



Warren County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2005



THE CITY OF SPRINGBORO, OHIO

WARREN COUNTY

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
December 31, 2005

Prepared by:
Department of Finance

Robyn L. Brown
Director of Finance



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WARREN COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF SPRINGBORO

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

phone (937) 748-4343

fax (937) 748-0815

June 17, 2006

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

We are pleased to present the City of Springboro Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2005. The responsibility for both the accuracy of the presented data, and the completeness and fairness of presentation, including all disclosures, rests with the management of the City, particularly the Director of Finance's Office. This report is prepared in conformance with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. We believe the data is fairly presented in all material aspects and that it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a reasonable understanding of the City's financial affairs have been included.

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

This CAFR is divided into three sections as follows.

1. Introductory Section - This section introduces the reader to the report and includes the table of contents, this transmittal letter, the GFOA Certificate of Achievement, the list of principal officials and the City's organizational chart.
2. Financial Section - The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the City's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. Statistical Section - The multi-year information presented in this section is designed to reflect social and economical data, financial trends and the fiscal capacity of the City.

CITY OF SPRINGBORO, OHIO

Letter of Transmittal For the Year Ended December 31, 2005

THE CITY

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

REPORTING ENTITY AND SERVICES

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt or the levying of their taxes. The City of Springboro does not have any component units.

The Warren County General Health District, the Greater Warren County Drug Task Force and the Miami Valley Regional Planning Commission were determined to be a jointly governed organizations and the Ohio Municipal League of Workers' Compensation Group Rating Plan was determined to be a group purchasing pool. These entities are discussed further in Notes 17 and 18 within the notes to the financial statements.

***Letter of Transmittal
For the Year Ended December 31, 2005***

ECONOMIC OUTLOOK

Growth and development within the City of Springboro is expected to exceed the national and state average due to the City's physical location along Interstate 75 between Cincinnati and Dayton. Population in the City of Springboro was officially counted on April 1, 2000 by the United States Census Bureau as 12,380, but is estimated to be in excess of 15,000 today. The main factor contributing to this growth is an abundance of available building sites, which offer appealing terrain, location, amenities, small town atmosphere and a low crime rate. As a result, 147 single-family residential construction permits were issued in 2005. This was a decrease from the 205 permits issued in 2004, however, it is expected that the growth will continue in 2006.

Since the City annexed the South Tech Business Park in 1997 and began marketing the new Stolz Industrial Park in 1998, industrial growth in Springboro has blossomed. The City has witnessed the addition of over 690 new manufacturing jobs and an additional payroll worth an estimated \$27 million over the past five years.

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

MAJOR INITIATIVES

For the Year (2005):

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

Street Capital Improvements:

The City has an annual resurfacing and miscellaneous street repair program that is completed each year. Roadway improvements were completed on Pennyroyal Road. This is a heavy traveled road in Springboro and the improvements provide a safer roadway, by decreasing dips in the road, widening the road and installing curb, gutter and sidewalks. Phase III was completed of the Community Development Block Grant project for the improvements for a portion of East Street.

Park Improvements:

The Phase III construction on the amphitheater in Springboro's North Park was completed in 2005, which provided for the addition of a tensile structure roof. The amphitheater design was submitted to the Dayton Chapter of the Architectural Institute of America for consideration in 2001 and received an honorable mention of which both the City and architects are extremely proud. A new restroom/concession facility was built at Springboro North Park to accommodate the extensive and projected use of the park and this project was also completed in 2005.

CITY OF SPRINGBORO, OHIO

Letter of Transmittal

For the Year Ended December 31, 2005

Water Capital Improvements:

Variable frequency drives were installed at the well fields and water treatment plant. This will allow for lower utility costs for the high service pumps and well pumps, as well as allowing the City to take the Pennyroyal Water Tower off line, if needed. Replacement of a portion of water main on East Street in 2005 was completed in conjunction with the Community Development Block Grant project for the improvements on East Street. Construction of a 16" water main on Pennyroyal Road began in 2004, in conjunction with the Pennyroyal Road improvements and will be completed in 2006. Construction also began on a one million gallon water tower at the south end of the City, to be completed in 2006. A water tower was necessary in this area to meet the increased demand due to new construction and it will replace a booster station currently being used.

Sewer Capital Improvements:

Construction of the Waste Water Treatment Plant Expansion was begun in 2004 and will be completed in 2006. Construction of the NW Area Trunk Sewer Phase I project was completed and design began in 2005 on Phase II. This will provide improved service to the areas of the northwest quadrant of the City. The Bailey Trunk Sewer construction began in 2005 and will be completed in 2006. This will eliminate the Creekside Lift Station.

Golf Course Improvements:

Heatherwoode Golf Course received several improvements in 2005, including: an upgrade to the sound system and an additional dance floor. Construction also began in 2005 to replace and widen the existing cart paths. This project will be a major improvement to the course and will be completed in 2006.

For the Future (2006):

Street Capital Improvements:

The Mobility Master Plan was completed in 2001, which analyzed both motorized, and non-motorized transportation needs and developed a capital improvement plan. The 2006 budget includes funding for \$1,659,000 of street capital improvements in various areas. \$729,000 is designated for the City's annual resurfacing and miscellaneous street repair program. There is \$175,000 designated for a Community Development Block Grant project for phase IV of improvements for a portion of East Street. There is \$180,000 designated for improvements on Lytle Five-Points Rd, between Yankee Road and Greenleaf Village, \$150,000 designated for improvements to the intersection at Lytle Five-Points Road and Yankee Road, \$100,000 designated for improvements to the intersection of Lytle Five-Points Road and Sycamore Springs Road, \$100,000 designated for an Ohio Department of Transportation (ODOT) project for improvements to South Main Street, \$70,000 designated for crosswalks to be installed on South Main Street in the Historic District, \$30,000 for various sidewalk installations and, \$125,000 designated for various improvements on State Route 73.

Letter of Transmittal

For the Year Ended December 31, 2005

Park Improvements:

\$125,000 is designated for the North Park Amphitheater Phase IV, which will provide for permanent sound and lighting at the facility. There is also \$100,000 designated for paving at Community and Clearcreek Parks, \$35,000 for playground equipment at Clearcreek Park and \$20,000 for improvements to the passive park on Lower Springboro Road.

Water Capital Improvements:

In 1995, the City commissioned the development of a Water Master Plan study in conjunction with the strategic planning process. This plan was updated in 1998 and 2001 to evaluate how the City's growth and development had compared to that projected in the earlier study. The 2006 budget includes funding for \$415,000 water capital improvements as follows: \$50,000 for the replacement of a portion of water main on East Street to be done in conjunction with the Community Development Block Grant project for the improvements on East Street; \$200,000 for the completion of the construction of a 16" water main on Pennyroyal Road, \$115,000 for generators at Well Field #1, for Wells 4 & 5, and \$50,000 to acquire property on East SR73 for a future water tower site.

Sewer Capital Improvements:

The City has developed a Sanitary Sewer Master Plan to address the sewer collection system and treatment plant needs for the next 20-years. This plan includes an analysis of the system and a Capital Improvement Program (CIP) to address these needs. These CIP projects will be included in future proposed budgets and the following projects are included in the 2006 budget: \$7,000,000 for the completion of the construction of the Waste Water Treatment Plant Expansion; \$320,000 for the Yankee Road Sanitary Sewer Phase II; and \$130,000 for the South Main Street Lift Station Elimination Project. The Yankee Road Sanitary Sewer project will allow the City to eliminate the Brookside Lift Station and subsequently provide more capacity in that line. The South Main Street Elimination Project will eliminate the lift station on South Main Street and replace it with an inverted siphon. This will eliminate the weekly maintenance visits, electrical costs and expensive replacement costs associated with a lift station.

Golf Course Improvements:

Heatherwoode Golf Course improvements for 2006 include: \$275,000 for the completion of the Cart Path Replacement/Widening project; \$15,000 to restore the cart path edges; \$10,000 for driving range improvements; \$25,000 to replace the roof on the clubhouse; \$10,500 to replace the current phone system; \$35,000 to install a new computer hardware/software system; \$8,000 to replace some kitchen equipment; \$15,000 for a retractable wall in the downstairs banquet area; and \$70,000 for various clubhouse improvements.

***Letter of Transmittal
For the Year Ended December 31, 2005***

OTHER INFORMATION

Independent Audit:

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

Certificate of Achievement:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Springboro, Ohio, for its Comprehensive Annual Financial Report for the year ended December 31, 2004. This was the sixteenth year that the government has achieved this prestigious award.

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

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

Acknowledgment:

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

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



Christine A. Thompson
City Manager



Robyn L. Brown
Director of Finance

CITY OF SPRINGBORO, OHIO

**List of Principal Officials
For the Year Ended December 31, 2005**

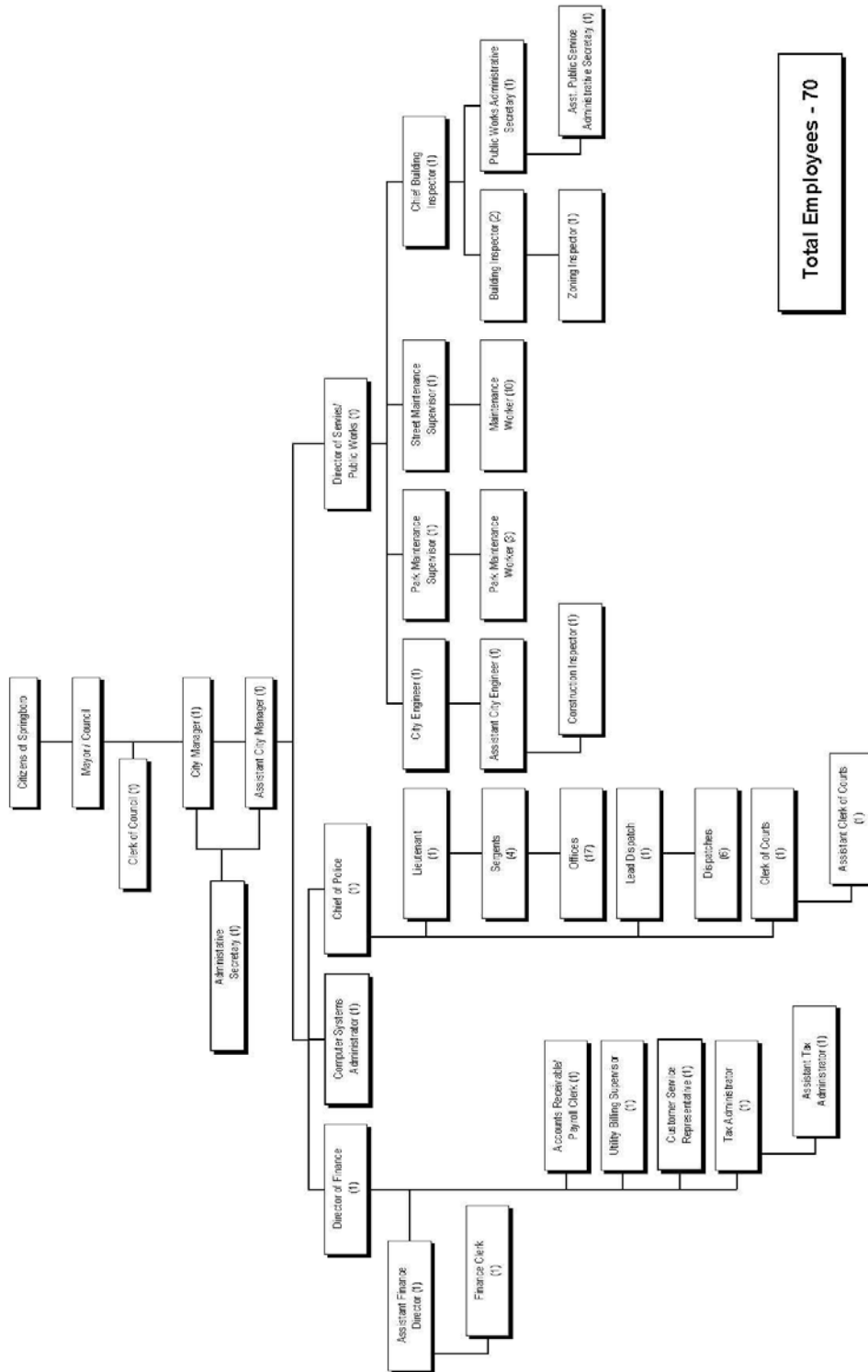
<u>Council</u>	<u>Title</u>	<u>Years of Service *</u>	<u>Term expires</u>
David Vomaka	Councilman Ward I	2	December 2005
Jim Chmiel	Councilman Ward II	4	December 2005
Bruce Camealy	Councilman Ward III	12	December 2005
Greg Bell	Councilman Ward IV	12	December 2005
Marie Belpulsi	Councilman at Large	12	December 2007
Gary Hruska	Councilman at Large	8	December 2007
Lori Martin	Clerk of Council		

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

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

CITY OF SPRINGBORO, OHIO

**City Organizational Chart
For the Year Ended December 31, 2005**



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Springsboro,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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



Carla E. Perry

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Springboro, Warren County, Ohio (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springboro, Warren County, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, the City restated capital assets based on errors and omissions in prior years. In addition, as disclosed in Note 3, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*.

Wilson, Shannon & Snow, Inc.

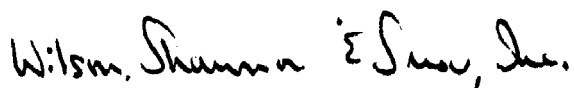
CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
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City of Springboro
Warren County
Independent Auditors' Report

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



Newark, Ohio
May 25, 2006

Management's discussion and analysis of the City of Springboro's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2005. The intent of management's discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2005 are as follows:

- ❑ In total, net assets increased \$7.9 million. Net assets of governmental activities increased \$5.0 million which represents a 12.4% increase from 2004. Net assets of business-type activities increased \$2.9 million or 5.4% from 2004.
- ❑ General revenues accounted for \$12.1 million in revenue or 43% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 57% of total revenues of \$28 million.
- ❑ Total assets of governmental activities increased by \$2.3 million in total. Special assessments levied against property owners increased which will help defray the costs of infrastructure improvements necessary to accommodate the City's growth. Income tax receivables saw an increase during 2005.
- ❑ The City had \$10.5 million in expenses related to governmental activities; \$4.73 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$11.5 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$9.3 million in revenues and \$7.5 million in expenditures. The general fund's fund balance increased \$733,622 to \$4.4 million.
- ❑ Net assets for enterprise funds increased by \$2.9 million. This increase resulted primarily from capital contributions in the form of capital assets of \$2.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF SPRINGBORO, OHIO

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

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net assets for 2005 compared to 2004:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	Restated 2004	2005	Restated 2004
Current and other assets	\$15,525,175	\$14,989,324	\$23,337,335	\$34,592,124	\$38,862,510	\$49,581,448
Capital assets, Net	41,802,297	39,994,726	77,813,217	63,875,405	119,615,514	103,870,131
Total assets	<u>57,327,472</u>	<u>54,984,050</u>	<u>101,150,552</u>	<u>98,467,529</u>	<u>158,478,024</u>	<u>153,451,579</u>
Long-term debt outstanding	6,217,883	6,799,441	41,033,830	42,375,824	47,251,713	49,175,265
Other liabilities	5,869,959	7,926,332	2,632,316	1,545,480	8,502,275	9,471,812
Total liabilities	<u>12,087,842</u>	<u>14,725,773</u>	<u>43,666,146</u>	<u>43,921,304</u>	<u>55,753,988</u>	<u>58,647,077</u>
Net assets						
Invested in capital assets, net of related debt	31,013,029	26,779,476	48,700,584	41,690,351	79,713,613	68,469,827
Restricted	5,632,988	5,917,872	1,988,424	2,465,210	7,621,412	8,383,082
Unrestricted	8,593,613	7,560,929	6,795,398	10,390,664	15,389,011	17,951,593
Total net assets	<u>\$45,239,630</u>	<u>\$40,258,277</u>	<u>\$57,484,406</u>	<u>\$54,546,225</u>	<u>\$102,724,036</u>	<u>\$94,804,502</u>

