-
Fund Balance - Ending	<u>\$ 590,863</u>	<u>\$ 598,384</u>	<u>\$ 578,121</u>	<u>\$ (20,263)</u>

CITY OF MORAIN, OHIO
STATE HIGHWAY IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 32,000	\$ 32,000	\$ 31,864	\$ (136)
Investment Earnings	12,000	12,000	20,423	8,423
Total Revenues	<u>44,000</u>	<u>44,000</u>	<u>52,287</u>	<u>8,287</u>
 Net Change in Fund Balance	 44,000	 44,000	 52,287	 8,287
 Fund Balance - Beginning	 <u>637,056</u>	 <u>637,056</u>	 <u>637,056</u>	 <u>-</u>
Fund Balance - Ending	<u>\$ 681,056</u>	<u>\$ 681,056</u>	<u>\$ 689,343</u>	<u>\$ 8,287</u>

CITY OF MORaine, OHIO
PARKS AND RECREATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Charges for Services	\$ 238,200	\$ 238,200	\$ 205,747	\$ (32,453)
Investment Earnings	12,000	12,000	17,427	5,427
Intergovernmental	35,000	35,000	42,292	7,292
Total Revenues	<u>285,200</u>	<u>285,200</u>	<u>265,466</u>	<u>(19,734)</u>
EXPENDITURES				
Culture-Recreation				
Civic Center				
Personnel services	266,340	261,440	221,449	39,991
General operating expenses	101,635	115,857	88,967	26,890
Total Civic Center	<u>367,975</u>	<u>377,297</u>	<u>310,416</u>	<u>66,881</u>
Parks & Recreation Programs				
Personnel services				-
General operating expenses	70,044	70,044	47,075	22,969
Total Parks & Recreation Programs	<u>70,044</u>	<u>70,044</u>	<u>47,075</u>	<u>22,969</u>
Water Park				
Personnel services	14,000	10,075	10,066	9
General operating expenses	89,469	69,975	69,970	5
Total Water Park	<u>103,469</u>	<u>80,050</u>	<u>80,036</u>	<u>14</u>
Recreational Center				
Personnel services	572,110	566,070	485,443	80,627
General operating expenses	207,358	191,803	170,929	20,874
Total Recreational Center	<u>779,468</u>	<u>757,873</u>	<u>656,372</u>	<u>101,501</u>
Total Culture-Recreation	<u>1,320,956</u>	<u>1,285,264</u>	<u>1,093,899</u>	<u>191,365</u>
Total Expenditures	<u>1,320,956</u>	<u>1,285,264</u>	<u>1,093,899</u>	<u>191,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,035,756)</u>	<u>(1,000,064)</u>	<u>(828,433)</u>	<u>171,631</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	550,000	(450,000)
Total Other Financing Sources (Uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>550,000</u>	<u>(450,000)</u>
Net Change in Fund Balance	<u>(35,756)</u>	<u>(64)</u>	<u>(278,433)</u>	<u>(278,369)</u>
Fund Balance - Beginning	416,955	416,955	416,955	-
Encumbrances	110,349	110,349	110,349	-
Fund Balance - Ending	<u>\$ 491,548</u>	<u>\$ 527,240</u>	<u>\$ 248,871</u>	<u>\$ (278,369)</u>

CITY OF MORaine, OHIO
CEMETERy FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for Services	\$ 4,000	\$ 4,000	\$ 2,400	\$ (1,600)
Investment Earnings	2,000	2,000	3,536	1,536
Miscellaneous	5,000	5,000	1,506	(3,494)
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>7,442</u>	<u>(3,558)</u>
EXPENDITURES				
General Government	<u>25,571</u>	<u>15,000</u>	<u>11,272</u>	<u>3,728</u>
Total Expenditures	<u>25,571</u>	<u>15,000</u>	<u>11,272</u>	<u>3,728</u>
Net Change in Fund Balance	(14,571)	(4,000)	(3,830)	170
Fund Balance - Beginning	104,804	104,804	104,804	-
Encumbrances	10,572	10,572	10,572	-
Fund Balance - Ending	<u>\$ 100,805</u>	<u>\$ 111,376</u>	<u>\$ 111,546</u>	<u>\$ 170</u>

CITY OF MORaine, OHIO
MOTOR VEHICLE LICENSE TAX FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Shared Revenues	\$ 21,000	\$ 21,000	\$ 20,925	\$ (75)
Investment Earnings	2,000	2,000	3,960	1,960
Total Revenues	<u>23,000</u>	<u>23,000</u>	<u>24,885</u>	<u>1,885</u>
EXPENDITURES				
Highways and Streets	8,000	8,000	-	8,000
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Net Change in Fund Balance	15,000	15,000	24,885	9,885
Fund Balance - Beginning	115,198	115,198	115,198	-
Fund Balance - Ending	<u>\$ 130,198</u>	<u>\$ 130,198</u>	<u>\$ 140,083</u>	<u>\$ 9,885</u>

CITY OF MORaine, OHIO
ENFORCEMENT AND EDUCATION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
License and Permits	\$ 10,000	\$ 10,000	\$ 994	\$ (9,006)
Investment Earnings	1,100	1,100	1,774	674
Total Revenues	<u>11,100</u>	<u>11,100</u>	<u>2,768</u>	<u>(8,332)</u>
EXPENDITURES				
Public Safety	10,000	10,000	634	9,366
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>634</u>	<u>9,366</u>
Net Change in Fund Balance	1,100	1,100	2,134	1,034
Fund Balance - Beginning	56,293	56,293	56,293	-
Fund Balance - Ending	<u>\$ 57,393</u>	<u>\$ 57,393</u>	<u>\$ 58,427</u>	<u>\$ 1,034</u>

