

CITY OF FAIRBORN, OHIO

Single Audit Reports

December 31, 2002



**Auditor of State
Betty Montgomery**

Mayor and Members of Council
City of Fairborn

We have reviewed the Independent Auditor's Report of the City of Fairborn, Greene County, prepared by Plattenburg & Associates, Inc. for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 6, 2003

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**Report on compliance and on internal control over financial reporting
based on an audit of financial statements performed in accordance with
*Government Auditing Standards***

August 6, 2003

To the Honorable Mayor and City Council:

We have audited the basic financial statements of the City of Fairborn, Ohio (the City), as of and for the year ended December 31, 2002, and have issued our report thereon dated August 6, 2003. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink that reads "Plattenburg & Associates, Inc." in a cursive script.

Plattenburg & Associates, Inc.
Certified Public Accountants



Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133

August 6, 2003

To the Honorable Mayor and City Council:

Compliance

We have audited the compliance of the City of Fairborn, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The City's major federal program is identified in the summary of auditor's results portion of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the City as of and for the year ended December 31, 2002, and have issued our report thereon dated August 6, 2003. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has 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.

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



Plattenburg & Associates, Inc.
Certified Public Accountants

CITY OF FAIRBORN, OHIO

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2002**

Federal Grantor/Pass - Through Grantor, Program Title	Pass Through Entity Number	CFDA	Receipts	Disbursements
<u>United States Department of Justice- Office of Justice Program</u>				
Passed through Bureau of Justice Assistance:				
Local Bulletproof Vest Program	99000177	16.607	\$3,409	\$3,184
Cops More	(1)	16.710	125,460	125,460
Subtotal - Department of Justice			\$128,869	\$128,644
<u>Ohio Attorney General's Office - Crime Victims Services Section</u>				
Passed through Office of Victims of Crime:				
Victims of Crime Act Grant	2003Vagene482	16.582	\$23,099	\$23,099
Subtotal - Ohio Attorney General's Office			\$23,099	\$23,099
<u>United States Department of HUD</u>				
Passed Through Community Planning and Development:				
Comprehensive Housing Improvement Program	A-C-00-118-02	14.239	\$160,698	\$136,539
Community Development Block Grant:				
Entitlement Grant	B-02-MC-39-0032	14.218	374,387	377,300
	B-01-MC-39-0032	14.218	105,000	157,788
	B-00-MC-39-0032	14.218	3,874	3,295
	B-99-MC-39-0032	14.218	0	442
	B-98-MC-39-0032	14.218	2,081	2,093
	B-97-MC-39-0032	14.218	5,988	4,978
	B-94-MC-39-0032	14.218	53,806	0
Subtotal - Department of HUD			\$705,834	\$682,435
<u>United States Department of Transportation - Office of Public Safety</u>				
Passed through National Highway Traffic Safety Administration:				
Highway Safety Grant	1490	20.600	\$22,486	\$22,529
Subtotal - Department of Transportation			\$22,486	\$22,529
TOTALS			\$880,288	\$856,707

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

(1) Information not available

**CITY OF FAIRBORN, OHIO
DECEMBER 31, 2002**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under Section .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	Community Development Block Grant Formula Program
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

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**CITY OF FAIRBORN, OHIO
DECEMBER 31, 2002**

**SCHEDULE OF PRIOR AUDIT AND QUESTIONED COSTS
*OMB CIRCULAR A-133***

The City had no prior audit findings or questioned costs.

Greene County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002

THE CITY OF FAIRBORN, OHIO

GREENE COUNTY

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002

Issued by:
Department of Finance

Daniel N. Smith
Director

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INTRODUCTORY SECTION





CITY OF FAIRBORN

44 West Hebble Avenue • Fairborn, Ohio 45324-4999
Daniel Smith, Director of Finance

phone (937) 754-3005

fax (937)-754-3115

August 6, 2003

The Honorable Mayor and
Members of the Council
City of Fairborn
44 West Hebble Avenue
Fairborn, Ohio 45324

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Fairborn, ("the City") for the year ended December 31, 2002. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Introduction