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CITY OF SPRINGBORO, OHIO

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

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for 2005 compared to 2004:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	Restated 2004	2005	2004
Revenues						
Program Revenues:						
Charges for Services and Sales	\$1,779,760	\$1,646,744	\$8,682,792	\$7,622,044	\$10,462,552	\$9,268,788
Operating Grants and Contributions	931,375	761,155	0	0	931,375	761,155
Capital Grants and Contributions	2,021,941	368,056	2,515,267	2,638,394	4,537,208	3,006,450
Total Program Revenues	4,733,076	2,775,955	11,198,059	10,260,438	15,931,135	13,036,393
General revenues:						
Income Taxes	9,341,580	7,280,875	0	0	9,341,580	7,280,875
Property Taxes	605,193	585,395	0	0	605,193	585,395
Other Local Taxes	80,126	59,379	0	0	80,126	59,379
Intergovernmental, unrestricted	716,588	761,646	0	0	716,588	761,646
Investment Earnings	317,708	398,038	627,827	35,864	945,535	433,902
Miscellaneous	416,746	744,882	0	0	416,746	744,882
Total General Revenues	11,477,941	9,830,215	627,827	35,864	12,105,768	9,866,079
Total Revenues	16,211,017	12,606,170	11,825,886	10,296,302	28,036,903	22,902,472
Program Expenses						
Security of Persons and Property	2,640,056	2,514,444	0	0	2,640,056	2,514,444
Public Health and Welfare Services	8,780	8,965	0	0	8,780	8,965
Leisure Time Activities	509,990	453,041	0	0	509,990	453,041
Community Environment	768,207	607,037	0	0	768,207	607,037
Transportation	1,878,604	1,848,412	0	0	1,878,604	1,848,412
General Government	4,174,898	3,470,693	0	0	4,174,898	3,470,693
Interest and Fiscal Charges	505,312	410,280	0	0	505,312	410,280
Golf Course	0	0	2,136,737	2,357,184	2,136,737	2,357,184
Water	0	0	3,108,710	3,026,472	3,108,710	3,026,472
Sewer	0	0	3,410,660	2,451,894	3,410,660	2,451,894
Trash	0	0	777,021	591,690	777,021	591,690
Storm Water	0	0	198,394	14,092	198,394	14,092
Total Expenses	10,485,847	9,312,872	9,631,522	8,441,332	20,117,369	17,754,204
Change in Net Assets before transfers	5,725,170	3,293,298	2,194,364	1,854,970	7,919,534	5,148,268
Transfers	(743,817)	(590,874)	743,817	590,874	0	0
Total Change in Net Assets	4,981,353	2,702,424	2,938,181	2,445,844	7,919,534	5,148,268
Beginning Net Assets	40,258,277	37,555,853	54,546,225	52,100,381	94,804,502	89,656,234
Ending Net Assets	\$45,239,630	\$40,258,277	\$57,484,406	\$54,546,225	\$102,724,036	\$94,804,502

CITY OF SPRINGBORO, OHIO

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

Unaudited

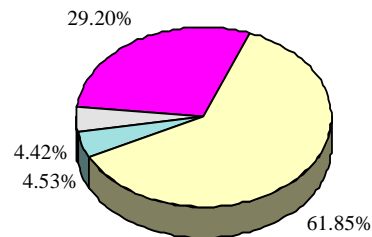
Governmental Activities

Net assets of the City's governmental activities increased by \$4,981,353. This was due primarily to an increase in income tax revenue, while holding operating expenses to a minimal increase.

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

Property taxes and income taxes made up 3.7% and 57.6% respectively of revenues for governmental activities for the City in fiscal year 2005. The City's reliance upon tax revenues is demonstrated by the following graph indicating 61.85% of total revenues from general tax revenues:

Revenue Sources	2005	Percent of Total
Intergovernmental, unrestricted	\$716,588	4.42%
Program Revenues	4,733,076	29.20%
General Tax Revenues	10,026,899	61.85%
General Other	734,454	4.53%
Total Revenue	<u>\$16,211,017</u>	<u>100.00%</u>



Business-Type Activities

Net assets of the business-type activities increased by \$2,938,181. This increase was the result of an increase in user rates for water, sewer and trash customers, while keeping expenditure increases to a minimum. User rates are increased annually based on the average of the national inflationary rate for the previous three years.

CITY OF SPRINGBORO, OHIO

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

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$4,104,567, which is an increase from last year's balance of \$1,248,986. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2005 and 2004:

	Fund Balance (Deficit) December 31, 2005	Fund Balance (Deficit) December 31, 2004	Increase (Decrease)
General	\$4,363,096	\$3,629,474	\$733,622
Debt Service	126,482	16,181	110,301
Construction (Capital Project)	1,536,463	(792,845)	2,329,308
Land Acquisition (Capital Project)	(4,203,707)	(4,096,095)	(107,612)
Income Tax Capital Improvement (Capital Project)	1,124,240	1,412,481	(288,241)
Other Governmental	1,157,993	1,079,790	78,203
Total	<u>\$4,104,567</u>	<u>\$1,248,986</u>	<u>\$2,855,581</u>

General Fund – The City's General Fund balance increase is due mainly to increased income tax revenues. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2005 Revenues	2004 Revenues	Increase (Decrease)
Municipal Income Taxes	\$6,045,168	\$4,838,743	\$1,206,425
Property and Other Taxes	595,860	558,163	37,697
Intergovernmental Revenue	538,803	652,816	(114,013)
Charges for Services	924,184	825,777	98,407
Fines, Licenses and Permits	631,181	604,000	27,181
Investment Earnings	316,080	410,810	(94,730)
Special Assessments	21,407	28,995	(7,588)
All Other Revenue	182,658	132,587	50,071
Total	<u>\$9,255,341</u>	<u>\$8,051,891</u>	<u>\$1,203,450</u>

CITY OF SPRINGBORO, OHIO

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

Unaudited

General Fund revenues in 2005 increased approximately 14.9% compared to revenues in fiscal year 2004. The most significant factor contributing to this increase was an increase in municipal income tax collections. This was a result of continued business growth within the City and City Council's action, taken in March 2004, which reduced the income tax credit allowed for income taxes paid to another municipality.

	2005 Expenditures	2004 Expenditures	Increase (Decrease)
Security of Persons and Property	\$2,430,119	\$2,402,785	\$27,334
Public Health and Welfare Services	8,780	8,965	(185)
Leisure Time Activities	387,963	342,388	45,575
Community Environment	750,053	589,764	160,289
General Government	3,917,709	3,191,513	726,196
Debt Service:			
Principal Retirement	7,372	6,310	1,062
Interest and Fiscal Charges	1,472	917	555
Total	<u>\$7,503,468</u>	<u>\$6,542,642</u>	<u>\$960,826</u>

General Fund expenditures increased by \$960,826 or 14.7% over the prior year mostly due to an increase in health insurance and workers' compensation premiums for the City's employees. In addition, operating expenses associated with community environment increased due to economic development initiatives instituted in 2005.

Debt Service Fund – The Debt Service Fund balance increased this year by \$110,301 because the City provided additional transfers this year to help meet the debt service requirements of the various debt issues.

Construction and Land Acquisition Funds– Both of these funds had large deficit balances to start the year. By year end, only the Land Acquisition Fund had a deficit balance. The fund balances of these funds will vary from year to year based upon the City's capital project schedules. The recording of notes payable within both of these funds cause the large deficit balances.

Income Tax Capital Improvement Fund - The fund balance decreased \$288,241 to a balance of \$1,124,240. Steady income tax collections helped keep this fund consistent with last year.

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

During the course of fiscal year 2005 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$8.7 million changed \$20,000 above the original budget estimates. The General Fund had an adequate fund balance to cover expenditures.

CITY OF SPRINGBORO, OHIO

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

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005 the City had \$119,615,514 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$41,802,297 was related to governmental activities and \$77,813,217 to the business-type activities. The following table shows fiscal year 2005 and 2004 balances:

	Governmental Activities		Increase (Decrease)
	2005	2004	
Land	\$20,394,955	\$19,845,654	\$549,301
Construction in Progress	0	634,615	(634,615)
Total Non-Depreciable Capital Assets	20,394,955	20,480,269	(85,314)
Improvements	411,143	396,214	14,929
Infrastructure	32,112,826	30,386,021	1,726,805
Buildings	3,243,820	2,088,961	1,154,859
Machinery and Equipment	3,176,829	2,968,848	207,981
Less: Accumulated Depreciation	(17,537,276)	(16,325,587)	(1,211,689)
Total Depreciable Capital Assets	21,407,342	19,514,457	1,892,885
Totals	\$41,802,297	\$39,994,726	\$1,807,571

	Business-Type Activities		Increase (Decrease)
	2005	Restated 2004	
Land	\$8,532,390	\$8,532,390	\$0
Construction in Progress	12,872,888	1,349,293	11,523,595
Total Non-Depreciable Capital Assets	21,405,278	9,881,683	11,523,595
Buildings	3,388,736	3,388,736	0
Land Improvements	698,787	698,787	0
Infrastructure	62,235,834	58,703,815	3,532,019
Machinery and Equipment	1,562,885	1,499,984	62,901
Less: Accumulated Depreciation	(11,478,303)	(10,297,600)	(1,180,703)
Total Non-Depreciable Capital Assets	56,407,939	53,993,722	2,414,217
Totals	\$77,813,217	\$63,875,405	\$13,937,812

The primary increases occurred in infrastructure and buildings for governmental activities. The increase in infrastructure improvements (the City added 20 streets and repaved 17 streets) is relative to the continued growth within the City. The majority of the increase in buildings was in parks and recreation (construction of an amphitheater and a new restroom/concession facility, both at North Park) The increase in business-type activities capital assets occurred primarily in infrastructure (i.e. water and sewer lines). This is a result of the continued business and residential growth taking place within the City.

CITY OF SPRINGBORO, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2005

Unaudited

As of December 31, 2005, the City has contractual commitments of \$8,329,716 for various projects. Included in these projects are the design of a new water tower, the wastewater treatment plant expansion, cart path widening and replacement, as well as street and sewer improvements. Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2005, the City had \$46.78 million in bonds outstanding, \$2,043,441 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Governmental Activities:		
Special Assessment Bonds	\$3,515,000	\$3,724,000
General Obligation Bonds	2,490,950	2,791,150
Capital Leases Payable	53,314	150,100
Compensated Absences	158,619	134,191
Total Governmental Activities	<u>6,217,883</u>	<u>6,799,441</u>
Business-Type Activities:		
General Obligation Bonds	\$3,759,626	\$3,928,577
Mortgage Revenue Bonds	37,012,203	38,096,644
Capital Leases Payable	200,210	296,712
Compensated Absences	61,791	53,891
Total Business-Type Activities	<u>41,033,830</u>	<u>42,375,824</u>
Totals	<u>\$47,251,713</u>	<u>\$49,175,265</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Springboro lies, is limited to ten mills. At December 31, 2005, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

ECONOMIC FACTORS

The City's budget for 2006 is very conservative. Springboro is the third fastest growing City in Ohio and with the continuing decrease in state funding, planning for the future is a challenge. City Council decided they wanted to maintain current service levels to the residents of the City, which required pursuing a way to increase revenues. City Council took action in 2004 to increase revenues by reducing the income tax credit allowed for income tax paid to another municipality. This revenue increase along with the City's effort to maintain expenditures at a minimum increase has enabled the City to maintain current service levels to its residents and plan for future needs.

General Fund expenditures were budgeted at 4.7% more than 2005 actual expenditures. The City is continually looking at ways to reduce expenditures, while maintaining current levels of service.

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

REQUESTS FOR INFORMATION

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

CITY OF SPRINGBORO, OHIO

**Statement of Net Assets
December 31, 2005**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 1,958,296	\$ 1,458,220	\$ 3,416,516
Investments	5,218,112	6,977,844	12,195,956
Receivables:			
Property Taxes	610,115	0	610,115
Accounts	11,320	828,462	839,782
Intergovernmental	1,144,754	0	1,144,754
Income Taxes	1,584,378	0	1,584,378
Special Assessments	4,784,159	0	4,784,159
Inventory of Supplies, at Cost	82,227	32,485	114,712
Inventory Held for Resale	0	41,588	41,588
Prepaid Items	131,814	60,804	192,618
Restricted Assets:			
Cash and Cash Equivalents	0	66,729	66,729
Cash and Cash Equivalents with Fiscal Agent	0	7,892,650	7,892,650
Investments with Fiscal Agent	0	4,330,071	4,330,071
Non-Depreciable Capital Assets	20,394,955	21,405,278	41,800,233
Depreciable Capital Assets, Net	21,407,342	56,407,939	77,815,281
Unamortized Bond Issuance Costs	0	1,282,415	1,282,415
Deferred Loss on Early Retirement of Debt	0	366,067	366,067
Total Assets	57,327,472	101,150,552	158,478,024
Liabilities:			
Accounts Payable	142,199	2,310,612	2,452,811
Accrued Wages and Benefits	109,402	25,993	135,395
Intergovernmental Payable	210,122	75,897	286,019
Refundable Deposits	0	66,729	66,729
Unearned Revenue	598,277	0	598,277
Accrued Interest Payable	79,959	153,085	233,044
General Obligation Notes Payable	4,730,000	0	4,730,000
Long Term Liabilities:			
Amounts Due within one year	560,302	1,599,754	2,160,056
Amounts Due in More Than One Year	5,657,581	39,434,076	45,091,657
Total Liabilities	12,087,842	43,666,146	55,753,988
Net Assets:			
Invested in Capital Assets, Net of Related Debt	31,013,029	48,700,584	79,713,613
Restricted For:			
Debt Service	4,858,473	1,988,424	6,846,897
Other Purposes	774,515	0	774,515
Unrestricted	8,593,613	6,795,398	15,389,011
Total Net Assets	\$ 45,239,630	\$ 57,484,406	\$ 102,724,036

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

**Statement of Activities
For the Year Ended December 31, 2005**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 2,640,056	\$ 56,722	\$ 74,771	\$ 0
Public Health and Welfare Services	8,780	0	0	0
Leisure Time Activities	509,990	162,396	0	0
Community Environment	768,207	363,826	0	0
Transportation	1,878,604	11,465	856,604	2,021,941
General Government	4,174,898	1,185,351	0	0
Interest and Fiscal Charges	505,312	0	0	0
Total Governmental Activities	10,485,847	1,779,760	931,375	2,021,941
Business-Type Activities:				
Golf Course	2,136,737	2,181,616	0	0
Water	3,108,710	3,197,131	0	865,581
Sewer	3,410,660	2,239,458	0	755,307
Trash	777,021	828,675	0	0
Storm Water	198,394	235,912	0	894,379
Total Business-Type Activities	9,631,522	8,682,792	0	2,515,267
Totals	\$ 20,117,369	\$ 10,462,552	\$ 931,375	\$ 4,537,208

General Revenues:

Income Taxes
Property Taxes
Other Local Taxes
Intergovernmental, unrestricted
Investment Earnings
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, Restated (Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (2,508,563)	\$ 0	\$ (2,508,563)
(8,780)	0	(8,780)
(347,594)	0	(347,594)
(404,381)	0	(404,381)
1,011,406	0	1,011,406
(2,989,547)	0	(2,989,547)
(505,312)	0	(505,312)
<u>(5,752,771)</u>	<u>0</u>	<u>(5,752,771)</u>
0	44,879	44,879
0	954,002	954,002
0	(415,895)	(415,895)
0	51,654	51,654
0	931,897	931,897
0	1,566,537	1,566,537
<u>(5,752,771)</u>	<u>1,566,537</u>	<u>(4,186,234)</u>
9,341,580	0	9,341,580
605,193	0	605,193
80,126	0	80,126
716,588	0	716,588
317,708	627,827	945,535
416,746	0	416,746
<u>(743,817)</u>	<u>743,817</u>	<u>0</u>
<u>10,734,124</u>	<u>1,371,644</u>	<u>12,105,768</u>
4,981,353	2,938,181	7,919,534
<u>40,258,277</u>	<u>54,546,225</u>	<u>94,804,502</u>
<u>\$ 45,239,630</u>	<u>\$ 57,484,406</u>	<u>\$ 102,724,036</u>