CITY OF MORaine, OHIO
POLICE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 56,802	\$ 56,802	\$ 56,987	\$ 185
Intergovernmental	2,600	2,600	30,948	28,348
Investment Earnings	2,000	2,000	4,475	2,475
Total Revenues	<u>61,402</u>	<u>61,402</u>	<u>92,410</u>	<u>31,008</u>
EXPENDITURES				
Public Safety				
Personnel	490,000	490,000	246,929	243,071
General operating expense	1,500	1,500	949	551
Total Public Safety	<u>491,500</u>	<u>491,500</u>	<u>247,878</u>	<u>243,622</u>
Total Expenditures	<u>491,500</u>	<u>491,500</u>	<u>247,878</u>	<u>243,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(430,098)</u>	<u>(430,098)</u>	<u>(155,468)</u>	<u>274,630</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	405,000	405,000	315,000	(90,000)
Total Other Financing Sources (Uses)	<u>405,000</u>	<u>405,000</u>	<u>315,000</u>	<u>(90,000)</u>
Net Change in Fund Balance	(25,098)	(25,098)	159,532	184,630
Fund Balance - Beginning	123,425	123,425	123,425	-
Fund Balance - Ending	<u>\$ 98,327</u>	<u>\$ 98,327</u>	<u>\$ 282,957</u>	<u>\$ 184,630</u>

CITY OF MORaine, OHIO
FIRE PENSION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 55,200	\$ 55,200	\$ 56,987	\$ 1,787
Intergovernmental	4,202	4,202	30,948	26,746
Investment Earnings	2,000	2,000	4,607	2,607
Total Revenues	<u>61,402</u>	<u>61,402</u>	<u>92,542</u>	<u>31,140</u>
EXPENDITURES				
Public Safety:				
Personnel	540,000	540,000	252,017	287,983
General operating expense	1,500	1,500	949	551
Total Public Safety	<u>541,500</u>	<u>541,500</u>	<u>252,966</u>	<u>288,534</u>
Total Expenditures	<u>541,500</u>	<u>541,500</u>	<u>252,966</u>	<u>288,534</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(480,098)</u>	<u>(480,098)</u>	<u>(160,424)</u>	<u>319,674</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	455,000	455,000	290,000	(165,000)
Total Other Financing Sources (Uses)	<u>455,000</u>	<u>455,000</u>	<u>290,000</u>	<u>(165,000)</u>
Net Change in Fund Balance	(25,098)	(25,098)	129,576	154,674
Fund Balance - Beginning	152,409	152,409	152,409	-
Fund Balance - Ending	<u>\$ 127,311</u>	<u>\$ 127,311</u>	<u>\$ 281,985</u>	<u>\$ 154,674</u>

CITY OF MORaine, OHIO
FEDERAL LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 1,763	\$ 763
Fines	-	-	31,134	31,134
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>32,897</u>	<u>31,897</u>
 Net Change in Fund Balance	 1,000	 1,000	 32,897	 31,897
 Fund Balance - Beginning	 33,090	 33,090	 33,090	 -
Fund Balance - Ending	<u>\$ 34,090</u>	<u>\$ 34,090</u>	<u>\$ 65,987</u>	<u>\$ 31,897</u>

CITY OF MORaine, OHIO
STATE LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 2,576	\$ 576
Fines	-	-	2,183	2,183
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>4,759</u>	<u>2,759</u>
 Net Change in Fund Balance	 2,000	 2,000	 4,759	 2,759
 Fund Balance - Beginning	 <u>81,984</u>	 <u>81,984</u>	 <u>81,984</u>	 <u>-</u>
Fund Balance - Ending	<u>\$ 83,984</u>	<u>\$ 83,984</u>	<u>\$ 86,743</u>	<u>\$ 2,759</u>

CITY OF MORaine, OHIO
DRUG LAW ENFORCEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 900	\$ 900	\$ 976	\$ 76
Intergovernmental	-	-	15,605	15,605
Fines	-	-	37	37
Total Revenues	<u>900</u>	<u>900</u>	<u>16,618</u>	<u>15,718</u>
EXPENDITURES				
Public Safety	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	(4,100)	(4,100)	16,618	20,718
Fund Balance - Beginning	<u>23,698</u>	<u>23,698</u>	<u>23,698</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 19,598</u>	<u>\$ 19,598</u>	<u>\$ 40,316</u>	<u>\$ 20,718</u>

CITY OF MORaine, OHIO
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	\$ 2,800	\$ 2,800	\$ 4,451	\$ 1,651
Total Revenues	<u>2,800</u>	<u>2,800</u>	<u>4,451</u>	<u>1,651</u>
 Net Change in Fund Balance	 2,800	 2,800	 4,451	 1,651
 Fund Balance - Beginning	 <u>142,673</u>	 <u>142,673</u>	 <u>142,673</u>	 <u>-</u>
Fund Balance - Ending	<u>\$ 145,473</u>	<u>\$ 145,473</u>	<u>\$ 147,124</u>	<u>\$ 1,651</u>

CITY OF MORaine, OHIO
CAPITAL IMPROVEMENT FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
For Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Income	\$ 1,033,333	\$ 1,033,333	\$ 1,013,835	\$ (19,498)
Intergovernmental	1,350,000	1,350,000	939,310	(410,690)
Miscellaneous	501,200	501,200	438,675	(62,525)
Total Revenues	<u>2,884,533</u>	<u>2,884,533</u>	<u>2,391,820</u>	<u>(492,713)</u>
EXPENDITURES				
Capital Outlays:				
General Government	13,598	9,778	9,778	-
Public Safety	107,039	113,382	106,731	6,651
Highways and Streets	2,195,752	3,681,931	3,675,957	5,974
Debt Service:				
Principal	245,710	245,710	243,698	2,012
Interest	42,000	62,000	60,295	1,705
Total Expenditures	<u>2,604,099</u>	<u>4,112,801</u>	<u>4,096,459</u>	<u>16,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>280,434</u>	<u>(1,228,268)</u>	<u>(1,704,639)</u>	<u>(476,371)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	-	(100,000)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Net Change in Fund Balance	380,434	(1,128,268)	(1,704,639)	(576,371)
Fund Balance - Beginning	2,620,543	2,620,543	2,620,543	-
Encumbrances	205,888	205,888	205,888	-
Fund Balance - Ending	<u>\$ 3,206,865</u>	<u>\$ 1,698,163</u>	<u>\$ 1,121,792</u>	<u>\$ (576,371)</u>

CITY OF MORaine, OHIO
Combining Statement of Net Assets
Internal Service Funds
December 31, 2010