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Fairborn to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City, specifically the Finance Director's Office. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

The Report

This Comprehensive Annual Financial Report is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three major sections:

1. The Introductory Section includes this Letter of Transmittal which addresses the organization, accomplishments and operational structure of the City, a list of the Principal City Officials, and an Organizational Chart;
2. The Financial Section contains the Independent Auditors' Report, Management's Discussion and Analysis, Basic Financial Statements, which include explanatory notes and provide an overview of the City's financial position and operating results, and the Combining Financial Statements of the Individual Funds and Account Groups that provide detailed information to the Basic Financial Statements;
3. The Statistical Section presents social, economic, and historical data which can be used to identify financial trends, and data relative to the fiscal capacity of the City.

Letter of Transmittal
For the Year Ended December 31, 2002

The Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit 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, account groups, agencies, boards and commissions that are part of the primary government, which includes the following services: public safety (police, fire, emergency medical services and public prosecutor), sanitation, social services, culture and recreation, water and sewer, planning and zoning, construction and maintenance of highways, streets and infrastructure, income tax collection, municipal court and general administrative services. City Council and the City Manager have direct responsibility for these activities.

The City participates in the Public Entities Pool of Ohio (PEP), established as a risk sharing self-insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance program for its members. Information regarding this entity may be found in the notes to the general purpose financial statements.

The City of Fairborn

The City of Fairborn is located in the west central part of the state, approximately 60 miles north of Cincinnati, 70 miles west of Columbus and 10 miles northeast of Dayton, on Interstate 675. Easy access to both Interstates 70 and 75, place Fairborn within approximately a one-hour drive of Cincinnati, Indianapolis and Columbus. The home of aviation, Fairborn is the site of the Wright Brothers Memorial, Air Force Institute of Technology, Wright Field, Wright State University and Wright Patterson Air Force Base.

The City of Fairborn is a home rule municipal corporation operating under its own charter. In November 1946, the electors of the Village of Osborn adopted a charter to take effect January 1, 1948. In the November 1948 election, the Village of Osborn voted to annex the Village of Fairfield and to change the name of the Village to Fairborn, effective January 1, 1950. The Village of Fairborn became a city on August 20, 1951, with the electorate adopting the City's first charter on November 2, 1971.

The City operates under a Council-Manager form of government. City Council consists of six members elected to four-year terms in the general municipal election. The Mayor, as seventh City Council member, is elected to a two-year term by a separate ballot from the municipality at large. City Council appoints the City Manager who oversees the daily operations of the City. The City Manager appoints all department managers of the City.

***Letter of Transmittal
For the Year Ended December 31, 2002***

Economic Condition and Outlook

Fairborn's economic growth continued at a steady pace in 2002 with balanced expansion of the City's residential, commercial and industrial bases.

The Fairfield Commons Mall and its surrounding area, located adjacent to the City of Fairborn, experienced continued growth during 2002. The growth resulted in additional jobs, which provided employment opportunities throughout the area, including the City of Fairborn. The Fairfield Commons Mall will have a significant effect on Fairborn's economy in 2003 and future years.

The Nutter Center at Wright State University celebrated its 12th anniversary of presenting nationally prominent entertainers such as John Mellencamp, Korn, Creed, Harlem Globetrotters, Circus, Lil Bow Wow and others. Concerts by such popular entertainers attract crowds from Ohio, Indiana and Kentucky, bringing additional revenues into the local economy. In addition, the Nutter Center is home to both the Wright State Raiders Basketball team and the Dayton Bombers Hockey team. Overall, the Nutter Center has remained one of the prominent concert centers in the Midwest.

New Housing in Fairborn was bustling in 2002. Housing starts were substantial, with 150 dwelling units initiated, all of which were single-family dwellings. Single-family housing development in Fairborn primarily occurred in Fawn Ridge, Brookstone, Cornerstone, the Sanctuary and Faircreek Ridge. Work will begin in Chapel Gate and Waterford Landing in 2003. These two subdivisions will produce over 780 new homes.