CITY OF SPRINGBORO, OHIO

**Balance Sheet
Governmental Funds
December 31, 2005**

	General	Debt Service	Construction	Land Acquisition
Assets:				
Cash and Cash Equivalents	\$ 568,235	\$ 126,482	\$ 236,301	\$ 103,400
Investments	3,197,228	0	1,365,428	0
Receivables:				
Property Taxes	610,115	0	0	0
Accounts	11,320	0	0	0
Intergovernmental	262,872	0	401,800	0
Income Taxes	1,056,252	0	0	0
Special Assessments	0	4,784,159	0	0
Inventory of Supplies, at Cost	7,620	0	0	0
Prepaid Items	126,460	0	0	0
Total Assets	\$ 5,840,102	\$ 4,910,641	\$ 2,003,529	\$ 103,400
Liabilities:				
Accounts Payable	\$ 85,772	\$ 0	\$ 16,382	\$ 0
Accrued Wages and Benefits Payable	101,087	0	0	0
Intergovernmental Payable	192,968	0	0	0
Deferred Revenue	1,097,179	4,784,159	0	0
Accrued Interest Payable	0	0	684	27,107
General Obligation Notes Payable	0	0	450,000	4,280,000
Total Liabilities	1,477,006	4,784,159	467,066	4,307,107
Fund Balances:				
Reserved for Encumbrances	122,609	0	456,396	25,895
Reserved for Prepaid Items	126,460	0	0	0
Reserved for Supplies Inventory	7,620	0	0	0
Reserved for Debt Service	0	126,482	0	0
Undesignated/Unreserved in:				
General Fund	4,106,407	0	0	0
Special Revenue Funds	0	0	0	0
Capital Projects	0	0	1,080,067	(4,229,602)
Total Fund Balances (Deficit)	4,363,096	126,482	1,536,463	(4,203,707)
Total Liabilities and Fund Balances	\$ 5,840,102	\$ 4,910,641	\$ 2,003,529	\$ 103,400

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

Income Tax Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 113,433	\$ 810,445	\$ 1,958,296
655,456	0	5,218,112
0	0	610,115
0	0	11,320
0	480,082	1,144,754
528,126	0	1,584,378
0	0	4,784,159
0	74,607	82,227
0	5,354	131,814
<u>\$ 1,297,015</u>	<u>\$ 1,370,488</u>	<u>\$ 15,525,175</u>
\$ 0	\$ 40,045	\$ 142,199
0	8,315	109,402
0	17,154	210,122
172,775	146,981	6,201,094
0	0	27,791
0	0	4,730,000
<u>172,775</u>	<u>212,495</u>	<u>11,420,608</u>
0	14,769	619,669
0	5,354	131,814
0	74,607	82,227
0	0	126,482
0	0	4,106,407
0	822,349	822,349
1,124,240	240,914	(1,784,381)
<u>1,124,240</u>	<u>1,157,993</u>	<u>4,104,567</u>
<u>\$ 1,297,015</u>	<u>\$ 1,370,488</u>	<u>\$ 15,525,175</u>

CITY OF SPRINGBORO, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2005***

Total Governmental Fund Balances	\$ 4,104,567
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	41,802,297
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	5,602,817
Long-term liabilities, including bonds payable, compensated absences and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(6,270,051)</u>
<i>Net Assets of Governmental Funds</i>	<u><u>\$ 45,239,630</u></u>

See accompanying notes to the basic financial statements



CITY OF SPRINGBORO, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005**

	General	Debt Service	Construction	Land Acquisition
Revenues:				
Municipal Income Tax	\$ 6,045,168	\$ 0	\$ 0	\$ 0
Property and Other Taxes	595,860	0	0	0
Intergovernmental Revenues	538,803	181,867	468,671	0
Charges for Services	924,184	0	0	0
Fines, Licenses and Permits	631,181	0	0	0
Investment Earnings	316,080	0	642	0
Special Assessments	21,407	348,706	12,639	0
Donations	0	0	0	0
All Other Revenue	182,658	191,740	15,870	0
Total Revenue	9,255,341	722,313	497,822	0
Expenditures:				
Current:				
Security of Persons and Property	2,430,119	0	0	0
Public Health and Welfare Services	8,780	0	0	0
Leisure Time Activities	387,963	0	0	0
Community Environment	750,053	0	0	0
Transportation	0	0	0	0
General Government	3,917,709	0	74,779	28,162
Capital Outlay	0	0	1,463,730	0
Debt Service:				
Principal Retirement	7,372	509,200	0	0
Interest and Fiscal Charges	1,472	340,652	33,470	129,450
Total Expenditures	7,503,468	849,852	1,571,979	157,612
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,751,873	(127,539)	(1,074,157)	(157,612)
Other Financing Sources (Uses):				
Transfers In	0	237,840	3,489,000	50,000
Transfers Out	(1,017,786)	0	(85,535)	0
Total Other Financing Sources (Uses)	(1,017,786)	237,840	3,403,465	50,000
Net Change in Fund Balances	734,087	110,301	2,329,308	(107,612)
Fund Balances (Deficit) at Beginning of Year	3,629,474	16,181	(792,845)	(4,096,095)
Increase (Decrease) in Inventory Reserve	(465)	0	0	0
Fund Balances (Deficit) End of Year	\$ 4,363,096	\$ 126,482	\$ 1,536,463	\$ (4,203,707)

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

Income Tax Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 3,074,773	\$ 0	\$ 9,119,941
0	86,611	682,471
0	1,003,574	2,192,915
0	0	924,184
0	175,561	806,742
986	0	317,708
0	0	382,752
0	8,209	8,209
0	33,057	423,325
<u>3,075,759</u>	<u>1,307,012</u>	<u>14,858,247</u>
0	86,161	2,516,280
0	0	8,780
0	0	387,963
0	0	750,053
0	623,135	623,135
0	11,578	4,032,228
0	369,273	1,833,003
0	89,414	605,986
0	4,932	509,976
<u>0</u>	<u>1,184,493</u>	<u>11,267,404</u>
3,075,759	122,519	3,590,843
0	135,000	3,911,840
<u>(3,364,000)</u>	<u>(188,336)</u>	<u>(4,655,657)</u>
<u>(3,364,000)</u>	<u>(53,336)</u>	<u>(743,817)</u>
(288,241)	69,183	2,847,026
1,412,481	1,079,790	1,248,986
0	9,020	8,555
<u>\$ 1,124,240</u>	<u>\$ 1,157,993</u>	<u>\$ 4,104,567</u>

CITY OF SPRINGBORO, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended December 31, 2005***

Net Change in Fund Balances - Total Governmental Funds \$ 2,847,026

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. 281,969

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets. 1,525,602

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (268,021)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 605,986

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 4,664

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (15,873)

Change in Net Assets of Governmental Activities \$ 4,981,353

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Tax	\$ 5,600,000	\$ 5,600,000	\$ 6,123,509	\$ 523,509
Property and Other Taxes	591,000	591,000	605,977	14,977
Intergovernmental Revenue	390,400	390,400	583,843	193,443
Charges for Services	853,000	873,000	924,184	51,184
Fines, Licenses and Permits	512,300	512,300	633,811	121,511
Investment Earnings	330,000	330,000	319,496	(10,504)
Special Assessments	24,500	24,500	21,407	(3,093)
All Other Revenues	200,200	200,200	146,495	(53,705)
Total Revenues	<u>8,501,400</u>	<u>8,521,400</u>	<u>9,358,722</u>	<u>837,322</u>
Expenditures:				
Current:				
Security of Persons and Property	2,596,639	2,650,520	2,435,529	214,991
Public Health and Welfare Services	8,790	8,790	8,780	10
Leisure Time Activities	436,427	439,132	403,603	35,529
Community Environment	785,871	913,371	791,154	122,217
General Government	3,581,547	4,375,912	4,072,307	303,605
Total Expenditures	<u>7,409,274</u>	<u>8,387,725</u>	<u>7,711,373</u>	<u>676,352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,092,126	133,675	1,647,349	1,513,674
Other Financing Sources (Uses):				
Transfers In	900	900	0	(900)
Transfers Out	(672,900)	(1,072,900)	(1,017,786)	55,114
Advances In	104,520	104,520	163,955	59,435
Advances Out	(100,000)	0	0	0
Total Other Financing Sources (Uses):	<u>(667,480)</u>	<u>(967,480)</u>	<u>(853,831)</u>	<u>113,649</u>
Net Change in Fund Balance	424,646	(833,805)	793,518	1,627,323
Fund Balance at Beginning of Year	2,589,678	2,589,678	2,589,678	0
Prior Year Encumbrances	203,951	203,951	203,951	0
Fund Balance at End of Year	<u>\$ 3,218,275</u>	<u>\$ 1,959,824</u>	<u>\$ 3,587,147</u>	<u>\$ 1,627,323</u>

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2005**

	Business-Type Activities		
	Enterprise Funds		
	Golf Course	Water	Sewer
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 151,294	\$ 655,617	\$ 371,642
Investments	0	4,173,956	2,147,467
Receivables:			
Accounts	3,090	342,717	333,063
Inventory of Supplies, at Cost	32,485	0	0
Inventory Held for Resale	41,588	0	0
Prepaid Items	8,380	36,422	15,253
<i>Total Current Assets</i>	<u>236,837</u>	<u>5,208,712</u>	<u>2,867,425</u>
<i>Non Current Assets:</i>			
Restricted Assets:			
Cash and Cash Equivalents	0	66,729	0
Cash and Cash Equivalents with Fiscal Agent	0	504,166	7,388,484
Investments with Fiscal Agent	0	1,008,600	3,321,471
Non-Depreciable Capital Assets	8,047,246	2,591,180	10,766,852
Depreciable Capital Assets, Net	2,690,997	27,463,717	16,667,521
Unamortized Bond Issuance Cost	61,138	527,841	693,436
Deferred Loss on Early Retirement of Debt	281,072	0	84,995
<i>Total Noncurrent Assets</i>	<u>11,080,453</u>	<u>32,162,233</u>	<u>38,922,759</u>
Total Assets	<u>11,317,290</u>	<u>37,370,945</u>	<u>41,790,184</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	69,587	27,408	2,096,316
Accrued Wages and Benefits	0	16,442	8,001
Intergovernmental Payable	0	57,972	14,550
Refundable Deposits	0	66,729	0
Accrued Interest Payable	15,987	56,414	80,684
Compensated Absences Payable - Current	0	3,191	2,036
Capital Leases Payable- Current	55,015	16,085	1,050
General Obligation Bonds Payable - Current	140,000	20,000	14,800
Mortgage Revenue Bonds Payable - Current	0	643,993	695,448
<i>Total Current Liabilities</i>	<u>280,589</u>	<u>908,234</u>	<u>2,912,885</u>
<i>Noncurrent Liabilities:</i>			
Compensated Absences Payable	0	32,927	17,933
Capital Leases Payable	53,118	43,359	2,828
General Obligation Bonds Payable	3,510,576	43,750	30,500
Mortgage Revenue Bonds Payable	0	14,372,911	21,299,851
<i>Total Noncurrent Liabilities</i>	<u>3,563,694</u>	<u>14,492,947</u>	<u>21,351,112</u>
Total Liabilities	<u>3,844,283</u>	<u>15,401,181</u>	<u>24,263,997</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	7,321,744	15,442,640	16,379,251
Restricted for:			
Debt Service	0	1,512,766	475,658
Unrestricted	151,263	5,014,358	671,278
Total Net Assets	<u>\$ 7,473,007</u>	<u>\$ 21,969,764</u>	<u>\$ 17,526,187</u>

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

<u>Trash</u>	<u>Storm Water</u>	<u>Total</u>
\$ 113,601	\$ 166,066	\$ 1,458,220
656,421	0	6,977,844
117,512	32,080	828,462
0	0	32,485
0	0	41,588
749	0	60,804
<u>888,283</u>	<u>198,146</u>	<u>9,399,403</u>
0	0	66,729
0	0	7,892,650
0	0	4,330,071
0	0	21,405,278
0	9,585,704	56,407,939
0	0	1,282,415
0	0	366,067
<u>0</u>	<u>9,585,704</u>	<u>91,751,149</u>
<u>888,283</u>	<u>9,783,850</u>	<u>101,150,552</u>
115,814	1,487	2,310,612
1,238	312	25,993
2,024	1,351	75,897
0	0	66,729
0	0	153,085
306	49	5,582
0	7,781	79,931
0	0	174,800
0	0	1,339,441
<u>119,382</u>	<u>10,980</u>	<u>4,232,070</u>
5,262	87	56,209
0	20,974	120,279
0	0	3,584,826
0	0	35,672,762
<u>5,262</u>	<u>21,061</u>	<u>39,434,076</u>
<u>124,644</u>	<u>32,041</u>	<u>43,666,146</u>
0	9,556,949	48,700,584
0	0	1,988,424
<u>763,639</u>	<u>194,860</u>	<u>6,795,398</u>
<u>\$ 763,639</u>	<u>\$ 9,751,809</u>	<u>\$ 57,484,406</u>

CITY OF SPRINGBORO, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005**

	Business-Type Activities		
	Enterprise Funds		
	Golf Course	Water	Sewer
Operating Revenues:			
Charges for Services	\$ 1,154,535	\$ 3,167,664	\$ 2,151,741
Sales	799,774	0	0
Other Operating Revenue	227,307	29,467	87,717
Total Operating Revenues	2,181,616	3,197,131	2,239,458
Operating Expenses:			
Personal Services	0	714,623	366,868
Contractual Services	1,335,330	928,782	1,639,842
Materials and Supplies	178,629	197,192	18,930
Cost of Goods Sold	230,899	0	0
Depreciation	166,488	549,492	317,268
Total Operating Expenses	1,911,346	2,390,089	2,342,908
Operating Income (Loss)	270,270	807,042	(103,450)
Nonoperating Revenue (Expenses):			
Investment Earnings	47,597	137,330	445,111
Interest and Fiscal Charges	(225,141)	(718,621)	(1,067,752)
Loss on Disposal of Capital Assets	(250)	0	0
Capital Contributions - Tap in Fees	0	405,937	629,051
Capital Contributions	0	459,644	126,256
Total Nonoperating Revenues (Expenses)	(177,794)	284,290	132,666
Income (Loss) Before Transfers	92,476	1,091,332	29,216
Transfers:			
Transfers In	963,817	0	80,000
Transfers Out	0	(150,000)	(145,000)
Total Transfers	963,817	(150,000)	(65,000)
Change in Net Assets	1,056,293	941,332	(35,784)
Net Assets Beginning of Year, Restated (Note 3)	6,416,714	21,028,432	17,561,971
Net Assets End of Year	\$ 7,473,007	\$ 21,969,764	\$ 17,526,187

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

<u>Trash</u>	<u>Storm Water</u>	<u>Total</u>
\$ 828,675	\$ 235,899	\$ 7,538,514
0	0	799,774
0	13	344,504
<u>828,675</u>	<u>235,912</u>	<u>8,682,792</u>
47,933	18,213	1,147,637
658,531	20,454	4,582,939
70,557	725	466,033
0	0	230,899
0	157,514	1,190,762
<u>777,021</u>	<u>196,906</u>	<u>7,618,270</u>
51,654	39,006	1,064,522
(2,211)	0	627,827
0	(1,488)	(2,013,002)
0	0	(250)
0	0	1,034,988
0	894,379	1,480,279
<u>(2,211)</u>	<u>892,891</u>	<u>1,129,842</u>
49,443	931,897	2,194,364
0	0	1,043,817
(5,000)	0	(300,000)
<u>(5,000)</u>	<u>0</u>	<u>743,817</u>
44,443	931,897	2,938,181
719,196	8,819,912	54,546,225
<u>\$ 763,639</u>	<u>\$ 9,751,809</u>	<u>\$ 57,484,406</u>