	<u>City Garage</u>	<u>Insurance Reserve</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
ASSETS				
CURRENT ASSETS				
Equity in Pooled Cash and Investments	\$ 183,704	\$ 1,495,620	\$ 435,898	\$ 2,115,222
Inventories	137,021	-	-	137,021
Total Current Assets	<u>320,725</u>	<u>1,495,620</u>	<u>435,898</u>	<u>2,252,243</u>
NON-CURRENT ASSETS				
Capital Assets, Net	<u>5,372</u>	<u>-</u>	<u>-</u>	<u>5,372</u>
Total Assets	<u>326,097</u>	<u>1,495,620</u>	<u>435,898</u>	<u>2,257,615</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	25,036	1,377	-	26,413
Salaries and Benefits Payable	14,469	-	-	14,469
Compensated Absences Payable	5,957	-	-	5,957
Insurance Claims Payable	-	-	77,379	77,379
Total Current Liabilities	<u>45,462</u>	<u>-</u>	<u>77,379</u>	<u>124,218</u>
LONG-TERM LIABILITIES				
Compensated Absences Payable	<u>28,894</u>	<u>-</u>	<u>-</u>	<u>28,894</u>
Total Liabilities	<u>74,356</u>	<u>1,377</u>	<u>77,379</u>	<u>153,112</u>
NET ASSETS				
Invested in Capital Assets	5,372	-	-	5,372
Unreserved	246,369	1,494,243	358,519	2,099,131
Total Net Assets	<u>\$ 251,741</u>	<u>\$ 1,494,243</u>	<u>\$ 358,519</u>	<u>\$ 2,104,503</u>

CITY OF MORaine, OHIO
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Year Ended December 31, 2010

	City Garage	Insurance Reserve	Health Insurance	Total Internal Service Funds
Operating Revenues				
Charges for Services	499,538	-	1,771,341	2,270,879
Miscellaneous	-	5,603	-	5,603
Total Operating Revenues	<u>499,538</u>	<u>5,603</u>	<u>1,771,341</u>	<u>2,276,482</u>
Operating Expenses				
Current:				
Cost of Services	536,128	14,931	1,695,365	2,246,424
Depreciation	9,416	-	-	9,416
Total Operating Expenses	<u>545,544</u>	<u>14,931</u>	<u>1,695,365</u>	<u>2,255,840</u>
Operating Income (Loss)	<u>(46,006)</u>	<u>(9,328)</u>	<u>75,976</u>	<u>20,642</u>
Non-operating Revenues				
Investment Earnings	-	35,811	-	35,811
Change in Net Assets	<u>(46,006)</u>	<u>26,483</u>	<u>75,976</u>	<u>56,453</u>
Total Net Assets - Beginning	<u>297,747</u>	<u>1,467,760</u>	<u>282,543</u>	<u>2,048,050</u>
Total Net Assets - Ending	<u><u>251,741</u></u>	<u><u>1,494,243</u></u>	<u><u>358,519</u></u>	<u><u>2,104,503</u></u>

CITY OF MORaine, OHIO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2010

	City Garage	Insurance Reserve	Health Insurance Program	Totals
Cash Flows From Operating Activities				
Cash received for inter fund services	\$ 499,538	\$ -	\$ 1,771,341	\$ 2,270,879
Miscellaneous	-	5,603	-	5,603
Cash paid to suppliers for goods or services/claims paid	(264,163)	(13,554)	(1,708,366)	(1,986,083)
Cash paid to employees for services	(235,375)	-	-	(235,375)
Net cash provided (used) by operating activities	-	(7,951)	62,975	55,024
Cash Flows From Investing Activities				
Investment earnings	-	35,811	-	35,811
Net Cash provided by investing activities	-	35,811	-	35,811
Net Change	-	27,860	62,975	90,835
Equity in Pooled Cash and Investments Beginning of Year	183,704	1,467,760	372,923	2,024,387
Equity in Pooled Cash and Investments End of Year	<u>\$ 183,704</u>	<u>\$ 1,495,620</u>	<u>\$ 435,898</u>	<u>\$ 2,115,222</u>
Reconciliation of Operating Income (loss) to Net Cash				
Provided (used) by Operating Activities				
Operating income (loss)	\$ (46,006)	\$ (9,328)	\$ 75,976	\$ 20,642
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	9,416	-	-	9,416
Decrease in inventories	2,806	-	-	2,806
Decrease in prepaid expenses	42	-	-	42
Increase in accounts payable	24,877	1,377	-	26,254
Decrease in salaries and benefits payable	(513)	-	-	(513)
Increase in compensated absences payable	9,378	-	-	9,378
Decrease in insurance claims payable	-	-	(13,001)	(13,001)
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ (7,951)</u>	<u>\$ 62,975</u>	<u>\$ 55,024</u>

CITY OF MORAIN, OHIO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2010

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
Miscellaneous Agency Fund				
Assets				
Equity in Pooled Cash and Investments	\$ 391,365	\$ 10,964	\$ (363,784)	\$ 38,545
Total Assets	<u>391,365</u>	<u>10,964</u>	<u>(363,784)</u>	<u>38,545</u>
Liabilities				
Deposits	391,365	10,964	(363,784)	38,545
Total Liabilities	<u>391,365</u>	<u>10,964</u>	<u>(363,784)</u>	<u>38,545</u>
Mayor's Court				
Assets				
Cash in Segregated Accounts	30,470	646,656	(656,497)	20,629
Total Assets	<u>30,470</u>	<u>646,656</u>	<u>(656,497)</u>	<u>20,629</u>
Liabilities				
Due to Other Governments	5,024	58,174	(46,055)	17,143
Deposits	-	1,465	-	1,465
Escrow Bonds	25,446	587,017	(610,442)	2,021
Total Liabilities	<u>30,470</u>	<u>646,656</u>	<u>(656,497)</u>	<u>20,629</u>
Totals - All Agency Funds				
Assets				
Equity in Pooled Cash and Investments	391,365	10,964	(363,784)	38,545
Cash in Segregated Accounts	30,470	646,656	(656,497)	20,629
Total Assets	<u>421,835</u>	<u>657,620</u>	<u>(1,020,281)</u>	<u>59,174</u>
Liabilities				
Deposits	391,365	12,429	(363,784)	40,010
Due to Other Governments	5,024	58,174	(46,055)	17,143
Escrow Bonds	25,446	587,017	(610,442)	2,021
Total Liabilities	<u>\$ 421,835</u>	<u>\$ 657,620</u>	<u>\$ (1,020,281)</u>	<u>\$ 59,174</u>

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**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 (Tables 1-4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules can be found on pages 74 to 78.