Economic diversity is essential to the City of Fairborn. Although the City anticipates no major changes in employment at the Wright Patterson Air Force Base, the community must seek a diverse economic base to protect its self-interest. Therefore, compatible economic development for the City of Fairborn remains a top priority.

Major Initiatives

For the Year

As with other cities, the adequacy of the City's infrastructure to support City needs is essential. Also, economic development is a priority.

The City continued an expanded street maintenance program in 2002 with additional funds from the Income Tax Fund.

Additional water and sewer Lines were added thru new developments in the City.

The Revised Water Master Plan began in 2002 and will be finished in 2003. This plan will serve as a future guide for infrastructure improvements in the water system.

An aggressive infiltration and inflow connection program began in the sewer system to maintain the quality of infrastructure in the sewer system.

***Letter of Transmittal
For the Year Ended December 31, 2002***

For the Future

Priority items for the future are related primarily to the City's infrastructure. The City's growth continues to challenge the abilities of its infrastructure, especially water distribution, sewer collection, and street construction maintenance, and repairs. The City remains steadfast in its commitment to insure the maintenance of existing infrastructure and the development of adequate new infrastructure to meet future demands.

Due to the uncertainty of the national defense policy, the City must diversify its economic base. Therefore, the City must continue its efforts to retain existing businesses and attract new businesses in order to assure a healthy economy in the future.

Financial Information

Basis of Accounting

Except for that used for budgetary purposes, the basis of accounting used by the City is in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units and is consistent with GASB Codified Section 1600, "Basis of Accounting." All governmental funds are accounted for using a current financial resources (current assets and current liabilities) measurement focus. The modified accrual basis of accounting is utilized for the governmental and agency funds. Revenues are recognized when they are susceptible to accrual; both measurable and available. Expenditures are recognized when the related liability is incurred except for interest on long-term debt which is recorded when due.

The measurement focus for the City's proprietary funds is on the flow of economic resources (all assets and all liabilities). The accrual basis of accounting is utilized which recognizes revenues when earned and expenses when incurred.

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available) and encumbrances are recorded as expenditures rather than as reservations of fund balances. A reconciliation of the results of these two methods appears in Note 1. During 2002, the City implemented GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" All other accounting policies were applied consistently with those of 2001. Accounting policies are further explained in Note 1.

Internal Control Structure and Budgetary Controls

Development of the City's accounting system included consideration of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements. The concept of reasonable assurance states that internal control should be evaluated to insure that the expense associated with providing internal controls does not exceed the benefit expected to be derived from its implementation. This evaluation involves estimates and judgment by the City administration and members of the finance office. The administrative and financial management personnel believe that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

CITY OF FAIRBORN, OHIO

Letter of Transmittal

For the Year Ended December 31, 2002

Budgetary control is maintained by the encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the purchase amount. Each department head is furnished a monthly report showing the month's transactions and a summary of the balances available to be spent from the appropriations for goods and services.

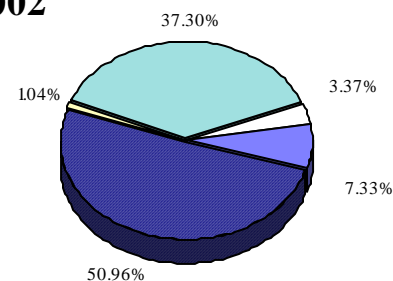
Cash Management

In July 1996, the City adopted changes to its investment policy and hired BondTech, Inc., as an investment consultant. With the guidance of BondTech, the City pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash pursuant to the City's investment policy. The total interest earned was \$421,110 for the year ended December 31, 2002. A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits.

The face value of the pooled collateral must equal at least 105 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The City regularly reviews the market value of the pool to insure that adequate collateral is being provided. No portion of the City's funds was invested in derivatives.

<u>Cash Resources</u>	<u>2002</u>	<u>%</u>
Cash	\$1,205,557	7.33
Federal Government Securities	8,381,659	50.96
Investments (City's Debt)	170,833	1.04
STAR Ohio	6,134,610	37.30
Money Market Mutual Funds	554,012	3.37
Total Resources	<u>\$16,446,671</u>	<u>100.00</u>

2002



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; injuries to employees and natural disasters. The City is a member of the Public Entities Pool of Ohio (PEP), a risk sharing self-insurance pool. The pool consists of 230 local governments who pool risk for property, liability, and public official liability.