CITY OF SPRINGBORO, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005**

	Business-Type Activities - Enterprise Funds		
	Golf Course	Water	Sewer
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$1,880,997	\$3,030,571	\$2,041,784
Other Operating Receipts	223,618	42,127	86,563
Cash Payments for Goods and Services	(1,807,018)	(1,137,143)	(1,617,074)
Cash Payments to Employees	0	(695,920)	(356,358)
Net Cash Provided by Operating Activities	<u>297,597</u>	<u>1,239,635</u>	<u>154,915</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Payment of Interfund Loans	(452,819)	0	0
Transfers In from Other Funds	963,817	0	80,000
Transfers Out to Other Funds	0	(150,000)	(145,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>510,998</u>	<u>(150,000)</u>	<u>(65,000)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Cash Received from Tap-in Fees in Excess of Cost	0	405,937	629,051
Acquisition and Construction of Assets	(312,643)	(2,467,368)	(9,634,241)
Principal Paid on General Obligation Bonds	(135,000)	(20,000)	(14,800)
Principal Paid on Capital Lease	(52,580)	(15,410)	(21,057)
Principal Paid on Mortgage Revenue Bonds	0	(620,000)	(445,000)
Interest Paid on All Debt	(204,675)	(685,874)	(1,072,399)
Net Cash Used by Capital and Related Financing Activities	<u>(704,898)</u>	<u>(3,402,715)</u>	<u>(10,558,446)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	47,597	167,742	433,861
Purchase of Investments	0	0	(2,889,391)
Sale of Investments	0	1,583,343	1,413,073
Net Cash Provided (Used) by Investing Activities	<u>47,597</u>	<u>1,751,085</u>	<u>(1,042,457)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	151,294	(561,995)	(11,510,988)
Cash and Cash Equivalents at Beginning of Year	0	1,788,507	19,271,114
Cash and Cash Equivalents at End of Year	<u>\$151,294</u>	<u>\$1,226,512</u>	<u>\$7,760,126</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$151,294	\$655,617	\$371,642
Restricted Cash and Cash Equivalents	0	66,729	0
Restricted Cash with Fiscal and Escrow Agents	0	504,166	7,388,484
Cash and Cash Equivalents at End of Year	<u>\$151,294</u>	<u>\$1,226,512</u>	<u>\$7,760,126</u>

CITY OF SPRINGBORO, OHIO

Trash	Storm Water	Totals
\$788,328	\$211,672	\$7,953,352
0	13	352,321
(660,145)	(20,305)	(5,241,685)
(47,056)	(18,321)	(1,117,655)
<u>81,127</u>	<u>173,059</u>	<u>1,946,333</u>
0	0	(452,819)
0	0	1,043,817
<u>(5,000)</u>	<u>0</u>	<u>(300,000)</u>
<u>(5,000)</u>	<u>0</u>	<u>290,998</u>
0	0	1,034,988
0	(107,803)	(12,522,055)
0	0	(169,800)
0	(7,455)	(96,502)
0	0	(1,065,000)
0	(1,488)	(1,964,436)
<u>0</u>	<u>(116,746)</u>	<u>(14,782,805)</u>
0	0	649,200
(658,632)	0	(3,548,023)
0	0	2,996,416
<u>(658,632)</u>	<u>0</u>	<u>97,593</u>
(582,505)	56,313	(12,447,881)
696,106	109,753	21,865,480
<u>\$113,601</u>	<u>\$166,066</u>	<u>\$9,417,599</u>
\$113,601	\$166,066	\$1,458,220
0	0	66,729
0	0	7,892,650
<u>\$113,601</u>	<u>\$166,066</u>	<u>\$9,417,599</u>

(continued)

CITY OF SPRINGBORO, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005**

	Business-Type Activities - Enterprise Funds		
	Golf Course	Water	Sewer
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>			
Operating Income (Loss)	\$270,270	\$807,042	(\$103,450)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	166,488	549,492	317,268
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(373)	(137,093)	(111,111)
Increase in Inventory	(13,294)	0	0
Increase in Inventory Held for Resale	(819)	0	0
Increase in Prepaid Items	(625)	(3,135)	(772)
Increase (Decrease) in Accounts Payable	(47,422)	(11,935)	42,481
Increase (Decrease) in Accrued Wages and Benefits	0	2,316	1,100
Increase (Decrease) in Intergovernmental Payable	0	18,294	6,867
Decrease in Deferred Revenue	(76,628)	0	0
Increase in Refundable Deposits	0	9,043	0
Increase (Decrease) in Compensated Absences	0	5,611	2,532
Total Adjustments	<u>27,327</u>	<u>432,593</u>	<u>258,365</u>
Net Cash Provided by Operating Activities	<u>\$297,597</u>	<u>\$1,239,635</u>	<u>\$154,915</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2005, the Water and Sewer Funds had outstanding liabilities of \$14,817 and \$2,039,152, respectively, for the purchase of certain capital assets. During 2005, the Water, Sewer and Storm Water Funds received \$459,644, \$126,256 and \$1,242,913, respectively, of capital assets donated by developers. During 2005, the fair value of investments decreased by \$30,412, \$11,250 and \$2,211, respectively in the Water, Sewer and Trash Funds.

See accompanying notes to the basic financial statements

CITY OF SPRINGBORO, OHIO

<u>Trash</u>	<u>Storm Water</u>	<u>Totals</u>
\$51,654	\$39,006	\$1,064,522
0	157,514	1,190,762
(40,347)	(24,227)	(313,151)
0	0	(13,294)
0	0	(819)
(420)	0	(4,952)
69,363	874	53,361
235	(96)	3,555
950	(77)	26,034
0	0	(76,628)
0	0	9,043
(308)	65	7,900
<u>29,473</u>	<u>134,053</u>	<u>881,811</u>
<u>\$81,127</u>	<u>\$173,059</u>	<u>\$1,946,333</u>

CITY OF SPRINGBORO, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2005***

	Total Agency Funds
Assets:	
Cash and Cash Equivalents	\$ 7,865
Receivables:	
Special Assessments	309,604
Total Assets	<u>317,469</u>
Liabilities:	
Due to Others	309,604
Undistributed Monies	7,865
Total Liabilities	<u>317,469</u>
Total Net Assets	<u>\$ 0</u>

See accompanying notes to the basic financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented as of December 31, 2005 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

The Warren County General Health District, a jointly governed organization, provides health services within the County. The Board of Health, which consists of a representative from each of the participating governments, oversees the operation of the District. The City is not financially accountable for the District. The County Commissioners serve as the taxing authority and the County Auditor and Treasurer serve as fiscal officers. The City is also associated with the Greater Warren County Drug Task Force and the Miami Valley Regional Planning Commission, also jointly governed organizations. The City is also a member of the Ohio Municipal League of Workers Compensation Group Rating Plan (GRP), an insurance purchasing pool. See Notes 17 and 18 for additional information on these organizations.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

Proprietary Funds

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

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

Special assessment installments including related interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2005 but which are not intended to finance 2005 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

E. Budgetary Process

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

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

1. Tax Budget

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2005.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. The allocation of appropriations within a fund may be modified with the approval of the City Council. During 2005, several supplemental appropriations measures were necessary to budget the use of contingency funds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Lapsing of Appropriations

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

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

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

	Net Change in Fund Balance
	General Fund
GAAP Basis (as reported)	\$734,087
Increase (Decrease):	
Accrued Revenues at December 31, 2005 received during 2006	(847,534)
Accrued Revenues at December 31, 2004 received during 2005	1,114,870
Accrued Expenditures at December 31, 2005 paid during 2006	379,827
Accrued Expenditures at December 31, 2004 paid during 2005	(401,563)
2004 Prepays for 2005	114,453
2005 Prepays for 2006	(126,460)
Outstanding Encumbrances	(174,162)
Budget Basis	<u>\$793,518</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

During 2005, cash and cash equivalents included amounts in demand deposits and U.S. Treasury Money Market accounts in Firststar Seasongood Asset Management and Sky Trust accounts with original maturities of less than three months.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and cash equivalents represents the balance on hand as if each fund maintained its own cash and cash equivalent account. See Note 5 "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 5, "Cash, Cash Equivalents and Investments."

H. Restricted Assets

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

I. Inventory

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations

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

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

M. Bond Discounts/Issuance Costs

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

N. Compensated Absences

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences (Continued)

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

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Any unspent capital debt proceeds at year end does not reduce the City's invested in capital assets, net of debt. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include programs for street and highway improvements, federal grants for security of persons and property and mandatory fines for various court programs.

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

P. Pensions

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

Q. Interfund Activity

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Interfund Assets/Liabilities

The City reports cash overdrafts from pooled cash and cash equivalents as an interfund loan payable in the fund with the overdraft and as an interfund loan receivable in the fund(s) designated by management. The interfund loans receivable are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Long-term interfund loans are classified as “advances to/from other funds.” There were no outstanding interfund loans at December 31, 2005.

S. Reservations of Fund Balance

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

T. Estimates

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2005.

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

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

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

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

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

Delinquent Income Tax Revenue	\$518,325
Delinquent Property Tax Revenue	11,838
Intergovernmental, unrestricted	288,495
Special Assessment Revenue	4,784,159
	<hr/>
	\$5,602,817

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$2,490,950)
Special Assessment Bonds Payable	(3,515,000)
Accrued Interest on Long-Term Debt	(52,168)
Capital Leases Payable	(53,314)
Compensated Absences Payable	(158,619)
	<hr/>
	(\$6,270,051)

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

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

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

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

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

Capital Outlay	\$1,833,003
Depreciation Expense	<u>(1,551,034)</u>
	\$281,969

Net affect of capital asset transactions:

Loss on Disposal of Capital Asset	(\$95,189)
Capital Contributions Received	<u>1,620,791</u>
	\$1,525,602

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$221,639
Increase in Delinquent Property Tax	2,848
Decrease in Intergovernmental, unrestricted	(167,147)
Decrease in Special Assessment Revenue	<u>(325,361)</u>
	(\$268,021)

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

General Obligation Bond Principal Payment	\$300,200
Special Assessment Bond Principal Payment	209,000
Capital Lease Payments	<u>96,786</u>
	\$605,986

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$24,428)
Increase in supplies inventory	<u>8,555</u>
	(\$15,873)

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

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

A. Restatement of Fund Balance/Net Assets

The net asset balances of the Sewer and Storm Water Funds were restated to correct an error in the recording of capital assets. This error also affected the net asset balance of the Business-Type Activities. The correction resulted in changes to balances reported last year as follows:

	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Business Type Activities</u>
Net Assets at December 31, 2004 (as reported)	\$26,314,862	\$175,760	\$54,654,964
Reclassification of Capital Assets	<u>(8,752,891)</u>	<u>8,644,152</u>	<u>(108,739)</u>
Net Assets at December 31, 2004 (as restated)	<u>\$17,561,971</u>	<u>\$8,819,912</u>	<u>\$54,546,225</u>

B. Change in Accounting Principle

The City has implemented GASB Statement No. 40, *Deposits and Investment Disclosures*, which amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*. Implementation of this GASB had no impact on the City's financial position or results of operation.

NOTE 4 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

Fund Deficits – The fund deficit at December 31, 2005 of \$4,203,707 in the Land Acquisition Fund resulted from the recognition of notes payable on the modified accrual basis of accounting. This deficit does not exist under the budgetary basis of accounting. Transfers are provided when cash is required, not when accruals occur.

B. Compliance

Contrary to Ohio Revised Code, Section 5705.39, the Construction Fund had appropriations which exceeded estimated resources by \$588,242 at January 1, 2005.

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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

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

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

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

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

At year end the carrying amount of the City's deposits was \$11,383,760 and the bank balance was \$11,801,728. Federal deposit insurance covered \$400,000 of the bank balance and \$11,401,728 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$11,401,728</u>
Total Balance	<u><u>\$11,401,728</u></u>

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

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2005 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
US Treasury Bonds	\$4,330,071	N/A	\$4,330,071	\$0	\$0
FHLB	2,132,575	AAA ^{1,2}	1,244,715	887,860	0
FHLMC	4,688,827	AAA ^{1,2}	3,158,195	1,530,632	0
FNMA	4,970,873	AAA ^{1,2}	4,471,263	0	499,610
First American Treasury	10,555	N/A	10,555	0	0
FFCB	393,126	AAA ^{1,2}	0	393,126	0
Total Investments	<u>\$16,526,027</u>		<u>\$13,214,799</u>	<u>\$2,811,618</u>	<u>\$499,610</u>

¹ Standard & Poor's

² Moody's Investor Service

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

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 26.2 % are US Treasury Bonds, 12.9% are FHLB, 28.4% are FHLMC and 30% are FNMA.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

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

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2005 were levied after October 1, 2004 on assessed values as of January 1, 2004, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2000. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

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

The full tax rate for all City operations for the year ended December 31, 2005 was \$1.11 per \$1,000 of assessed value. The assessed value upon which the 2005 levy was based was \$436,014,232. This amount constitutes \$403,058,410 in real property assessed value, \$7,238,400 in public utility assessed value and \$25,717,422 in tangible personal property assessed value.

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

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

NOTE 6 – TAXES (Continued)

B. Income Tax

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

Employers within the City are required to withhold income tax on employees compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are to be used for general fund operations, maintenance of equipment, new equipment/capital improvements, debt service and other governmental functions when needed, as determined by City Council. Income tax revenue for 2005 was \$9,341,580.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2005 consisted of income taxes, property taxes, accounts, special assessments and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full.

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

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2005:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$1,017,786
Debt Service Fund	237,840	0
Construction Fund	3,489,000	85,535
Land Acquisition Fund	50,000	0
Income Tax Capital Improvement Fund	0	3,364,000
Other Governmental Funds	135,000	188,336
Total Governmental Funds	3,911,840	4,655,657
Golf Course Fund	963,817	0
Water Fund	0	150,000
Sewer Fund	80,000	145,000
Trash Fund	0	5,000
Total Proprietary Funds	1,043,817	300,000
Totals	\$4,955,657	\$4,955,657

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

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

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2005:

<i>Historical Cost:</i>	Balance at December 31, 2004	Additions	Deletions	Balance at December 31, 2005
Class				
<i>Non-depreciable Capital assets:</i>				
Land	\$19,845,654	\$549,301	\$0	\$20,394,955
Construction in Progress	634,615	0	(634,615)	0
Total Non-depreciable Capital assets	<u>20,480,269</u>	<u>549,301</u>	<u>(634,615)</u>	<u>20,394,955</u>
<i>Capital assets being depreciated:</i>				
Improvements	396,214	34,167	(19,238)	411,143
Infrastructure	30,386,021	1,897,864	(171,059)	32,112,826
Buildings	2,088,961	1,157,859	(3,000)	3,243,820
Machinery and Equipment	2,968,848	449,218	(241,237)	3,176,829
Total Depreciable Capital assets	<u>35,840,044</u>	<u>3,539,108</u>	<u>(434,534)</u>	<u>38,944,618</u>
Total Cost	<u>\$56,320,313</u>	<u>\$4,088,409</u>	<u>(\$1,069,149)</u>	<u>\$59,339,573</u>
<i>Accumulated Depreciation:</i>				
Class	Balance at December 31, 2004	Additions	Deletions	Balance at December 31, 2005
Improvements	(\$283,862)	(\$41,408)	\$16,833	(\$308,437)
Infrastructure	(12,972,064)	(1,171,516)	122,272	(14,021,308)
Buildings	(762,611)	(69,124)	638	(831,097)
Machinery and Equipment	(2,307,050)	(268,986)	199,602	(2,376,434)
Total Depreciation	<u>(\$16,325,587)</u>	<u>(\$1,551,034) *</u>	<u>\$339,345</u>	<u>(\$17,537,276)</u>
<i>Net Value:</i>	<u>\$39,994,726</u>			<u>\$41,802,297</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$109,136)
Leisure Time Activities	(120,499)
Community Environment	(16,856)
Transportation	(1,262,110)
General Government	(42,433)
Total Depreciation Expense	<u>(\$1,551,034)</u>

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

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2005:

<i>Historical Cost:</i>	Restated Balance at December 31, 2004	Additions	Deletions	Balance at December 31, 2005
Class				
<i>Non-depreciable Capital assets:</i>				
Land	\$8,532,390	\$0	\$0	\$8,532,390
Construction in Progress	1,349,293	11,917,224	(393,629)	12,872,888
Total Non-depreciable Capital Assets	<u>9,881,683</u>	<u>11,917,224</u>	<u>(393,629)</u>	<u>21,405,278</u>
<i>Capital assets being depreciated:</i>				
Buildings	3,388,736	0	0	3,388,736
Land Improvements	698,787	0	0	698,787
Infrastructure	58,703,815	3,532,019	0	62,235,834
Machinery and Equipment	1,499,984	73,210	(10,309)	1,562,885
Total Depreciable Capital assets	<u>64,291,322</u>	<u>3,605,229</u>	<u>(10,309)</u>	<u>67,886,242</u>
Total Cost	<u>\$74,173,005</u>	<u>\$15,522,453</u>	<u>(\$403,938)</u>	<u>\$89,291,520</u>
 <i>Accumulated Depreciation:</i>				
Class	Balance at December 31, 2004	Additions	Deletions	Balance at December 31, 2005
Buildings	(\$995,422)	(\$86,166)	\$0	(\$1,081,588)
Land Improvements	(401,664)	(38,740)	0	(440,404)
Infrastructure	(7,723,462)	(945,702)	0	(8,669,164)
Machinery and Equipment	(1,177,052)	(120,154)	10,059	(1,287,147)
Total Depreciation	<u>(\$10,297,600)</u>	<u>(\$1,190,762)</u>	<u>\$10,059</u>	<u>(\$11,478,303)</u>
<i>Net Value:</i>	<u>\$63,875,405</u>			<u>\$77,813,217</u>

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2005, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2005 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2005, 2004, and 2003 were \$290,313, \$262,963 and \$270,405, respectively, which were equal to the required contributions for each year.