Revenue Capacity (Tables 5-10)

These schedules contain information to help the reader assess the factors affecting the City's most significant local revenue source, income and property taxes. These schedules can be found on pages 79 to 84.

Debt Capacity (Tables 11-13)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt as well as the City's ability to issue additional debt in the future. These schedules can be found on pages 85 to 87.

Demographic and Economic Information (Tables 14-15)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. These schedules can be found on pages 88 and 89.

Operating Information (Tables 16-18)

These schedules contain information about the City's operation and resources to help the reader understand how the City's financial information relates to the services provided and activities performed. These schedules can be found on pages 90 to 92.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information begin with that fiscal year.

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

TABLE 1

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 15,469	\$ 16,173	\$ 23,959	\$ 23,020	\$ 26,274	\$ 27,966	\$ 30,033	\$ 28,863
Restricted for:								
Debt service	141	141	121	124	131	138	147	150
Special revenue	2,056	1,094	764	1,976	2,188	1,765	1,999	2,382
Capital projects	5,713	6,026	3,491	4,054	3,756	3,048	2,848	3,464
Unrestricted	14,413	14,454	15,701	17,862	17,780	15,422	13,129	9,542
Total government activities net assets	<u>37,792</u>	<u>37,888</u>	<u>44,036</u>	<u>47,036</u>	<u>50,129</u>	<u>48,339</u>	<u>48,156</u>	<u>44,401</u>
Business-type activities								
Unrestricted	446	456	460	475	500	529	563	581
Total business-type activities net assets	<u>446</u>	<u>456</u>	<u>460</u>	<u>475</u>	<u>500</u>	<u>529</u>	<u>563</u>	<u>581</u>
Primary government								
Invested in capital assets, net of related debt	15,469	16,173	23,959	23,020	26,274	27,966	30,033	28,863
Restricted	7,910	7,261	4,376	6,154	6,075	4,951	4,994	5,996
Unrestricted	14,859	14,910	16,161	18,337	18,280	15,951	13,692	10,123
Total primary government net assets	<u>\$ 38,238</u>	<u>\$ 38,344</u>	<u>\$ 44,496</u>	<u>\$ 47,511</u>	<u>\$ 50,629</u>	<u>\$ 48,868</u>	<u>\$ 48,719</u>	<u>\$ 44,982</u>

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

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

TABLE 2

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses								
Governmental activities:								
General government	\$ 5,189	\$ 4,658	\$ 4,845	\$ 4,953	\$ 5,112	\$ 5,230	\$ 4,523	\$ 4,079
Public safety	8,338	8,836	9,521	9,460	9,513	9,689	9,456	8,731
Highways and streets	2,337	2,956	3,391	3,345	3,761	2,790	879	3,658
Sanitation	327	266	256	305	339	347	419	346
Culture and recreation	3,004	2,892	3,188	2,882	2,745	2,935	2,312	1,249
Economic development	175	316	541	998	283	677	935	326
Health and welfare	157	163	159	133	144	95	93	83
Interest on long term debt	5	4	2	165	268	321	221	90
Total governmental activities expenses	<u>19,532</u>	<u>20,091</u>	<u>21,903</u>	<u>22,241</u>	<u>22,165</u>	<u>22,084</u>	<u>18,838</u>	<u>18,562</u>
Total primary government expenses	<u>19,532</u>	<u>20,091</u>	<u>21,903</u>	<u>22,241</u>	<u>22,165</u>	<u>22,084</u>	<u>18,838</u>	<u>18,562</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	336	299	263	328	285	248	452	410
Public safety	3	5	9	18	46	39	31	372
Highways and streets	1		41		33	1	194	-
Culture and recreation	755	721	868	790	813	794	723	-
Health and welfare	79	87	112	71	39	58	56	-
Operating grants and contributions	81	607	247	233	382	286	200	351
Capital grants and contributions	647	234	449	1,487	809	337	784	1,044
Total governmental activities program revenues	<u>1,902</u>	<u>1,953</u>	<u>1,989</u>	<u>2,927</u>	<u>2,407</u>	<u>1,763</u>	<u>2,440</u>	<u>2,177</u>
Business-type activities:								
Loan program charges for services	5	3	2	1	1	1	-	-
Investment earnings	(2)	7	3	13	24	28	33	18
Total business-type activities program revenues	<u>3</u>	<u>10</u>	<u>5</u>	<u>14</u>	<u>25</u>	<u>29</u>	<u>33</u>	<u>18</u>
Total primary government program revenues	<u>1,905</u>	<u>1,963</u>	<u>1,994</u>	<u>2,941</u>	<u>2,432</u>	<u>1,792</u>	<u>2,473</u>	<u>2,195</u>

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

TABLE 2 (continued)