The City maintains the following insurance coverage: General Liability, Property Casualty, Police and Public Officials Liability and Ambulance Drivers Liability. It also maintains Workers' Compensation insurance.

Since March 1993, the City has been operating only a dental self-insurance program for the Non-Union Personnel. See Note 16 to the financial statements for a more detailed discussion of risk management.

CITY OF FAIRBORN, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2002***

Other Information

Independent Audit

The Fairborn City Charter requires an annual audit by independent certified public accountants. The accounting firm of Plattenburg and Associates, Inc. is currently in the second year of a five-year contract to perform this audit. The results of the audit are presented in the Independent Auditors' Report.

Employee Union Contracts

City employees are members of four different bargaining groups. The AFSCME, FOP and Police Dispatcher union contracts were renegotiated in 2002 and settled in 2003. The IAFF (Fire) union contract will be renegotiated in 2003.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairborn for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. This was the thirteenth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements; thus, we are submitting it to GFOA for review.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the efficient and dedicated services of the entire staff of the Department of Finance and fiscal personnel in other departments. We are grateful for their help in preparing this report. We also thank the members of the City Council for their interest and support in assuring the continuing sound financial condition of the City of Fairborn.

Sincerely,



Daniel N. Smith
Finance Director

CITY OF FAIRBORN, OHIO

***List of Principal Officials
For the Year Ended December 31, 2002***

Deputy Mayor

COUNCIL - MANAGER FORM OF GOVERNMENT

CITY COUNCIL

Jack Wilson, Mayor

E.J. Griffith, Deputy Mayor

Thomas H. Nagel, Council Member
Fredrick L. Pumroy, Council Member
John B. Skidmore, Council Member
Gary L. Woodward, Council Member
Joan Dautel, Council Member