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2005 employer contribution rate (identified above) that was used to fund health care for the year 2005 was 4.0% of covered payroll which amounted to \$85,701.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2004 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 376,109. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2004 is \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

All City full-time police officers participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The City's contributions to the OP&F Fund for the years ending December 31, 2005, 2004, and 2003 were \$243,674, \$226,438 and \$217,428 for police, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2005 covered payroll that was used to fund postemployment health care benefits was \$96,845 representing 7.75% of covered payroll for police. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2004, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,812 for police and 10,528 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2004 were \$102,173,796, which was net of member contributions of \$55,665,341.

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

NOTE 11 - COMPENSATED ABSENCES

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

At December 31, 2005, the City's accumulated, unpaid compensated absences amounted to \$220,410, of which \$158,619 is recorded as a liability of the Governmental Activities and \$61,791 is recorded as a liability of the Business-Type Activities. The amounts are recorded as Amounts Due Within One Year and Amounts Due in More Than One Year on the Entity Wide Statement of Net Assets.

NOTE 12 - NOTES PAYABLE

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

General Obligation Notes:		Balance December 31, 2004	Issued	(Retired)	Balance December 31, 2005
Capital Projects Funds:					
2.65%	Real Estate Acquisition	\$590,000	\$0	(\$590,000)	\$0
3.65%	Real Estate Acquisition	0	450,000	0	450,000
3.00%	Real Estate Acquisition	4,360,000	0	(4,360,000)	0
4.00%	Real Estate Acquisition	0	4,280,000	0	4,280,000
2.75%	Various Street Improvements	1,600,000	0	(1,600,000)	0
Total General Obligation Notes		\$6,550,000	\$4,730,000	(\$6,550,000)	\$4,730,000

CITY OF SPRINGBORO, OHIO

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

NOTE 13 - LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2005 were as follows:

		Balance December 31, 2004	Issued	(Retired)	Balance December 31, 2005	Amount Due Within One Year
Business Type-Activities:						
General Obligation Bonds:						
6.4 - 7.5% Sewer Real Estate Acquisition	1989	\$40,000	\$0	(\$10,000)	\$30,000	\$10,000
3.0 - 6.1% Sewer Various Purpose	1993	20,100	0	(4,800)	15,300	4,800
3.0 - 6.1% Water Various Purpose	1993	83,750	0	(20,000)	63,750	20,000
3.9 - 5.4% Golf Course Refunding	1999	3,800,000	0	(135,000)	3,665,000	140,000
3.9 - 5.4% Discount on Golf Course Refunding	1999	(15,273)	0	849	(14,424)	0
Total General Obligation Bonds		3,928,577	0	(168,951)	3,759,626	174,800
Mortgage Revenue Bonds:						
2.00 - 4.00% Waterworks Improvement Refunding	2004	3,255,000	0	(190,000)	3,065,000	200,000
2.00 - 4.00% Discount on Waterworks Refunding	2004	(14,103)	0	1,007	(13,096)	(1,007)
4.00 - 5.70% Water	1997	12,395,000	0	(430,000)	11,965,000	445,000
4.00 - 5.70% Sewer Refunding	1997	3,660,000	0	(185,000)	3,475,000	190,000
2.00 - 5.00% Sewer	2004	18,310,000	0	(260,000)	18,050,000	485,000
2.00 - 5.00% Premium on Sewer Bond	2004	490,747	0	(20,448)	470,299	20,448
Total Mortgage Revenue Bonds		38,096,644	0	(1,084,441)	37,012,203	1,339,441
Compensated Absences		53,891	61,791	(53,891)	61,791	5,582
Capital Leases Payable		296,712	0	(96,502)	200,210	79,931
Total Business-Type Activity Long-Term Liabilities		\$42,375,824	\$61,791	(\$1,403,785)	\$41,033,830	\$1,599,754
Governmental Activities:						
Special Assessment Bonds:						
7.500% Hiawatha Trail	1987	\$15,000	\$0	(\$5,000)	\$10,000	\$5,000
7.500% Hiawatha Trail II	1989	35,000	0	(6,000)	29,000	6,000
7.500% Sharts Road Improvement	1989	44,000	0	(8,000)	36,000	8,000
5.500% Various Purpose	1993	595,000	0	(45,000)	550,000	50,000
5.500% Various Purpose	1994	230,000	0	(15,000)	215,000	20,000
4.200 - 6.350% Pioneer Blvd. North	1994	315,000	0	(25,000)	290,000	25,000
4.200 - 5.600% Commercial Way	1997	435,000	0	(25,000)	410,000	25,000
6.750% N. Pioneer Blvd.	1998	260,000	0	(15,000)	245,000	15,000
1.500 - 5.350% Various Purpose	2003	1,795,000	0	(65,000)	1,730,000	65,000
Total Special Assessment Bonds						
(with Governmental Commitment)		3,724,000	0	(209,000)	3,515,000	219,000
Unvoted General Obligation Bonds:						
3.000 - 6.100% Various Purpose	1993	231,150	0	(55,200)	175,950	55,200
3.500 - 5.900% St. Route 741 Improvement	1996	320,000	0	(20,000)	300,000	20,000
4.500 - 6.000% South Main St. Improvement	1997	170,000	0	(10,000)	160,000	10,000
3.900 - 5.375% Various Purpose	1999	865,000	0	(40,000)	825,000	40,000
4.850 - 5.250% Street Improvement TIF	2000	1,205,000	0	(175,000)	1,030,000	185,000
Total General Obligation Bonds		2,791,150	0	(300,200)	2,490,950	310,200
Compensated Absences		134,191	158,619	(134,191)	158,619	16,677
Capital Leases Payable		150,100	0	(96,786)	53,314	14,425
Total Governmental Activity Long-Term Liabilities		\$6,799,441	\$158,619	(\$740,177)	\$6,217,883	\$560,302

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

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City's special assessment bonds outstanding at December 31, 2005, \$3,515,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

A. Future Long-Term Financing Requirements

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2005, follow:

Years	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2006	\$485,000	\$329,806	\$219,000	\$181,963
2007	515,000	304,722	226,000	171,571
2008	540,000	277,430	237,000	160,339
2009	460,000	251,391	238,000	148,330
2010	485,000	227,735	235,000	135,727
2011-2015	1,510,000	856,907	1,255,000	472,623
2016-2020	1,655,000	425,541	705,000	206,893
2021-2025	615,000	50,220	400,000	43,603
Totals	<u>\$6,265,000</u>	<u>\$2,723,752</u>	<u>\$3,515,000</u>	<u>\$1,521,049</u>

Years	Mortgage Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest
2006	\$1,320,000	\$1,609,525	\$2,024,000	\$2,121,294
2007	1,360,000	1,568,250	2,101,000	2,044,543
2008	1,405,000	1,521,959	2,182,000	1,959,728
2009	1,450,000	1,473,911	2,148,000	1,873,632
2010	1,505,000	1,419,115	2,225,000	1,782,577
2011-2015	8,505,000	6,082,389	11,270,000	7,411,919
2016-2020	9,250,000	3,970,840	11,610,000	4,603,274
2021-2025	7,270,000	1,902,102	8,285,000	1,995,925
2026-2029	4,490,000	417,782	4,490,000	417,782
Totals	<u>\$36,555,000</u>	<u>\$19,965,873</u>	<u>\$46,335,000</u>	<u>\$24,210,674</u>

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

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

B. Defeased Debt

In prior years, the City has defeased certain general obligation and other bonds by placing the proceeds of the refunding bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. At December 31, 2005, \$6,185,000 of bonds outstanding are considered defeased.

NOTE 14 - CAPITAL LEASE COMMITMENTS

The City is obligated under several leases accounted for as capital leases. The cost of the leased assets (buildings, golf course maintenance equipment and machinery and equipment) are accounted for as governmental type capital assets, for items leased by governmental funds, and in the appropriate enterprise funds for items leased by the golf course and sewer funds. The related liabilities are recorded as amounts due within one year and amounts due in more than one year within the governmental activities and as capital lease liabilities within the appropriate enterprise funds. The original cost of the assets under capital lease was \$1,165,285. The leased assets were categorized as follows: \$568,213 as buildings and \$597,072 as machinery and equipment.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2005.

Year Ending December 31,	Governmental Type	Business Type
2006	\$16,580	\$87,908
2007	16,580	67,052
2008	16,580	41,244
2009	8,290	18,988
Minimum Lease Payments	58,030	215,192
Less: Amount representing interest at the City's incremental borrowing rate of interest	(4,716)	(14,982)
Present value of minimum lease payments	\$53,314	\$200,210

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

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2005 the City contracted with several different insurance providers for various insurance coverages, as follows:

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

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

The City had established an Employees Benefits Fund which had been included within the General Fund within the Basic Financial Statements to account for the cost of the City's self-insured medical claims. The program was provided through an administrative service contract with a third party administrator who furnished claims review and processing. The City purchased stop-loss coverage of \$15,000 per claim per year. The City funds were charged a premium based upon the number of employees participating in the Medical Plan. The premium payments were accounted for as an expenditure/expense in the paying funds. The City discontinued this program during 2005. The City has obtained commercial coverage to meet its needs for medical insurance.

The claims liability of \$0 reported in the General Fund at December 31, 2005 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for fiscal years 2004 and 2005 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2004	\$45,836	\$863,229	(\$844,138)	\$64,927
2005	64,927	0	(64,927)	0

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

NOTE 15 - RISK MANAGEMENT (Continued)

For the year 2005, the City participated in the Ohio Municipal League of Ohio Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm of Gates McDonald provides administrative, cost control and actuarial services to the GRP.

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

NOTE 16 - CONTRACTUAL COMMITMENTS

As of December 31, 2005, the City had the following significant contractual commitments:

<u>Company</u>	<u>Remaining Contractual Commitment</u>
Buildings Crafts	\$7,000,000
Trend Construction	284,233
Wagner Paving	275,000
R B Jergens	186,194
Landmark Structures	174,650
GM Pipeline	141,376
Armrel Byrnes	139,220
Mainline Road & Bridge	129,043
Total	<u>\$8,329,716</u>

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

NOTE 17 – GROUP PURCHASING POOL

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

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS

During 2005, the City participated in the Warren County General Health District, the Greater Warren Drug Task Force, and the Miami Valley Regional Planning Commission, jointly governed organizations. The following describes the relationship between these organizations and the City:

Warren County General Health District

The Warren County General Health District (the District) provides health services to the citizens within the County. The District, which consists of a representative from each of the participating governments, including the City, oversees the operation of the District. The amount the City contributed during 2005 for the operation of the District was minimal. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and County Treasurer serve as the fiscal officers. Financial information may be obtained from Kathy Stephenson at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

The Greater Warren County Drug Task Force

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

Miami Valley Regional Planning Commission

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

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Maintenance and Repair Fund

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

State Highway Fund

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

Permissive Use Tax Fund

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

Motor Vehicle License Tax Fund

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

Community Oriented Policing Service (COPS) Grant Fund

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

Drug Law Enforcement Fund

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

Library Donation Trust Fund

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

Law Enforcement Trust Fund

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

D.A.R.E. Trust Fund

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

(Continued)

Capital Projects Fund

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

Permanent Improvement Fund

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

CITY OF SPRINGBORO, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and Cash Equivalents	\$ 569,531	\$ 240,914	\$ 810,445
Receivables:			
Intergovernmental	480,082	0	480,082
Inventory of Supplies, at Cost	74,607	0	74,607
Prepaid Items	5,354	0	5,354
Total Assets	<u>\$ 1,129,574</u>	<u>\$ 240,914</u>	<u>\$ 1,370,488</u>
Liabilities:			
Accounts Payable	\$ 40,045	\$ 0	\$ 40,045
Accrued Wages and Benefits Payable	8,315	0	8,315
Intergovernmental Payable	17,154	0	17,154
Deferred Revenue	146,981	0	146,981
Total Liabilities	<u>212,495</u>	<u>0</u>	<u>212,495</u>
Fund Balances:			
Reserved for Encumbrances	14,769	0	14,769
Reserved for Prepaid Items	5,354	0	5,354
Reserved for Supplies Inventory	74,607	0	74,607
Undesignated/Unreserved in:			
Special Revenue Funds	822,349	0	822,349
Capital Projects Fund	0	240,914	240,914
Total Fund Balances	<u>917,079</u>	<u>240,914</u>	<u>1,157,993</u>
Total Liabilities and Fund Balances	<u>\$ 1,129,574</u>	<u>\$ 240,914</u>	<u>\$ 1,370,488</u>

CITY OF SPRINGBORO, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Property and Other Taxes	\$ 27,611	\$ 59,000	\$ 86,611
Intergovernmental Revenues	1,003,574	0	1,003,574
Fines, Licenses and Permits	25,357	150,204	175,561
Donations	8,209	0	8,209
All Other Revenue	33,057	0	33,057
Total Revenue	1,097,808	209,204	1,307,012
Expenditures:			
Current:			
Security of Persons and Property	86,161	0	86,161
Transportation	623,135	0	623,135
General Government	5,889	5,689	11,578
Capital Outlay	0	369,273	369,273
Debt Service:			
Principal Retirement	89,414	0	89,414
Interest and Fiscal Charges	4,932	0	4,932
Total Expenditures	809,531	374,962	1,184,493
Excess (Deficiency) of Revenues Over Expenditures	288,277	(165,758)	122,519
Other Financing Sources (Uses):			
Transfers In	135,000	0	135,000
Transfers Out	(155,000)	(33,336)	(188,336)
Total Other Financing Sources (Uses)	(20,000)	(33,336)	(53,336)
Net Change in Fund Balances	268,277	(199,094)	69,183
Fund Balances at Beginning of Year	639,782	440,008	1,079,790
Increase in Inventory Reserve	9,020	0	9,020
Fund Balances End of Year	\$ 917,079	\$ 240,914	\$ 1,157,993

CITY OF SPRINGBORO, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005**

	Street Maintenance and Repair	State Highway	Permissive Use Tax	Motor Vehicle License Tax
Assets:				
Cash and Cash Equivalents	\$ 278,641	\$ 132,835	\$ 14,587	\$ 9,002
Receivables:				
Intergovernmental	303,312	24,594	50,000	79,143
Inventory of Supplies, at Cost	74,607	0	0	0
Prepaid Items	5,354	0	0	0
Total Assets	<u>\$ 661,914</u>	<u>\$ 157,429</u>	<u>\$ 64,587</u>	<u>\$ 88,145</u>
Liabilities:				
Accounts Payable	\$ 29,178	\$ 7,166	\$ 0	\$ 0
Accrued Wages and Benefits Payable	8,315	0	0	0
Intergovernmental Payable	16,049	0	0	0
Deferred Revenue	101,104	8,198	0	26,381
Total Liabilities	<u>154,646</u>	<u>15,364</u>	<u>0</u>	<u>26,381</u>
Fund Balances:				
Reserved for Encumbrances	11,369	0	0	0
Reserved for Prepaid Items	5,354	0	0	0
Reserved for Supplies Inventory	74,607	0	0	0
Undesignated/Unreserved	415,938	142,065	64,587	61,764
Total Fund Balances	<u>507,268</u>	<u>142,065</u>	<u>64,587</u>	<u>61,764</u>
Total Liabilities and Fund Balances	<u>\$ 661,914</u>	<u>\$ 157,429</u>	<u>\$ 64,587</u>	<u>\$ 88,145</u>