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net (Expense)/Revenue								
Governmental activities	(17,630)	(18,138)	(19,914)	(19,314)	(19,758)	(20,321)	(16,398)	(16,385)
Business-type activities	3	10	5	14	25	29	33	18
Total primary government net expense	<u>(17,627)</u>	<u>(18,128)</u>	<u>(19,909)</u>	<u>(19,300)</u>	<u>(19,733)</u>	<u>(20,292)</u>	<u>(16,365)</u>	<u>(16,367)</u>
General Revenues and Other Changes in Net Assets								
Taxes								
Income tax	15,424	14,509	18,712	19,867	19,618	15,333	11,817	9,853
Property taxes, levied for								
Property taxes, levied for								
General purposes	526	446	512	545	619	567	345	388
Police pensions	87	93	85	81	70	65	64	90
Fire pensions	87	93	85	81	70	65	64	90
Other taxes	104	92	98	103	82	66	11	18
Payments in lieu of taxes	-	-	-	-	-	-	-	41
Shared revenues	737	830	774	775	871	1,078	713	719
Intergovernmental	-	-	-	-	-	-	260	444
Special assessments	18	16	-	-	-	-	-	-
Rents and royalties	12	65	35	-	-	-	-	-
Miscellaneous	105	127	261	232	233	105	1,967	577
Investment earnings	(55)	352	188	494	1,221	1,255	961	410
Gain on the sale of capital assets	65	25	29	137	67	(2)	13	-
	<u>17,110</u>	<u>16,648</u>	<u>20,779</u>	<u>22,315</u>	<u>22,851</u>	<u>18,532</u>	<u>16,215</u>	<u>12,630</u>
Change in Net Assets								
Governmental activities	(520)	(1,490)	865	3,001	3,093	(1,789)	(183)	(3,755)
Business-type activities	3	10	5	14	25	29	33	18
Total primary government	<u>\$ (517)</u>	<u>\$ (1,480)</u>	<u>\$ 870</u>	<u>\$ 3,015</u>	<u>\$ 3,118</u>	<u>\$ (1,760)</u>	<u>\$ (150)</u>	<u>\$ (3,737)</u>

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

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

TABLE 3

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 349	\$ 344	\$ 272	\$ 316	\$ 428	\$ 375	\$ 393	\$ 1,321	\$ 1,230	\$ 1,120
Unreserved	14,184	13,943	12,301	11,959	14,749	17,139	16,495	13,045	11,551	7,608
Total general fund	14,533	14,287	12,573	12,275	15,177	17,514	16,888	14,366	12,781	8,728
All Other Governmental Funds										
Reserved	1,124	1,945	1,374	915	1,650	2,832	1,825	2,418	6,465	2,725
Unreserved, reported in:										
Special revenue funds	1,768	1,808	1,801	1,330	764	1,976	2,188	(3,268)	(4,022)	2,016
Capital projects fund	4,165	4,348	4,632	6,026	2,419	2,103	2,620	1,435	2,642	1,128
Debt service fund			141	141	121	125	131	138	147	150
Total all other governmental funds	\$ 7,057	\$ 8,101	\$ 7,948	\$ 8,412	\$ 4,954	\$ 7,036	\$ 6,764	\$ 723	\$ 5,232	\$ 6,019

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

TABLE 4

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES										
Income Taxes	\$ 15,071	\$ 15,612	\$ 15,610	\$ 14,614	\$ 19,129	\$ 20,328	\$ 19,244	\$ 15,382	\$ 11,657	\$ 9,760
Property Taxes	-	-	699	632	682	723	772	697	474	526
Other Taxes	769	602	104	92	98	86	69	66	11	2
Payment in lieu of taxes	-	-	-	-	-	-	-	-	-	41
Shared Revenues	883	789	775	973	875	929	1,022	1,270	852	708
Special Assessments	25	20	18	16	-	-	-	-	-	-
License and Permits			42	61	97	35	98	41	232	15
Charges for Services	945	970	800	757	945	855	842	866	948	575
Fines	256	370	333	286	251	279	240	214	257	75
Investment Earnings	779	532	(55)	352	188	494	1,221	1,255	960	410
Contributions and Donations			2	2	3	26	32	22	9	23
Rents and Royalties			12	65	35	38	36	19	18	20
Intergovernmental	394	31	728	701	557	1,561	1,024	451	1,107	1,565
Miscellaneous	767	735	103	136	261	232	233	105	1,966	509
Total Revenues	<u>19,889</u>	<u>19,661</u>	<u>19,171</u>	<u>18,687</u>	<u>23,121</u>	<u>25,586</u>	<u>24,833</u>	<u>20,388</u>	<u>18,491</u>	<u>14,229</u>
EXPENDITURES										
Current:										
General government	4,315	4,153	4,132	4,148	4,322	4,565	4,859	4,893	4,290	3,868
Public Safety	6,993	7,434	7,746	8,081	8,610	9,064	9,509	9,092	8,860	8,311
Highways & Streets	1,777	1,912	2,132	2,077	2,238	2,748	2,399	2,559	2,371	2,319
Sanitation	-	-	327	266	256	305	340	347	419	346
Economic Development	655	159	158	284	400	511	3,132	639	944	299
Health and Welfare	535	611	151	162	159	133	133	85	86	76
Culture and Recreation	2,726	2,796	2,672	2,601	2,706	2,389	2,593	2,567	2,108	1,000
Capital Improvements	1,466	1,423	3,888	5,634	3,882	2,144	2,645	4,315	1,890	1,712
Debt Service:										
Principal	48	43	103	837	4,691	4,249	169	5,068	161	5,475
Interest & Fiscal Charges	9	7	5	3	121	165	205	301	227	248
Total Expenditures	<u>18,524</u>	<u>18,538</u>	<u>21,314</u>	<u>24,093</u>	<u>27,385</u>	<u>26,273</u>	<u>25,984</u>	<u>29,866</u>	<u>21,356</u>	<u>23,654</u>
Excess (deficiency) of revenues over expenditures	1,365	1,123	(2,143)	(5,406)	(4,264)	(687)	(1,151)	(9,478)	(2,865)	(9,425)
OTHER FINANCIAL SOURCES (USES)										
General long-term debt issued			323	5,550	3,700	5,000			5,300	5,805
Transfers In	3,890	3,933	4,050	3,300	3,699	4,462	6,025	5,125	3,150	2,805
Transfers Out	(4,184)	(4,318)	(4,435)	(3,450)	(3,699)	(4,462)	(6,025)	(5,125)	(3,150)	(2,805)
Proceeds from capital leases			193			80		693	450	94
Proceeds from the sale of assets	414	60	75	31	29	146	253	220	41	260
Total Other Financing Sources (Uses)	<u>120</u>	<u>(325)</u>	<u>206</u>	<u>5,431</u>	<u>3,729</u>	<u>5,226</u>	<u>253</u>	<u>913</u>	<u>5,791</u>	<u>6,159</u>
Net Change in Fund Balance	<u>\$ 1,485</u>	<u>\$ 798</u>	<u>\$ (1,937)</u>	<u>\$ 25</u>	<u>\$ (535)</u>	<u>\$ 4,539</u>	<u>\$ (898)</u>	<u>\$ (8,565)</u>	<u>\$ 2,926</u>	<u>\$ (3,266)</u>
Debt service as a percentage of noncapital expenditures	0.33%	0.28%	0.60%	4.67%	19.95%	17.82%	1.77%	21.14%	2.28%	25.92%