CITY MANAGER

Allen Rothermel

CITY SOLICITOR

Michael Mayer

ASSISTANT CITY MANAGER

Michael Cornell

FINANCE DIRECTOR/CITY CLERK

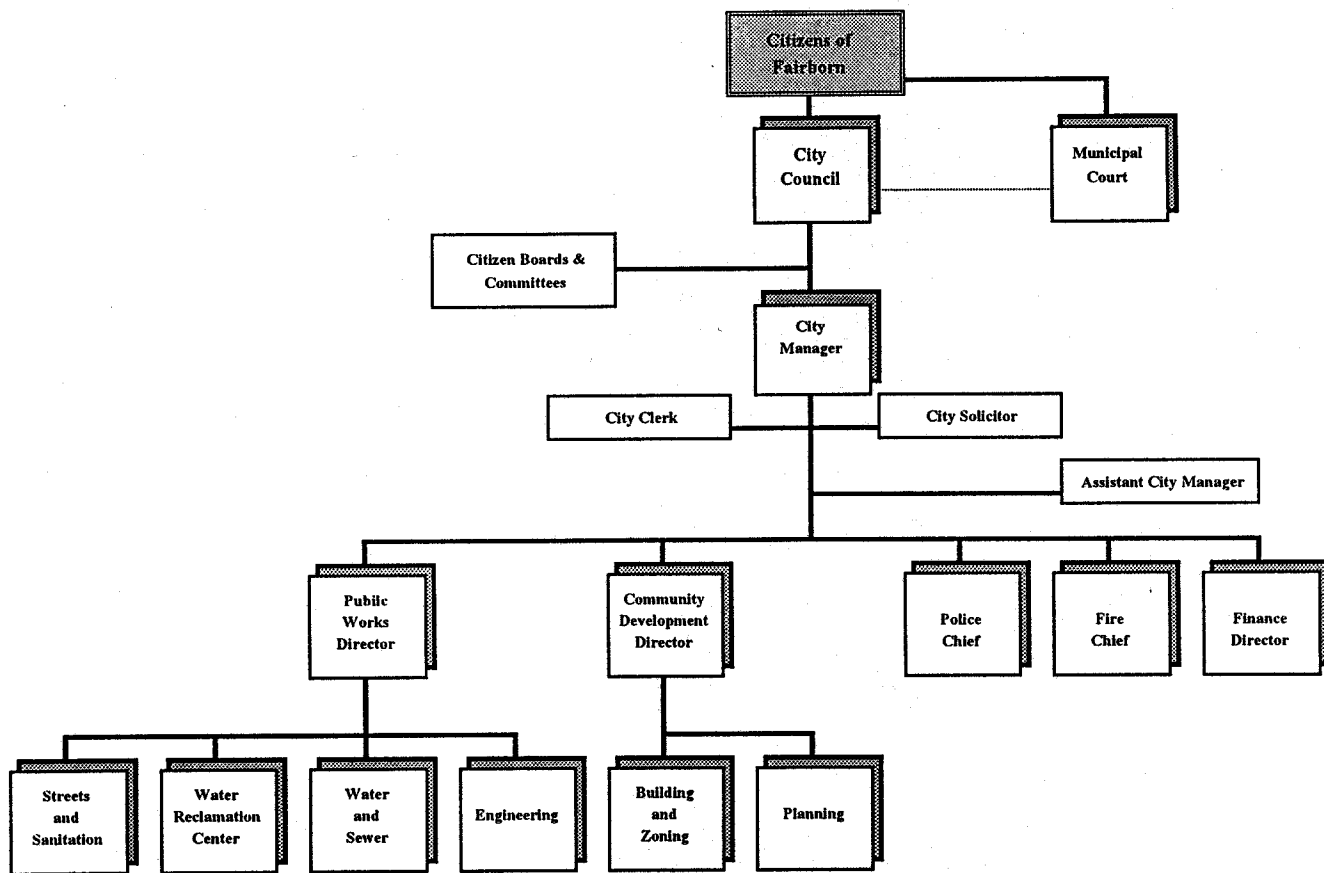
Daniel N. Smith

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Walter W. Plattenburg & Assoc.

CITY OF FAIRBORN, OHIO

**City Organizational Chart
For the Year Ended December 31, 2002**



Citizen Boards & Committees

- | | |
|-------------------------------------|--------------------------|
| Mayor's Beautification Committee | Personnel Advisory Board |
| Parks and Recreation Advisory Board | Planning Board |
| Zoning Board of Appeals | Tax Appeals Board |
| Other Ancillary Committees | Cable Advisory Board |

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Fairborn,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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.



William Patrick Harte
President

Jeffrey R. Emery
Executive Director



FINANCIAL SECTION





August 6, 2003

REPORT OF INDEPENDENT ACCOUNTANTS

To the Honorable Mayor and
City Council of the City of Fairborn

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Fairborn, Ohio, (the City) as of and for the year ended December 31, 2002, 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 an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred, to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairborn, Ohio, as of December 31, 2002 and, the respective changes in financial position and cash flow, where applicable therefore, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the Notes, the City has implemented a new financial reporting model, as required by the provisions of GASB statement No. 34, Basic financial statements – and Management Discussion and Analysis – for state and local governments as of December 31, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information

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

Combining Financial Statements and Individual Fund Schedules

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying information identified in the table of contents as combining and individual nonmajor fund financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Introductory and Statistical Sections

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not be subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.



Plattenburg & Associates, Inc.
Certified Public Accountants

The discussion and analysis of the City of Fairborn's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2002. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2002 are as follows:

- ❑ In total, net assets increased by \$1,164,118. Net assets of governmental activities increased by \$793,698, which represents a 1.2% increase from 2001. Net assets of business-type activities increased by \$370,420, or 2.7% from 2001.
- ❑ General revenues accounted for \$13,102,075 in revenue, or 45.2% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15,889,364, or 54.8% of total revenues of \$28,991,439.
- ❑ The City had \$19,703,391 in expenses related to governmental activities; only \$7,395,014 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,102,075 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$16,515,881 in revenues and \$15,990,900 in expenditures. The general fund's fund balance declined \$499,464. This decrease resulted from accrual entries primarily in deferred taxes.
- ❑ Net assets for enterprise funds increased slightly.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service 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. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting 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, changes in employment and others.