CITY OF SPRINGBORO, OHIO

<u>COPS Grant</u>	<u>Drug Law Enforcement</u>	<u>Library Donation Trust</u>	<u>Law Enforcement Trust</u>	<u>DARE Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 75,325	\$ 24,048	\$ 6,767	\$ 8,167	\$ 20,159	\$ 569,531
22,854	0	0	179	0	480,082
0	0	0	0	0	74,607
0	0	0	0	0	5,354
<u>\$ 98,179</u>	<u>\$ 24,048</u>	<u>\$ 6,767</u>	<u>\$ 8,346</u>	<u>\$ 20,159</u>	<u>\$ 1,129,574</u>
\$ 9	\$ 3,692	\$ 0	\$ 0	\$ 0	\$ 40,045
0	0	0	0	0	8,315
1,105	0	0	0	0	17,154
11,298	0	0	0	0	146,981
<u>12,412</u>	<u>3,692</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>212,495</u>
0	3,400	0	0	0	14,769
0	0	0	0	0	5,354
0	0	0	0	0	74,607
85,767	16,956	6,767	8,346	20,159	822,349
<u>85,767</u>	<u>20,356</u>	<u>6,767</u>	<u>8,346</u>	<u>20,159</u>	<u>917,079</u>
<u>\$ 98,179</u>	<u>\$ 24,048</u>	<u>\$ 6,767</u>	<u>\$ 8,346</u>	<u>\$ 20,159</u>	<u>\$ 1,129,574</u>

CITY OF SPRINGBORO, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	Street Maintenance and Repair	State Highway	Permissive Use Tax	Motor Vehicle License Tax
Revenues:				
Property and Other Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	680,590	50,866	63,530	145,115
Fines, Licenses and Permits	0	0	0	0
Donations	0	0	0	0
All Other Revenue	9,443	2,022	0	0
Total Revenue	690,033	52,888	63,530	145,115
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Transportation	599,029	24,106	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	6,449	0	0	0
Interest and Fiscal Charges	1,287	0	0	0
Total Expenditures	606,765	24,106	0	0
Excess (Deficiency) of Revenues Over Expenditures	83,268	28,782	63,530	145,115
Other Financing Sources (Uses):				
Transfers In	100,000	0	0	0
Transfers Out	0	0	(50,000)	(105,000)
Total Other Financing Sources (Uses)	100,000	0	(50,000)	(105,000)
Net Change in Fund Balances	183,268	28,782	13,530	40,115
Fund Balance at Beginning of Year	314,980	113,283	51,057	21,649
Increase in Inventory Reserve	9,020	0	0	0
Fund Balance End of Year	\$ 507,268	\$ 142,065	\$ 64,587	\$ 61,764

CITY OF SPRINGBORO, OHIO

<u>COPS Grant</u>	<u>Drug Law Enforcement</u>	<u>Library Donation Trust</u>	<u>Law Enforcement Trust</u>	<u>DARE Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 27,611	\$ 0	\$ 0	\$ 27,611
55,891	0	0	0	7,582	1,003,574
0	25,357	0	0	0	25,357
0	0	6,004	0	2,205	8,209
19,282	0	0	2,310	0	33,057
<u>75,173</u>	<u>25,357</u>	<u>33,615</u>	<u>2,310</u>	<u>9,787</u>	<u>1,097,808</u>
56,464	15,535	0	1,627	12,535	86,161
0	0	0	0	0	623,135
0	0	5,889	0	0	5,889
0	0	82,965	0	0	89,414
0	0	3,645	0	0	4,932
<u>56,464</u>	<u>15,535</u>	<u>92,499</u>	<u>1,627</u>	<u>12,535</u>	<u>809,531</u>
18,709	9,822	(58,884)	683	(2,748)	288,277
30,000	0	0	0	5,000	135,000
0	0	0	0	0	(155,000)
<u>30,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>(20,000)</u>
48,709	9,822	(58,884)	683	2,252	268,277
37,058	10,534	65,651	7,663	17,907	639,782
0	0	0	0	0	9,020
<u>\$ 85,767</u>	<u>\$ 20,356</u>	<u>\$ 6,767</u>	<u>\$ 8,346</u>	<u>\$ 20,159</u>	<u>\$ 917,079</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 5,600,000	\$ 5,600,000	\$ 6,123,509	\$ 523,509
Property and Other Taxes	591,000	591,000	605,977	14,977
Intergovernmental Revenues	390,400	390,400	583,843	193,443
Charges for Services	853,000	873,000	924,184	51,184
Fines, Licenses and Permits	512,300	512,300	633,811	121,511
Investment Earnings	330,000	330,000	319,496	(10,504)
Special Assessments	24,500	24,500	21,407	(3,093)
All Other Revenues	200,200	200,200	146,495	(53,705)
Total Revenues	<u>8,501,400</u>	<u>8,521,400</u>	<u>9,358,722</u>	<u>837,322</u>
Expenditures:				
Security of Persons and Property:				
Police Department:				
Personal Services	1,738,995	1,737,745	1,606,756	130,989
Materials and Supplies	90,987	103,487	99,779	3,708
Contractual Services	154,269	146,819	134,217	12,602
Capital Outlay	109,950	154,150	151,903	2,247
Total Police Department	<u>2,094,201</u>	<u>2,142,201</u>	<u>1,992,655</u>	<u>149,546</u>
Police Dispatcher:				
Personal Services	363,347	361,872	317,894	43,978
Materials and Supplies	5,000	10,275	8,148	2,127
Contractual Services	18,991	15,191	11,457	3,734
Capital Outlay	0	5,000	4,773	227
Total Police Dispatcher	<u>387,338</u>	<u>392,338</u>	<u>342,272</u>	<u>50,066</u>
Street Lighting:				
Contractual Services	110,000	110,000	94,865	15,135
Total Street Lighting	<u>110,000</u>	<u>110,000</u>	<u>94,865</u>	<u>15,135</u>
Civil Defense:				
Contractual Services	1,100	1,981	1,981	0
Total Civil Defense	<u>1,100</u>	<u>1,981</u>	<u>1,981</u>	<u>0</u>
Prisoner Care:				
Contractual Services	4,000	4,000	3,756	244
Total Prisoner Care	<u>4,000</u>	<u>4,000</u>	<u>3,756</u>	<u>244</u>
Total Security of Persons and Property	<u>2,596,639</u>	<u>2,650,520</u>	<u>2,435,529</u>	<u>214,991</u>

(Continued)

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health and Welfare:				
Health Board:				
Contractual Services	8,790	8,790	8,780	10
Total Public Health and Welfare	8,790	8,790	8,780	10
Leisure Time Activities:				
Parks:				
Contractual Services	40,109	42,510	42,510	0
Materials and Supplies	6,000	5,504	5,504	0
Total Parks	46,109	48,014	48,014	0
Park Maintenance:				
Personal Services	203,303	203,303	186,729	16,574
Contractual Services	44,015	44,015	32,992	11,023
Materials and Supplies	69,189	69,189	61,809	7,380
Capital Outlay	49,511	49,511	49,438	73
Total Park Maintenance	366,018	366,018	330,968	35,050
Library Services:				
Contractual Services	23,300	24,125	23,745	380
Materials and Supplies	1,000	975	876	99
Total Library Services	24,300	25,100	24,621	479
Total Leisure Time Activities	436,427	439,132	403,603	35,529
Community Environment:				
Planning and Zoning:				
Personal Services	77,125	75,665	67,022	8,643
Contractual Services	114,640	115,900	111,461	4,439
Materials and Supplies	2,250	2,450	2,440	10
Total Planning and Zoning	194,015	194,015	180,923	13,092
Engineering:				
Personal Services	97,875	97,875	88,317	9,558
Contractual Services	98,220	116,220	88,811	27,409
Materials and Supplies	5,000	8,000	6,942	1,058
Total Engineering	201,095	222,095	184,070	38,025

(Continued)

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Economic Development:				
Personal Services	3,000	2,850	98	2,752
Contractual Services	76,175	182,825	149,528	33,297
Materials and Supplies	500	500	0	500
Total Economic Development	79,675	186,175	149,626	36,549
Main Street Springboro:				
Contractual Services	8,236	8,236	8,236	0
Total Main Street Springboro	8,236	8,236	8,236	0
Building Inspection:				
Personal Services	228,620	227,620	211,791	15,829
Contractual Services	42,955	42,755	26,527	16,228
Materials and Supplies	7,275	8,475	8,078	397
Capital Outlay	24,000	24,000	21,903	2,097
Total Building Inspection	302,850	302,850	268,299	34,551
Total Community Environment	785,871	913,371	791,154	122,217
General Government:				
City Council:				
Personal Services	114,900	115,970	109,616	6,354
Contractual Services	36,217	38,547	35,017	3,530
Materials and Supplies	2,675	3,275	2,672	603
Capital Outlay	22,340	27,340	26,102	1,238
Total City Council	176,132	185,132	173,407	11,725
City Manager:				
Personal Services	105,555	105,855	97,951	7,904
Contractual Services	72,456	70,250	26,554	43,696
Materials and Supplies	4,066	4,066	2,365	1,701
Total City Manager	182,077	180,171	126,870	53,301
Assistant City Manager:				
Personal Services	52,200	53,600	51,466	2,134
Contractual Services	36,950	36,450	26,961	9,489
Materials and Supplies	1,000	1,300	736	564
Total Assistant City Manager	90,150	91,350	79,163	12,187

(Continued)

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Computer Administration:				
Personal Services	2,400	56,200	38,789	17,411
Contractual Services	92,785	32,785	27,883	4,902
Materials and Supplies	27,500	32,500	29,791	2,709
Total Computer Administration	122,685	121,485	96,463	25,022
Finance Department:				
Personal Services	119,575	118,575	115,281	3,294
Contractual Services	88,210	78,173	56,578	21,595
Materials and Supplies	4,500	6,536	5,389	1,147
Total Finance Department	212,285	203,284	177,248	26,036
Mayor's Court:				
Personal Services	61,850	61,400	54,522	6,878
Contractual Services	74,350	79,800	73,289	6,511
Materials and Supplies	1,155	1,155	1,155	0
Capital Outlay	3,500	3,500	3,200	300
Total Mayor's Court	140,855	145,855	132,166	13,689
Income Tax:				
Personal Services	97,200	97,200	88,754	8,446
Contractual Services	527,590	740,090	655,607	84,483
Materials and Supplies	1,450	8,950	8,920	30
Total Income Tax	626,240	846,240	753,281	92,959
Legal Administration:				
Contractual Services	270,403	720,403	702,860	17,543
Total Legal Administration	270,403	720,403	702,860	17,543
Volunteer Services:				
Contractual Services	1,000	1,000	0	1,000
Total Volunteer Services	1,000	1,000	0	1,000

(Continued)

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Building and Land:				
Personal Services	491,800	511,800	511,800	0
Contractual Services	373,211	381,082	347,079	34,003
Materials and Supplies	39,259	37,107	30,429	6,678
Capital Outlay	0	6,203	6,203	0
Total Building and Land	904,270	936,192	895,511	40,681
Miscellaneous:				
Contractual Services	41,250	46,350	38,249	8,101
Materials and Supplies	200	200	0	200
Total Miscellaneous	41,450	46,550	38,249	8,301
Health Insurance:				
Contractual Services	814,000	898,250	897,089	1,161
Total Health Insurance	814,000	898,250	897,089	1,161
Total General Government	3,581,547	4,375,912	4,072,307	303,605
Total Expenditures	7,409,274	8,387,725	7,711,373	676,352
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,092,126	133,675	1,647,349	1,513,674
Other Financing Sources (Uses):				
Transfers In	900	900	0	(900)
Transfers Out	(672,900)	(1,072,900)	(1,017,786)	55,114
Advances In	104,520	104,520	163,955	59,435
Advances Out	(100,000)	0	0	0
Total Other Financing Sources (Uses)	(667,480)	(967,480)	(853,831)	113,649
Net Change in Fund Balance	424,646	(833,805)	793,518	1,627,323
Fund Balance at Beginning of Year	2,589,678	2,589,678	2,589,678	0
Prior Year Encumbrances	203,951	203,951	203,951	0
Fund Balance at End of Year	\$ 3,218,275	\$ 1,959,824	\$ 3,587,147	\$ 1,627,323

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 106,000	\$ 106,000	\$ 181,867	\$ 75,867
Special Assessments	387,100	348,600	348,706	106
All Other Revenues	157,684	171,465	191,740	20,275
Total Revenues	<u>650,784</u>	<u>626,065</u>	<u>722,313</u>	<u>96,248</u>
Expenditures:				
Debt Service:				
Principal Retirement	7,059,200	7,059,200	7,059,200	0
Interest and Fiscal Charges	538,840	531,092	530,559	533
Total Expenditures	<u>7,598,040</u>	<u>7,590,292</u>	<u>7,589,759</u>	<u>533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,947,256)	(6,964,227)	(6,867,446)	96,781
Other Financing Sources (Uses):				
Transfers In	6,981,637	6,977,747	6,977,747	0
Advances In	100,000	96,142	0	(96,142)
Advances Out	(100,000)	(141,992)	(141,992)	0
Total Other Financing Sources (Uses)	<u>6,981,637</u>	<u>6,931,897</u>	<u>6,835,755</u>	<u>(96,142)</u>
Net Change in Fund Balance	34,381	(32,330)	(31,691)	639
Fund Balance at Beginning of Year	158,173	158,173	158,173	0
Fund Balance at End of Year	<u>\$ 192,554</u>	<u>\$ 125,843</u>	<u>\$ 126,482</u>	<u>\$ 639</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Funds
For the Year Ended December 31, 2005**

	CONSTRUCTION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 66,871	\$ 66,871
Special Assessments	31,900	31,900	12,639	(19,261)
All Other Revenues	43,000	43,000	15,870	(27,130)
Total Revenues	<u>74,900</u>	<u>74,900</u>	<u>95,380</u>	<u>20,480</u>
Expenditures:				
General Government:				
Contractual Services	28,583	102,683	100,572	2,111
Total General Government	<u>28,583</u>	<u>102,683</u>	<u>100,572</u>	<u>2,111</u>
Capital Outlay	2,521,303	2,216,503	2,138,904	77,599
Total Expenditures	<u>2,549,886</u>	<u>2,319,186</u>	<u>2,239,476</u>	<u>79,710</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,474,986)	(2,244,286)	(2,144,096)	100,190
Other Financing Sources (Uses):				
General Obligation Notes Issued	550,000	478,000	450,000	(28,000)
Transfers In	1,999,000	3,430,530	3,489,000	58,470
Transfers Out	(2,338,300)	(2,338,300)	(2,335,005)	3,295
Total Other Financing Sources (Uses)	<u>210,700</u>	<u>1,570,230</u>	<u>1,603,995</u>	<u>33,765</u>
Net Change in Fund Balance	(2,264,286)	(674,056)	(540,101)	133,955
Fund Balance at Beginning of Year	880,059	880,059	880,059	0
Prior Year Encumbrances	795,985	795,985	795,985	0
Fund Balance at End of Year	<u>\$ (588,242)</u>	<u>\$ 1,001,988</u>	<u>\$ 1,135,943</u>	<u>\$ 133,955</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Funds
For the Year Ended December 31, 2005**

LAND ACQUISITION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Contractual Services	25,895	54,058	54,057	1
Total Expenditures	25,895	54,058	54,057	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,895)	(54,058)	(54,057)	1
Other Financing Sources (Uses):				
General Obligation Notes Issued	4,360,000	4,287,700	4,287,747	47
Transfers In	130,901	0	50,000	50,000
Transfers Out	(4,491,000)	(4,490,837)	(4,490,437)	400
Total Other Financing Sources (Uses)	(99)	(203,137)	(152,690)	50,447
Net Change in Fund Balance	(25,994)	(257,195)	(206,747)	50,448
Fund Balance at Beginning of Year	258,357	258,357	258,357	0
Prior Year Encumbrances	25,895	25,895	25,895	0
Fund Balance at End of Year	<u>\$ 258,258</u>	<u>\$ 27,057</u>	<u>\$ 77,505</u>	<u>\$ 50,448</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Funds
For the Year Ended December 31, 2005**

INCOME TAX CAPITAL IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 2,600,000	\$ 2,600,000	\$ 3,113,944	\$ 513,944
Total Revenues	<u>2,600,000</u>	<u>2,600,000</u>	<u>3,113,944</u>	<u>513,944</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,600,000	2,600,000	3,113,944	513,944
Other Financing Sources (Uses):				
Transfers In	2,600,000	2,520,000	0	(2,520,000)
Transfers Out	<u>(5,200,000)</u>	<u>(5,900,000)</u>	<u>(3,364,000)</u>	<u>2,536,000</u>
Total Other Financing Sources (Uses)	<u>(2,600,000)</u>	<u>(3,380,000)</u>	<u>(3,364,000)</u>	<u>16,000</u>
Net Change in Fund Balance	0	(780,000)	(250,056)	529,944
Fund Balance at Beginning of Year	<u>1,021,152</u>	<u>1,021,152</u>	<u>1,021,152</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,021,152</u></u>	<u><u>\$ 241,152</u></u>	<u><u>\$ 771,096</u></u>	<u><u>\$ 529,944</u></u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