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

TABLE 5

Fiscal Year	Municipal Income Taxes	Other Local Taxes	State Shared Taxes and Permits	Total
2001	12,780,377	769,017	882,968	\$14,432,362
2002	13,272,808	601,889	788,633	\$14,663,330
2003	15,424,540	803,868	737,456	\$16,965,864
2004	14,508,566	723,595	829,436	\$16,061,597
2005	18,711,202 ⁽³⁾	779,864	774,274	\$20,265,340
2006	19,866,552	810,408	775,190	\$21,452,150
2007	19,617,652	840,936	870,654	\$21,329,242
2008	15,332,598	696,967	1,077,507	\$17,107,072
2009	11,817,442	473,697	712,879	\$13,004,018
2010	9,852,558	568,599	718,455	\$11,139,612

Source: City of Moraine, Department of Finance

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

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

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

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

TABLE 6

<u>Fiscal Year</u>	<u>Amount</u>
2001	15,070,764
2002	15,611,943
2003	15,610,407
2004	14,614,100
2005	19,128,239 ⁽²⁾
2006	20,328,322
2007	19,244,218
2008	15,382,323
2009	11,657,120
2010	9,760,045

Source: City of Moraine, Department of Finance

(1) Includes all governmental fund types.

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

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

<u>2001</u>			<u>2010</u>		
<u>Rank</u>	<u>Name</u>	<u>2010 Rank</u>	<u>Rank</u>	<u>Name</u>	
1	General Motors Corporation	-	1	Dmax	
2 ⁽¹⁾	Delphi Automotive	-	2	Dayton Power and Light	
3	Dmax	1	3	Win Wholesale	
4	Delphi Holdings Corp	-	4	Lastar Inc	
5	A T & T Resources	-	5	Compunet Clinical Laboratories	
6	Elder Beerman	-	6	LM Berry	
7	Dayton Power and Light	2	7	Berry Network	
8	Reynolds and Reynolds	-	8	City of Moraine	
9	City of Moraine	8	9	BWI North America	
10	Montgomery Co.	-	10	Walmart	

Source: City of Moraine, Department of Finance

(1) Delphi is a spinoff of General Motors Corporation

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

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

TABLE 7

<u>Fiscal</u>	<u>Agricultural</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Taxable Assessed</u>	<u>Total Direct Tax</u>	<u>Estimated Actual Taxable</u>	<u>Taxable Assessed Value as a Percentage of</u>
2001	\$ 884,650	\$ 37,977,860	\$ 39,063,230	\$ 48,801,860	\$ 126,727,600	2.50	\$ 362,078,857	0.35
2002	929,410	42,544,330	48,892,150	51,310,370	143,676,260	2.50	410,503,600	0.35
2003	1,005,570	42,919,710	46,188,040	45,961,020	136,074,340	2.50	388,783,829	0.35
2004	1,090,890	42,924,680	51,816,170	47,588,840	143,420,580	2.50	409,773,086	0.35
2005	1,011,590	48,710,040	53,443,470	43,938,250	147,103,350	2.50	420,295,286	0.35
2006	1,047,510	48,894,860	55,008,990	44,009,840	148,961,200	2.50	425,603,429	0.35
2007	1,040,330	49,019,710	55,504,680	43,628,350	149,193,070	2.50	426,265,914	0.35
2008	1,237,860	52,743,290	53,981,150	42,698,100	151,250,300	2.50	432,143,714	0.35
2009	1,207,550	52,349,240	55,915,630	42,568,540	152,040,960	2.50	434,402,743	0.35
2010	1,334,070	52,112,240	59,096,180	42,410,040	154,952,530	2.50	442,721,514	0.35

Source: Montgomery County Auditor's Office

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

TABLE 8

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
MUNICIPAL UNITS:										
General Fund	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Police Pension Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Fire Pension Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Municipal Rates	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>
COUNTY UNITS:										
General Fund	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Mental Retardation D & D	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Conservancy Tax										
Human Services Levy A	5.21	5.21	5.21	5.21	5.21	5.21	5.21	7.21	7.21	7.21
Human Services Levy B	5.03	5.03	5.03	6.03	6.03	6.03	6.03	6.03	6.03	6.03
Human Services Levy III										
Human Services Levy IV										
Total County Rates	<u>12.94</u>	<u>12.94</u>	<u>12.94</u>	<u>13.94</u>	<u>13.94</u>	<u>13.94</u>	<u>13.94</u>	<u>15.94</u>	<u>15.94</u>	<u>15.94</u>
OTHER UNITS:										
Montgomery County Community College	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	3.2	3.2
Montgomery County Park District	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Dayton - Montgomery Library	0.26	0.26	0.26	1.25	1.25	1.25	1.25	1.25	1.75	1.75
SCHOOL DISTRICT:										
Kettering / Moraine Community	56.3	56.3	60.9	67.8	67.8	67.8	67.8	71.3	73.1	78
West Carrollton Community	60.66	59.67	65.55	65.55	65.55	65.55	65.55	72.05	72.05	72.05
Jefferson Local School	61.9	61.9	61.9	61.9	61.9	61.9	61.9	61.9	66.9	66.9
Joint Vocational School	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58	2.58

Source: Montgomery County Auditor's Office

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

TABLE 9

		Calendar Year 2010		
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable Valuation</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Valuation</u>
Dayton Power & Light Company	Gas and Electric Utility	57,484,550	1	28.26%
General Motors Corporation	Automotive Manufacturer	9,311,730	2	4.58%
Vectren Energy	Utility	5,658,850	3	2.78%
Dovetree Apartments	Real Estate	3,959,830	4	1.95%
Walmart Stores	Retail Sales	3,562,680	5	1.75%
3601 Dryden LLC	Retail Sales	2,584,230	6	1.27%
PDQ Bell Plaza LLC	Retail Sales	2,170,000	7	1.07%
Woodbine Partners LTD	Retail Sales	1,821,800	8	0.90%
S & G INVESTMENTS	Real Estate	1,360,310	9	0.67%
Cole St Moraine Oh LLC	Real Estate	1,328,990	10	0.65%
Subtotal		89,242,970		43.88%
All Others		114,186,390		56.12%
Total		<u>\$ 203,429,360</u>		<u>100.00%</u>