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

- Governmental Activities – Most of the City's programs 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 sewer, waste collection and 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.

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

CITY OF FAIRBORN, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

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 activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	Governmental Activities	Business-type Activities	Total
	2002	2002	2002
Current and other assets	\$19,455,473	\$8,628,821	\$28,084,294
Capital assets, Net	56,275,618	18,939,160	75,214,778
Total assets	75,731,091	27,567,981	103,299,072
Long-term debt outstanding	4,439,449	9,311,902	13,751,351
Other liabilities	5,478,722	4,405,945	9,884,667
Total liabilities	9,918,171	13,717,847	23,636,018
Net assets			
Invested in capital assets, net of related debt	54,620,618	6,384,413	61,005,031
Restricted	2,288,050	0	2,288,050
Unrestricted	8,904,252	7,465,721	16,369,973
Total net assets	\$65,812,920	\$13,850,134	\$79,663,054

CITY OF FAIRBORN, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2002:

	Governmental Activities <u>2002</u>	Business-type Activities <u>2002</u>	Total <u>2002</u>
Revenues			
Program revenues:			
Charges for Services and Sales	\$5,200,942	\$8,494,350	\$13,695,292
Operating Grants and Contributions	1,649,218	0	1,649,218
Capital Grants and Contributions	544,854	0	544,854
General revenues:			
Property Taxes	2,815,556	0	2,815,556
Municipal Income Taxes	5,488,820	0	5,488,820
Shared Revenues	3,176,277	0	3,176,277
Investment Earnings	372,162	0	372,162
Miscellaneous	689,280	0	689,280
Total revenues	<u>19,937,109</u>	<u>8,494,350</u>	<u>28,431,459</u>
Program Expenses			
Security of Persons and Property	10,224,571	0	10,224,571
Public Health and Welfare Services	170,269	0	170,269
Leisure Time Activities	192,053	0	192,053
Community Environment	876,786	0	876,786
Transportation	960,594	0	960,594
General Government	7,051,733	0	7,051,733
Debt Service:			
Interest and Fiscal Charges	227,385	0	227,385
Water	0	2,681,226	2,681,226
Sewer	0	3,657,890	3,657,890
Sanitation	0	1,784,814	1,784,814
Total expenses	<u>19,703,391</u>	<u>8,123,930</u>	<u>27,827,321</u>
Excess (deficiency) before special items	233,718	370,420	604,138
Special Item - Sale of Stock	559,980	0	559,980
Total Change in Net Assets	<u>793,698</u>	<u>370,420</u>	<u>1,164,118</u>
Beginning Net Assets	<u>65,019,222</u>	<u>13,479,714</u>	<u>78,498,936</u>
Ending Net Assets	<u>\$65,812,920</u>	<u>\$13,850,134</u>	<u>\$79,663,054</u>

CITY OF FAIRBORN, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

Governmental Activities

Net assets of the City's governmental activities increased by \$793,698. This increase was mainly due to the sale of Anthem Blue Cross and Blue Shield Insurance Company stock for \$559,980 after the company went from a private mutual insurance company to a publicly traded insurance company ("demutualization"). In January of 2002, the City received shares of Anthem's publicly traded stock in exchange for its membership interest in the former mutual insurance company. That stock was sold during 2002.

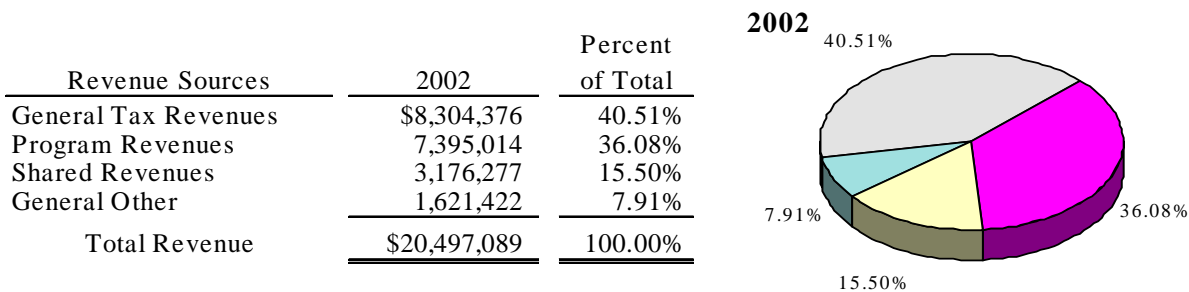
Intergovernmental revenues increased significantly from 2001 to 2002 due to higher levels of motor vehicle license tax collections and entitlement grant proceeds received during 2002 than in 2001.