STREET MAINTENANCE AND REPAIR FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 530,750	\$ 528,700	\$ 563,783	\$ 35,083
All Other Revenues	0	0	9,443	9,443
Total Revenues	<u>530,750</u>	<u>528,700</u>	<u>573,226</u>	<u>44,526</u>
Expenditures:				
Transportation:				
Personal Services	373,550	383,450	352,700	30,750
Materials and Supplies	166,851	183,043	174,077	8,966
Contractual Services	111,150	95,058	76,958	18,100
Capital Outlay	58,198	58,198	57,801	397
Total Expenditures	<u>709,749</u>	<u>719,749</u>	<u>661,536</u>	<u>58,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(178,999)	(191,049)	(88,310)	102,739
Other Financing Sources (Uses):				
Transfers In	100,000	100,000	100,000	0
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Net Change in Fund Balance	(78,999)	(91,049)	11,690	102,739
Fund Balance at Beginning of Year	174,211	174,211	174,211	0
Prior Year Encumbrances	57,274	57,274	57,274	0
Fund Balance at End of Year	<u>\$ 152,486</u>	<u>\$ 140,436</u>	<u>\$ 243,175</u>	<u>\$ 102,739</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	STATE HIGHWAY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 42,260	\$ 39,800	\$ 41,394	\$ 1,594
All Other Revenues	0	0	2,022	2,022
Total Revenues	<u>42,260</u>	<u>39,800</u>	<u>43,416</u>	<u>3,616</u>
Expenditures:				
Transportation:				
Contractual Services	<u>28,100</u>	<u>28,100</u>	<u>18,287</u>	<u>9,813</u>
Total Expenditures	<u>28,100</u>	<u>28,100</u>	<u>18,287</u>	<u>9,813</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,160	11,700	25,129	13,429
Fund Balance at Beginning of Year	<u>107,706</u>	<u>107,706</u>	<u>107,706</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 121,866</u>	<u>\$ 119,406</u>	<u>\$ 132,835</u>	<u>\$ 13,429</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 13,530	\$ 13,530	\$ 0
Total Revenues	<u>50,000</u>	<u>13,530</u>	<u>13,530</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,000	13,530	13,530	0
Other Financing Sources (Uses):				
Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
Net Change in Fund Balance	0	(36,470)	(36,470)	0
Fund Balance at Beginning of Year	<u>51,057</u>	<u>51,057</u>	<u>51,057</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 51,057</u>	<u>\$ 14,587</u>	<u>\$ 14,587</u>	<u>\$ 0</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

MOTOR VEHICLE LICENSE TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 120,000	\$ 109,610	\$ 109,620	\$ 10
Total Revenues	<u>120,000</u>	<u>109,610</u>	<u>109,620</u>	<u>10</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	120,000	109,610	109,620	10
Other Financing Sources (Uses):				
Transfers Out	(120,000)	(105,000)	(105,000)	0
Total Other Financing Sources (Uses)	<u>(120,000)</u>	<u>(105,000)</u>	<u>(105,000)</u>	<u>0</u>
Net Change in Fund Balance	0	4,610	4,620	10
Fund Balance at Beginning of Year	<u>4,382</u>	<u>4,382</u>	<u>4,382</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,382</u>	<u>\$ 8,992</u>	<u>\$ 9,002</u>	<u>\$ 10</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	COPS GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 58,000	\$ 52,010	\$ 52,008	\$ (2)
All Other Revenues	35,000	18,470	18,472	2
Total Revenues	<u>93,000</u>	<u>70,480</u>	<u>70,480</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	56,350	56,350	54,381	1,969
Materials and Supplies	600	600	558	42
Contractual Services	650	650	411	239
Total Expenditures	<u>57,600</u>	<u>57,600</u>	<u>55,350</u>	<u>2,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,400	12,880	15,130	2,250
Other Financing Sources (Uses):				
Transfers In	30,000	30,000	30,000	0
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Net Change in Fund Balance	65,400	42,880	45,130	2,250
Fund Balance at Beginning of Year	<u>30,195</u>	<u>30,195</u>	<u>30,195</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 95,595</u>	<u>\$ 73,075</u>	<u>\$ 75,325</u>	<u>\$ 2,250</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, Licenses and Permits	\$ 25,000	\$ 25,000	\$ 25,357	\$ 357
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>25,357</u>	<u>357</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	2,000	2,000	1,840	160
Contractual Services	15,400	400	287	113
Capital Outlay	15,000	20,800	16,809	3,991
Total Expenditures	<u>32,400</u>	<u>23,200</u>	<u>18,936</u>	<u>4,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,400)	1,800	6,421	4,621
Fund Balance at Beginning of Year	<u>10,558</u>	<u>10,558</u>	<u>10,558</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,158</u>	<u>\$ 12,358</u>	<u>\$ 16,979</u>	<u>\$ 4,621</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

LIBRARY DONATION TRUST FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Taxes	\$ 87,000	\$ 114,222	\$ 114,222	\$ 0
Donations	6,500	5,808	6,004	196
Total Revenues	<u>93,500</u>	<u>120,030</u>	<u>120,226</u>	<u>196</u>
Expenditures:				
General Government:				
Contractual Services	93,110	93,110	92,499	611
Total Expenditures	<u>93,110</u>	<u>93,110</u>	<u>92,499</u>	<u>611</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	390	26,920	27,727	807
Other Financing Sources (Uses):				
Advances Out	0	(21,963)	(21,963)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(21,963)</u>	<u>(21,963)</u>	<u>0</u>
Net Change in Fund Balance	390	4,957	5,764	807
Fund Balance at Beginning of Year	1,003	1,003	1,003	0
Fund Balance at End of Year	<u>\$ 1,393</u>	<u>\$ 5,960</u>	<u>\$ 6,767</u>	<u>\$ 807</u>

CITY OF SPRINGBORO, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 1,000	\$ 1,000	\$ 2,231	\$ 1,231
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>2,231</u>	<u>1,231</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	5,000	5,000	1,627	3,373
Contractual Services	<u>1,200</u>	<u>1,200</u>	<u>0</u>	<u>1,200</u>
Total Expenditures	<u>6,200</u>	<u>6,200</u>	<u>1,627</u>	<u>4,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,200)	(5,200)	604	5,804
Fund Balance at Beginning of Year	6,863	6,863	6,863	0
Prior Year Encumbrances	<u>700</u>	<u>700</u>	<u>700</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,363</u>	<u>\$ 2,363</u>	<u>\$ 8,167</u>	<u>\$ 5,804</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	DARE TRUST FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 7,500	\$ 7,500	\$ 7,582	\$ 82
Donations	2,000	2,000	2,175	175
Total Revenues	<u>9,500</u>	<u>9,500</u>	<u>9,757</u>	<u>257</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	17,000	17,000	10,602	6,398
Materials and Supplies	3,000	3,000	1,933	1,067
Contractual Services	500	500	0	500
Total Expenditures	<u>20,500</u>	<u>20,500</u>	<u>12,535</u>	<u>7,965</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,000)	(11,000)	(2,778)	8,222
Other Financing Sources (Uses):				
Transfers In	5,000	5,000	5,000	0
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Net Change in Fund Balance	(6,000)	(6,000)	2,222	8,222
Fund Balance at Beginning of Year	17,797	17,797	17,797	0
Fund Balance at End of Year	<u>\$ 11,797</u>	<u>\$ 11,797</u>	<u>\$ 20,019</u>	<u>\$ 8,222</u>

CITY OF SPRINGBORO, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Fund
For the Year Ended December 31, 2005**

PERMANENT IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Taxes	\$ 0	\$ 0	\$ 59,000	\$ 59,000
Fines, Licenses and Permits	171,000	171,000	150,204	(20,796)
Total Revenues	<u>171,000</u>	<u>171,000</u>	<u>209,204</u>	<u>38,204</u>
Expenditures:				
General Government:				
Contractual Services	9,599	9,599	5,689	3,910
Total General Government	<u>9,599</u>	<u>9,599</u>	<u>5,689</u>	<u>3,910</u>
Capital Outlay	374,000	374,000	373,123	877
Total Expenditures	<u>383,599</u>	<u>383,599</u>	<u>378,812</u>	<u>4,787</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(212,599)	(212,599)	(169,608)	42,991
Other Financing Sources (Uses):				
Transfers Out	(33,337)	(33,337)	(33,336)	1
Total Other Financing Sources (Uses)	<u>(33,337)</u>	<u>(33,337)</u>	<u>(33,336)</u>	<u>1</u>
Net Change in Fund Balance	(245,936)	(245,936)	(202,944)	42,992
Fund Balance at Beginning of Year	195,259	195,259	195,259	0
Prior Year Encumbrances	248,599	248,599	248,599	0
Fund Balance at End of Year	<u>\$ 197,922</u>	<u>\$ 197,922</u>	<u>\$ 240,914</u>	<u>\$ 42,992</u>

Fiduciary Funds

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

Agency Fund

Mayor's Court Fund

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

Special Assessment Fund

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

CITY OF SPRINGBORO, OHIO

***Statement Of Changes In Assets And Liabilities
Agency Fund
For the Year Ended December 31, 2005***

	Balance December 31, 2004	Additions	Deductions	Balance December 31, 2005
<u>Mayor's Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$7,149	\$368,676	(\$367,960)	\$7,865
Total Assets	<u>\$7,149</u>	<u>\$368,676</u>	<u>(\$367,960)</u>	<u>\$7,865</u>
Liabilities:				
Undistributed Monies	\$7,149	\$368,676	(\$367,960)	\$7,865
Total Liabilities	<u>\$7,149</u>	<u>\$368,676</u>	<u>(\$367,960)</u>	<u>\$7,865</u>
<u>Special Assessment Fund</u>				
Assets:				
Special Assessments Receivable	\$102,192	\$268,268	(\$60,856)	\$309,604
Total Assets	<u>\$102,192</u>	<u>\$268,268</u>	<u>(\$60,856)</u>	<u>\$309,604</u>
Liabilities:				
Due to Others	\$102,192	\$268,268	(\$60,856)	\$309,604
Total Liabilities	<u>\$102,192</u>	<u>\$268,268</u>	<u>(\$60,856)</u>	<u>\$309,604</u>
<u>Total Agency Funds:</u>				
Assets:				
Cash and Cash Equivalents	\$7,149	\$368,676	(\$367,960)	\$7,865
Special Assessments Receivable	102,192	268,268	(60,856)	309,604
Total Assets	<u>\$109,341</u>	<u>\$636,944</u>	<u>(\$428,816)</u>	<u>\$317,469</u>
Liabilities:				
Due to Others	\$102,192	\$268,268	(\$60,856)	\$309,604
Undistributed Monies	7,149	368,676	(367,960)	7,865
Total Liabilities	<u>\$109,341</u>	<u>\$636,944</u>	<u>(\$428,816)</u>	<u>\$317,469</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*



CITY OF SPRINGBORO, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2005***

Capital Assets:

Land	\$20,394,955
Land Improvements	411,143
Infrastructure	32,112,826
Buildings	3,243,820
Equipment	3,176,829
Total Capital Assets	<u>\$59,339,573</u>

Investment in Capital Assets from:

General Fund	\$7,135,947
Special Revenue Funds	529,343
Capital Projects Funds	9,827,849
Infrastructure Prior to 2002	37,137,483
Donated Infrastructure	3,920,647
Enterprise Funds	788,304
Total Investment in Capital Assets	<u>\$59,339,573</u>

CITY OF SPRINGBORO, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2005***

Function and Activity	Land	Land Improvements	Infrastructure	Buildings
<u>General Government:</u>				
Council	\$0	\$0	\$0	\$0
City Manager	0	0	0	0
Records Management	0	0	0	0
Finance	0	0	0	0
Mayor's Court	0	0	0	0
Taxation	0	0	0	0
Public Land and Buildings	7,565,749	9,828	0	530,060
Total	<u>7,565,749</u>	<u>9,828</u>	<u>0</u>	<u>530,060</u>
<u>Security of Persons and Property:</u>				
Police	0	0	0	31,040
Street Lighting	0	0	0	0
Traffic Control	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,040</u>
<u>Transportation:</u>				
Street	11,954,571	12,898	32,112,826	875,249
Grounds	153,795	0	0	12,376
Total	<u>12,108,366</u>	<u>12,898</u>	<u>32,112,826</u>	<u>887,625</u>
<u>Leisure Time Activities:</u>				
Parks and Recreation	720,840	388,417	0	1,061,514
Library	0	0	0	689,149
Total	<u>720,840</u>	<u>388,417</u>	<u>0</u>	<u>1,750,663</u>
<u>Community Environment:</u>				
Engineering	0	0	0	44,432
Planning and Zoning	0	0	0	0
Community Development	0	0	0	0
Building Inspection	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,432</u>
Total Capital Assets	<u>\$20,394,955</u>	<u>\$411,143</u>	<u>\$32,112,826</u>	<u>\$3,243,820</u>

CITY OF SPRINGBORO, OHIO

<u>Equipment</u>	<u>Total</u>
\$13,168	\$13,168
10,737	10,737
17,442	17,442
72,927	72,927
13,034	13,034
10,620	10,620
<u>193,091</u>	<u>8,298,728</u>
<u>331,019</u>	<u>8,436,656</u>
815,801	846,841
78,675	78,675
<u>294,689</u>	<u>294,689</u>
<u>1,189,165</u>	<u>1,220,205</u>
1,002,327	45,957,871
<u>56,219</u>	<u>222,390</u>
<u>1,058,546</u>	<u>46,180,261</u>
357,258	2,528,029
<u>43,903</u>	<u>733,052</u>
<u>401,161</u>	<u>3,261,081</u>
104,952	149,384
17,356	17,356
4,991	4,991
<u>69,639</u>	<u>69,639</u>
<u>196,938</u>	<u>241,370</u>
<u>\$3,176,829</u>	<u>\$59,339,573</u>

CITY OF SPRINGBORO, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended December 31, 2005***

Function and Activity	Balance at January 1, 2005	Transfers	Additions	Deletions	Balance at December 31, 2005
<u>General Government:</u>					
Council	\$24,135	\$0	\$2,017	(\$12,984)	\$13,168
City Manager	12,262	0	0	(1,525)	10,737
Records Management	31,606	0	1,833	(15,997)	17,442
Finance	76,551	0	1,491	(5,115)	72,927
Mayor's Court	10,234	0	2,800	0	13,034
Taxation	10,367	(1,046)	1,299	0	10,620
Public Land and Buildings	8,295,969	0	2,759	0	8,298,728
Total	<u>8,461,124</u>	<u>(1,046)</u>	<u>12,199</u>	<u>(35,621)</u>	<u>8,436,656</u>
<u>Security of Persons and Property:</u>					
Police	838,951	(45,714)	143,796	(90,192)	846,841
Street Lighting	78,675	0	0	0	78,675
Traffic Control	294,689	0	0	0	294,689
Total	<u>1,212,315</u>	<u>(45,714)</u>	<u>143,796</u>	<u>(90,192)</u>	<u>1,220,205</u>
<u>Transportation:</u>					
Street	43,366,570	23,682	2,960,985	(393,366)	45,957,871
Grounds	219,703	0	2,687	0	222,390
Total	<u>43,586,273</u>	<u>23,682</u>	<u>2,963,672</u>	<u>(393,366)</u>	<u>46,180,261</u>
<u>Leisure Time Activities:</u>					
Parks and Recreation	2,113,263	0	946,839	(532,073)	2,528,029
Library	733,052	0	0	0	733,052
Total	<u>2,846,315</u>	<u>0</u>	<u>946,839</u>	<u>(532,073)</u>	<u>3,261,081</u>
<u>Community Environment:</u>					
Engineering	126,306	23,078	0	0	149,384
Planning and Zoning	17,356	0	0	0	17,356
Community Development	4,991	0	0	0	4,991
Building Inspection	65,633	0	21,903	(17,897)	69,639
Total	<u>214,286</u>	<u>23,078</u>	<u>21,903</u>	<u>(17,897)</u>	<u>241,370</u>
Total Capital Assets	<u>\$56,320,313</u>	<u>\$0</u>	<u>\$4,088,409</u>	<u>(\$1,069,149)</u>	<u>\$59,339,573</u>

STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

CITY OF SPRINGBORO, OHIO

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS**

Year	Security of Persons and Property	Public Health and Welfare	Leisure Time Activities	Community Environment	Transportation	General Government	Debt Service	Total
1996	\$1,162,688	\$15,998	\$152,377	\$408,692	\$408,765	\$1,373,393	\$447,762	\$3,969,675
1997	1,228,970	17,826	213,748	505,251	466,174	1,678,623	353,057	4,463,649
1998	1,568,042	21,533	235,084	617,174	355,769	1,638,663	463,163	4,899,428
1999	1,764,306	13,569	214,419	716,566	455,676	2,206,726	357,356 (2)	5,728,618
2000	1,817,020	1,923	206,529	950,210	505,980	2,501,915	412,910	6,396,487
2001	1,982,231	1,874	296,561	684,998	400,002	2,759,509	663,149	6,788,324
2002	2,170,837	1,829	360,850	978,325	489,743	2,909,271	799,174	7,710,029
2003	2,192,558	6,343	320,075	739,251	628,947	3,261,662	791,565	7,940,401
2004	2,474,163	8,965	342,388	589,764	646,669	3,191,513	957,452	8,210,914
2005	2,516,280	8,780	387,963	750,053	623,135	3,923,598	953,042	9,162,851

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(2) Includes Basic Utility Services from the Debt Service Fund.