		Calendar Year 2001		
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Valuation</u>
Dayton Power & Light Company	Gas and Electric Utility	\$74,801,700	1	21.52%
General Motors Corporation	Automotive Manufacturer	20,396,620	2	5.87%
Cooper Tire Company	Tires	2,683,270	3	0.77%
Moraine Village		1,569,040	4	0.45%
Ohio Bell Telephone Company	Telephone Utility	1,067,610	5	0.31%
Barbara Benz Trust	Automotive Parts Plant	1,600,280	6	0.46%
S & G Investments	Real Estate	1,257,830	7	0.36%
Nursing Home Purchasing, Inc.	Health Care	1,227,870	8	0.35%
Lance Shaner Hotel	Hotel	1,304,150	9	0.38%
Elder-Beerman Stores Corp.	Retail	1,298,340	10	0.37%
Subtotal		107,206,710		30.84%
All Others		240,442,500		69.16%
Total		<u>\$ 347,649,210</u>		<u>100.00%</u>

Source: Montgomery County Auditor's Office

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

TABLE 10

<u>TAX YEAR</u>	<u>YEAR</u>	<u>TOTAL LEVIED</u>	<u>TOTAL COLLECTED</u>	<u>PERCENTAGE COLLECTED</u>	<u>DELINQUENT COLLECTIONS</u>	<u>TOTAL COLLECTIONS</u>	<u>TOTAL COLLECTIONS AS PERCENTAGE LEVIED</u>	<u>OUTSTANDING TAXES</u>	<u>OUTSTANDING DELINQUENT TAXES AS PERCENTAGE LEVIED</u>
2000/2001	2001	865,439	772,975	89%	4,861	777,836	90%	41,851	5%
2001/2002	2002	702,168	659,482	94%	17,413	676,895	96%	39,328	6%
2002/2003	2003	704,496	667,730	95%	20,189	687,919	98%	44,630	6%
2003/2004	2004	676,191	656,554	97%	7,553	664,107	98%	94,508	14%
2004/2005	2005	688,522	643,426	93%	32,657	676,083	98%	85,108	12%
2005/2006	2006	634,977	601,054	95%	34,215	635,269	100%	96,769	15%
2006/2007	2007	588,657	567,763	96%	69,988	637,751	108% ⁽¹⁾	39,375	7%
2007/2008	2008	551,362	512,629	93%	13,459	526,088	95%	41,536	8%
2008/2009	2009	502,096	481,108	96%	18,004	499,112	99%	49,320	10%
2009/2010	2010	515,207	516,538	100%	17,152	533,690	104% ⁽¹⁾	53,901	10%

Source: Montgomery County Auditor's Office

(1) Total property tax collections exceed 100% of amount levied due to payment of delinquent taxes. This amount does not include penalties and interest.

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

TABLE 11

Fiscal Year	Special Assessment Bonds	BAN and OPWC Note	Various Purpose Bonds	Capital Leases	Total Primary Government	Personal Income (thousands of dollars)	Percentage Personal Income	Per Capita
2001	\$ 85,000	\$ -	\$ -	\$ -	\$ 85,000	\$ 81,329,424	0.10%	89
2002	65,000	-	-	-	65,000	116,421,360	0.06%	36
2003	50,000	-	-	193,109	243,109	116,421,360	0.21%	508
2004	35,000	-	-	228,421	263,421	116,421,360	0.23%	596
2005	20,000	-	-	127,507	147,507	116,421,360	0.13%	187
2006	-	2,700,000	-	26,594	2,726,594	116,421,360	2.34%	63,857
2007	-	5,000,000	-	-	5,000,000	116,421,360	4.29%	214,737
2008	-	5,300,000	-	693,399	5,993,399	110,327,680	5.43%	325,583
2009	-	5,300,000	-	560,008	5,860,008	110,327,680	5.31%	311,252
2010	-	591,160	5,805,000	424,020	6,820,180	110,327,680	6.18%	421,606

CITY OF MORaine, OHIO
Computation of Direct and Overlapping Debt
December 31, 2010

TABLE 12

Jurisdiction	Net Outstanding Debt	Percentage Applicable to City (1)	Amount Applicable to City of Moraine, Ohio
<i>DIRECT DEBT</i>			
CITY OF MORaine	\$ 6,911,143	100.00%	\$ 6,911,143
<i>OVERLAPPING</i>			
MONTGOMERY COUNTY	38,111,362	4.12%	1,570,188
WEST CARROLLTON CITY SCHOOL DISTRICT	4,144,584	78.68%	3,260,959
KETTERING CITY SCHOOL DISTRICT	98,551,482	18.14%	17,877,239
GREATER DAYTON REGIONAL TRANSIT AUTHORITY	1,795,000	4.12%	73,954
<i>TOTAL OVERLAPPING DEBT</i>	142,602,428		22,782,340
TOTAL	<u>\$ 149,513,571</u>		<u>\$ 29,693,483</u>

Source: Individual Jurisdictions

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

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

TABLE 13

	Fiscal Year								
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$36,503	\$29,491	\$29,771	\$27,366	\$29,105	\$26,669	\$24,936	\$23,370	\$16,270
Legal Debt Margin	<u>36,503</u>	<u>29,491</u>	<u>29,771</u>	<u>27,366</u>	<u>29,105</u>	<u>26,669</u>	<u>24,936</u>	<u>23,370</u>	<u>16,270</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2010

Total Assessed Value	154,953
Debt limit (10.5% of total assessed value)	16,270
Debt applicable to limit:	
General Obligation Bonds	-
Less: Amount reserved for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$16,270</u>

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

TABLE 14

Calendar Year	(1) Population	(1) Personal Income (thousands of dollars)	(1) Per Capita Personal Income	(1) Median Age	(2) Unemployment Rate
2001	6,897	81,329	11,792	32.9	4.4%
2002	6,897	116,421	16,880	32.5	5.6%
2003	6,897	116,421	16,880	32.5	6.3%
2004	6,897	116,421	16,880	32.5	6.2%
2005	6,897	116,421	16,880	32.5	5.8%
2006	6,897	116,421	16,880	32.5	5.9%
2007	6,897	116,421	16,880	32.5	6.2%
2008	6,536	110,328	16,880	32.5	8.5%
2009	6,536	110,328	16,880	32.5	11.8%
2010	6,307	110,328	16,880	37.0	9.8%

Sources:

(1) 2000 and 2010 United States Census Bureau.