CITY OF SPRINGBORO, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS**

<u>Year</u>	<u>Taxes (2)</u>	<u>Inter-Governmental Revenues</u>	<u>Charges for Services</u>	<u>Fines, Licenses and Permits (3)</u>	<u>Investment Earnings</u>	<u>All Other (4)</u>	<u>Total</u>
1996	\$3,424,685	\$744,315	\$155,893	\$340,357	\$194,677	\$492,228	\$5,352,155
1997	3,988,271	909,487	189,598	402,554	275,658	497,771	6,263,339
1998	3,182,087	1,072,824	404,577	494,778	375,255	527,292	6,056,813
1999	3,581,369	904,526	352,465	523,587	224,200	603,548	6,189,695
2000	3,760,538	1,219,893	381,632	469,479	519,956	894,093	7,245,591
2001	4,295,380	1,149,376	526,743	470,299	619,578	399,685	7,461,061
2002	4,863,290	1,210,035	675,520	567,254	426,042	644,919	8,387,060
2003	5,009,776	1,363,466	749,372	581,131	212,753	704,079	8,620,577
2004	5,483,517	1,450,786	825,777	604,999	410,810	778,858	9,554,747
2005	6,668,639	1,724,244	924,184	656,538	316,080	785,777	11,075,462

- (1) Includes General Fund, Special Revenue Funds and Debt Service Fund.
- (2) Municipal Income Tax and Property Taxes are combined.
- (3) Fines and Forfeitures were combined with Licenses and Permits.
- (4) Includes Special Assessments and Donations.

CITY OF SPRINGBORO, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Current Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Current Taxes Levied
1996	\$260,138	\$252,360	97.01%	\$3,326	\$255,686	98.29%
1997	298,301	292,336	98.00%	6,170	298,506	100.07%
1998	309,611	302,898	97.83%	8,964	311,862	100.73%
1999	328,855	318,704	96.91%	6,597	325,301	98.92%
2000	348,598	338,243	97.03%	9,295	347,538	99.70%
2001	409,572	393,232	96.01%	9,459	402,691	98.32%
2002	394,484	381,944	96.82%	16,858	398,802	101.09%
2003	490,439	474,521	96.75%	11,337	485,858	99.07%
2004	488,941	482,143	98.61%	14,806	496,949	101.64%
2005	468,932	455,663	97.17%	11,327	466,990	99.59%

Source: Warren County Auditor

CITY OF SPRINGBORO, OHIO

**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS**

Tax Levy Year	Real Property		Public Utility		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1996	\$178,524,970	\$510,071,343	\$9,848,350	\$11,191,307	\$27,275,164	\$109,100,656	\$215,648,484	\$630,363,306	34.21%
1997	206,314,170	589,469,057	10,112,190	11,491,125	28,591,249	114,364,996	245,017,609	715,325,178	34.25%
1998	222,044,280	634,412,229	10,532,680	11,968,955	28,621,985	114,487,940	261,198,945	760,869,123	34.33%
1999	234,929,640	671,227,543	10,917,940	12,406,750	28,832,343	115,329,372	274,679,923	798,963,665	34.38%
2000	291,192,270	831,977,914	10,187,320	11,576,500	32,103,229	128,412,916	333,482,819	971,967,330	34.31%
2001	302,321,650	863,776,143	6,044,780	6,869,068	33,131,850	132,527,400	341,498,280	1,003,172,611	34.04%
2002	322,706,980	922,019,943	6,061,070	6,887,580	31,103,140	124,412,560	359,871,190	1,053,320,082	34.17%
2003	358,029,770	1,022,942,200	6,282,680	7,139,409	29,672,310	118,689,240	393,984,760	1,148,770,850	34.30%
2004	381,958,100	1,091,308,857	7,206,170	8,188,830	32,445,870	129,783,480	421,610,140	1,229,281,167	34.30%
2005	403,058,410	1,151,595,457	7,238,400	8,225,455	25,717,422	102,869,688	436,014,232	1,262,690,600	34.53%

NOTE: Estimated Actual Value is calculated by dividing the assessed value by the assessment percentage.
Current percentages are 35% for Real Property, 88% for Public Utility Tangible and 25% for Tangible Personal Property.

Source: Warren County Auditor

CITY OF SPRINGBORO, OHIO

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS**

Collection Year	City of Springboro	Clearcreek School District	Warren County	Clearcreek Township	Joint Vocational School	Special District	Total
1996	1.11	53.00	5.00	4.51	4.50	1.50	69.62
1997	1.11	51.71	5.00	4.51	4.50	1.50	68.33
1998	1.11	51.70	4.75	4.51	4.50	1.50	68.07
1999	1.11	54.88	4.00	4.51	4.50	1.50	70.50
2000	1.11	51.96	4.00	4.51	4.50	1.50	67.58
2001	1.11	51.06	4.00	8.36	4.50	1.50	70.53
2002	1.11	50.91	4.96	8.36	4.50	1.50	71.34
2003	1.11	49.91	6.53	8.36	4.50	1.50	71.91
2004	1.11	55.76	6.46	8.36	4.50	1.50	77.69
2005	1.11	65.27	6.46	8.36	4.50	1.50	87.20

Source: Warren County Auditor

CITY OF SPRINGBORO, OHIO

***SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS***

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1996	\$233,407	\$212,627	91.10%
1997	242,088	230,566	95.24%
1998	286,201	281,553	98.38%
1999	276,167	256,310	92.81%
2000	265,634	248,186	93.43%
2001	318,971	287,159	90.03%
2002	287,621	270,816	94.16%
2003	299,292	278,339	93.00%
2004	416,815	401,175	96.25%
2005	434,262	382,148	88.00%

NOTE: This table reflects only those special assessments collected through the Warren County Auditor's Office.

Source: Warren County Auditor

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2005**

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$436,014,232	\$436,014,232
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	45,781,494	23,980,783
Applicable City Debt Outstanding (2)	7,220,950	7,220,950
Less: Applicable Debt Service Fund Balance	<u>(126,482)</u>	<u>(126,482)</u>
Net Indebtedness Subject to Limitation	<u>7,094,468</u>	<u>7,094,468</u>
Legal Debt Margin	<u><u>\$38,687,026</u></u>	<u><u>\$16,886,315</u></u>

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

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Notes and Bonds Only.

CITY OF SPRINGBORO, OHIO

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS**

<u>Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Net Bonded Debt (1)</u>	<u>Ratio of Net Bonded Debt to Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
1996	10,331	\$215,648,484	\$1,374,250	0.64%	\$133
1997	10,945	245,017,609	1,529,750	0.62%	140
1998	11,200	261,198,945	1,451,800	0.56%	130
1999	12,045	274,679,923	2,111,927	0.77%	175
2000	12,380	333,482,819	3,692,647	1.11%	298
2001	13,265	341,498,280	3,413,801	1.00%	257
2002	14,483	359,871,190	3,329,433	0.93%	230
2003	15,596	359,871,190	3,150,652	0.88%	202
2004	16,687	421,610,140	2,774,969	0.66%	166
2005	16,935	436,014,232	2,364,468	0.54%	140

(1) Does not include Bond Anticipation Notes or Special Assessment debt with governmental commitment.

CITY OF SPRINGBORO, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)
LAST TEN YEARS**

<u>Year</u>	<u>Debt Principal</u>	<u>Debt Interest (3)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Tax Debt Service to General Governmental Expenditures</u>
1996	\$54,500	\$74,073	\$128,573	\$3,969,675	3.24%
1997	69,500	89,295	158,795	4,463,749	3.56%
1998	77,950	97,716	175,666	4,899,428	3.59%
1999	(2) 57,950	74,967	132,917	5,728,618	2.32%
2000	96,400	112,108	208,508	6,396,487	3.26%
2001	101,400	208,357	309,757	6,788,324	4.56%
2002	259,850	188,386	448,236	7,710,029	5.81%
2003	273,300	175,913	449,213	7,940,401	5.66%
2004	291,750	162,103	453,853	8,210,914	5.53%
2005	300,200	147,180	447,380	9,162,851	4.88%

(1) General obligation bonds reported in the enterprise funds and special assessment debt with governmental commitment have been excluded.

(2) Does not include defeased issue of \$315,000.

(3) Excludes bond issuance and other costs.

CITY OF SPRINGBORO, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
DECEMBER 31, 2005**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Springboro (2)</u>	<u>Amount Applicable to City of Springboro</u>
City of Springboro (1)	\$7,094,468	100.00%	\$7,094,468
Warren County	13,301,415	8.63%	<u>1,147,912</u>
	Total		<u><u>\$8,242,380</u></u>

Source: Warren County Auditor

- (1) Net debt outstanding equals the amount of non self-supporting general obligation bonds and notes outstanding less the amount available in the debt service fund.
- (2) Percentages determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

CITY OF SPRINGBORO, OHIO

**REVENUE BOND COVERAGE - WATER MORTGAGE BONDS
LAST TEN YEARS**

<u>Year</u>	<u>Gross Revenues (1)</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Debt Service Requirement</u>	<u>Coverage</u>
1996	\$1,689,614	\$700,958	\$988,656	\$324,696	3.04
1997	1,999,765	935,765	1,064,000	325,845	3.27
1998	2,360,083	1,378,223	981,860	125,566	7.82
1999	2,615,761	1,381,313	1,234,448	1,341,929	0.92
2000	2,725,797	983,364	1,742,433	1,326,344	1.31
2001	2,671,855	1,079,429	1,592,426	1,324,214	1.20
2002	2,555,439	1,467,476	1,087,963	1,325,674	0.82
2003	2,706,927	1,455,464	1,251,463	1,330,874	0.94
2004	2,741,352	1,722,922	1,018,430	1,329,476	0.77
2005	3,334,461	1,840,597	1,493,864	1,298,390	1.15

(1) Gross Revenues include operating revenues plus interest income.

(2) Direct operating expenses include total operating expenses less depreciation.

Source: City of Springboro, Department of Finance

CITY OF SPRINGBORO, OHIO

**REVENUE BOND COVERAGE - SEWER MORTGAGE BONDS
LAST TEN YEARS**

<u>Year</u>	<u>Gross Revenues</u>	<u>Direct Operating Expenses (1)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Debt Service Requirement</u>	<u>Coverage</u>
1996	\$1,199,334	\$888,008	\$311,326	\$432,480	0.72
1997 (2)	1,502,164	960,679	541,485	166,733	3.25
1998	1,820,233	994,844	825,389	382,630	2.16
1999	1,488,972	941,114	547,858	381,643	1.44
2000	1,708,096	944,391	763,705	380,418	2.01
2001	1,793,762	1,169,247	624,515	378,705	1.65
2002	1,590,251	1,113,824	476,427	381,495	1.25
2003	1,904,125	1,774,868	129,257	378,775	0.34
2004	1,751,800	1,617,297	134,503	380,528	0.35
2005	2,684,569	2,025,640	658,929	1,512,549	0.44

(1) Direct operating expenses include total operating expenses less depreciation

(2) Refunding bonds were issued during 1997. No principal was paid.

Source: City of Springboro, Department of Finance

CITY OF SPRINGBORO, OHIO

***DEMOGRAPHIC STATISTICS
LAST TEN YEARS***

<u>Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Unemployment Rate Warren County Area</u>	<u>School Enrollment</u>
1996	10,331	\$28,723	3.8%	2,837
1997	10,945	29,584	3.0%	2,944
1998	11,200	30,176	3.0%	3,158
1999	12,045	31,081	3.0%	3,338
2000	12,380	32,013	3.0%	3,505
2001	13,265	32,973	2.6%	3,774
2002	14,483	35,422	3.1%	4,024
2003	15,596	37,560	2.9%	4,283
2004	16,687	39,438	4.6%	4,562
2005	16,935	40,878	4.4%	4,750

Source: City of Springboro Community Development Department

CITY OF SPRINGBORO, OHIO

**PROPERTY VALUE, CONSTRUCTION PERMITS AND BANK DEPOSITS
LAST TEN YEARS**

<u>Year</u>	<u>Building Permits (1)</u>		<u>Assessed Value</u>	<u>Bank Deposits (2)</u>
	<u>Number of Permits Issued</u>	<u>Estimated Value</u>		
1996	198	\$20,802,945	\$178,524,970	\$482,684,523
1997	212	24,382,801	206,314,170	523,595,000
1998	262	20,085,429	222,044,280	521,795,000
1999	319	33,499,038	274,679,923	533,873,000
2000	311	32,673,609	333,482,819	569,566,000
2001	267	32,464,314	341,498,280	618,781,000
2002	280	36,805,793	359,871,190	660,464,000
2003	276	39,885,911	393,984,760	637,524,000
2004	205	35,056,751	421,610,140	665,965,000
2005	226	37,392,431	436,014,232	695,106,000

(1) Source: City of Springboro Building Inspection Department.

(2) Source: Federal Reserve Bank of Cleveland - amounts are for commercial banks headquartered in Warren County.

CITY OF SPRINGBORO, OHIO

**PRINCIPAL TAXPAYERS (REAL ESTATE)
DECEMBER 31, 2005**

<u>Taxpayer</u>	<u>2005 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1. Cincinnati Gas & Electric	\$6,476,721	1.49%
2. Inland Real Estate Group	3,112,725	0.71%
3. Promotional Wholesalers	2,398,721	0.55%
4. Gayston Corporation	2,094,386	0.48%
5. Springboro YMCA	1,751,666	0.40%
6. Ohio Bell Telephone	1,342,940	0.31%
7. Springboro Management	1,300,008	0.30%
8. Springboro Pointe Inc.	1,180,392	0.27%
9. Pioneer Industrial Components	1,116,241	0.26%
10. Coffman Development	1,095,727	0.25%
Sub - Total	<u>20,773,800</u>	<u>4.77%</u>
All Others	<u>415,240,432</u>	<u>95.23%</u>
Total	<u><u>\$436,014,232</u></u>	<u><u>100.00%</u></u>

Based on valuation of property taxes levied in 2005.

Source: Warren County Auditor

CITY OF SPRINGBORO, OHIO

***MISCELLANEOUS STATISTICS
DECEMBER 31, 2005***

Date of Incorporation	January 1, 1979	Form of Government	Council/Manager
Number of Employees	70	Area (square miles)	10.07
Number of Streets	362		
Cultural and Recreation:			
	Parks	4	
	Park Acreage	358.7	
	Heatherwoode Golf Course	18 Hole Course	
Police Protection:			
	Number of Stations	1	
	Number of Full-time Personnel	23	
	Number of Patrol Units	16	
Education:			
	Number of Elementary Schools	3	
	Number of Elementary School Instructors	118	
	Number of Secondary Schools	2	
	Number of Secondary School Instructors	123	

Source: City of Springboro Economic Development Department