(2) Bureau of Unemployment - rates are not available for the City of Moraine. The rates shown are for Montgomery County

CITY OF MORaine, OHIO
Principal Employers
Current Year and Nine Years Ago

TABLE 15

<u>2010</u>			<u>2001</u>		
	Number of			Number of	
GMC Sub Benefit	633	1	NAO Compensation Operations - GM	6,789	1
Dmax Ltd.	515	2	Delphi Automotive	2,979	2
Dayton Power and Light	487	3	Dmax	1,208	3
CBS Personnel Services	481	4	Metropolitan Life Insurance	1,052	4
Walmart	411	5	AT & T Resources	712	5
Compunet Clinical Laboratories	350	6	Jamestown Moraine	686	6
The Berry Co.	347	7	ExtraHelp	610	7
Time Warner Cable Services	300	8	Elder Beerman Operations	600	8
Berry network	228	9	Dayton Power and Light	584	9
City of Moraine	213	10	City of Moraine	509	10

Source: City of Moraine, Department of Finance

Note: Total district employment is not available.

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

TABLE 16

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government										
Clerk of Council	1	1	1	2	4	1	1	1	1	1
City Manager	6	7	8	8	6	8	8	8	8	7
Clerk of Courts	2	2	2	2	2	2	2	2	2	2
Law	0	0	0	0	0	0	0	0	0	0
Finance	7	8	9	9	7	8	8	8	7	6
Public Buildings	28	27	27	26	22	21	23	22	21	21
Public Safety										
Police	44	43	65	44	44	64	48	48	45	44
Fire	50	53	56	47	49	50	52	51	46	45
Other										
Highways and Streets	19	19	19	18	18	18	18	19	18	18
Community Development	4	5	8	7	6	6	6	6	6	6
Recreation and Culture	60	66	64	63	61	58	57	54	42	39
Garage	4	4	4	4	4	4	4	4	4	4
Total	<u>225</u>	<u>235</u>	<u>263</u>	<u>230</u>	<u>223</u>	<u>240</u>	<u>227</u>	<u>223</u>	<u>200</u>	<u>193</u>

Source: City of Moraine, Department of Finance

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation, holiday, sick leave and comp time). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080. However, due to the calendar in Fiscal Year 2004, full-time employees worked 2,120. Therefore, full-time equivalent employment is calculated for 2004 by dividing total labor hours by 2,120. In Fiscal Year 2010, full-time employees worked 1,872 hours annually. Therefore, full-time employment for 2010 is calculated by dividing total labor hours by 1,872.

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

TABLE 17

Function	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Warrants served	1,005	483	N/A	975	1,653	1,594	1,345	1,347	N/A	1,128
Felony arrests	185	239	239	236	249	N/A	N/A	120	N/A	92
Arrests made	1,545	1,753	1,842	907	1,184	1,593	1,292	1,198	N/A	1,702
Traffic citations issued	4,439	5,125	4,665	3,645	3,323	3,314	2,808	2,398	N/A	1,568
Miles Patrolled	351,575	384,302	350,265	N/A	426,785	364,544	375,637	294,281	N/A	237,841
Fire										
Fire calls	606	136	159	209	115	117	118	133	100	112
EMS calls	2,052	1,897	1,664	1,764	1,875	1,769	1,708	1,755	1,357	1,567
Fire Inspections	845	821	809	1,314	950	955	929	909	976	961
Child Safety Seat Inspections	100+	240	347	129	75	59	51	48	60	31
Highways and Streets										
Gallons of street paint used	7,535	9,560	2,750	1,830	10,080	1,880	1,880	1,456	1,750	1,040
Tons of snow melting salt used	485	1,744	N/A	1,071	451	797	797	1,000	1,200	1,200
Community Development										
Building Inspections	439	310	808	476	344	360	236	245	328	177
Residential Building Permits Issued	86	78	67	84	49	57	84	74	65	75
Commercial Building Permits Issued	143	189	171	175	138	126	105	96	108	95
Culture and Recreation										
Payne Recreation Center Attendance	133,000	150,000	170,000	150,000	110,000	100,000	90,605	89,590	82,467	138,939
Splash! Moraine Attendance	98,140	95,763	64,605	61,166	79,718	65,685	64,333	62,703	56,092	- ⁽⁴⁾
Civic Center Attendance (estimated)	93,924	47,667	48,207	33,150	29,000	20,000	25,979	43,686	40,992	31,061
Natatorium Attendance	24,000	55,395	23,950	26,095	14,732 ⁽³⁾					
Youth and Day Camps Attendance	92	57	1,234	1,068	1,454	1,606	1,013	1,098	885	752

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

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

(3) The Natatorium ceased operation September 2005.

(4) Splash! Moraine ceased operation September 2009.

(N/A) Not Available

Source - Various City of Moraine departments

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

TABLE 18

Function	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	35	31	31	31	23	28	28	28	28	28
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Emergency Response Vehicles	11	11	11	11	10	10	10	10	10	10
Highways and Streets										
Miles of Streets (Center Line Miles)	275.65	275.65	275.65	275.65	276.65	276.65	276.65	276.65	276.65	276.65
Number of Streetlights (Non-special assessment) #	1,315	1,315	1,315	1,315	1,313	1,313	1,313	1,313	1,226	1,226
Culture and Recreation										
Parks	13	14	14	14	14	14	13	13	13	13
Civic Centers	1	1	1	1	1	1	1	1	1	1
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Water Parks	1	1	1	1	1	1	1	1	1	1

Source - Various City of Moraine Departments