In addition, debt service costs decreased as the City has retired a bond in each of the past two years. As well, interest costs are decreasing on the outstanding debt issues.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

The City also receives an income tax, which is based on 1.0% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City.

Property taxes and income taxes made up 13.73% and 26.78% respectively of revenues for governmental activities for the City in fiscal year 2002. The City's reliance upon tax revenues is demonstrated by the following graph indicating 40.51% of total revenues from general tax revenues:



Business-Type Activities

Net assets of the business-type activities increased by \$370,420. The increase was due to the charges for services revenue increase in both the Water and Sewer Funds. In addition, materials and supplies expenses (and total expenses) decreased in the Sanitation Fund. Interest and fiscal charges expenses decreased significantly in the Water and Sewer Funds during 2002 as the 2001 interest and fiscal charges expenses were substantially large because the City refinanced utility improvement general obligation bonds during that year.

CITY OF FAIRBORN, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$7,131,723, which is a decrease from last year's balance of \$7,523,283. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2002 and 2001:

	<u>Fund Balance December 31, 2002</u>	<u>Fund Balance December 31, 2001</u>	<u>Increase (Decrease)</u>
General	\$4,573,808	\$5,073,272	(\$499,464)
General Bond Retirement	629,634	769,706	(140,072)
Other Governmental	<u>1,928,281</u>	<u>1,680,305</u>	<u>247,976</u>
Total	<u>\$7,131,723</u>	<u>\$7,523,283</u>	<u>(\$391,560)</u>

General Fund – The City's General Fund balance decrease was due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	<u>2002 Revenues</u>	<u>2001 Revenues</u>	<u>Increase (Decrease)</u>
Property and Other Taxes	\$2,432,365	\$2,317,030	\$115,335
Municipal Income Taxes	6,150,816	5,993,509	157,307
Intergovernmental Revenue	2,648,924	3,042,854	(393,930)
Charges for Services	3,247,570	3,100,331	147,239
Licenses and Permits	245,372	268,937	(23,565)
Investment Earnings	336,062	598,566	(262,504)
Fines and Forfeitures	1,105,497	1,056,012	49,485
All Other Revenue	<u>349,275</u>	<u>357,486</u>	<u>(8,211)</u>
Total	<u>\$16,515,881</u>	<u>\$16,734,725</u>	<u>(\$218,844)</u>

General Fund revenues in 2002 decreased approximately 1.3% compared to revenues in fiscal year 2001. The most significant factor contributing to this decrease was declining interest rates and reduced local government revenue funds from the State of Ohio. Additionally, tax revenue increased by 3.3% in 2002.

	<u>2002 Expenditures</u>	<u>2001 Expenditures</u>	<u>Increase (Decrease)</u>
Security of Persons and Property	\$9,418,101	\$9,257,665	\$160,436
Public Health and Welfare Services	74,624	73,873	751
Leisure Time Activities	124,315	171,151	(46,836)
Community Environment	477,969	384,818	93,151
General Government	5,445,508	5,178,492	267,016
Capital Outlay	450,082	388,839	61,243
Debt Service:			
Interest and Fiscal Charges	<u>301</u>	<u>0</u>	<u>301</u>
Total	<u>\$15,990,900</u>	<u>\$15,454,838</u>	<u>\$536,062</u>

CITY OF FAIRBORN, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

General Fund expenditures increased by \$536,062 or 3.5% over the prior year mostly due to increases in salaries and wages, retirement contributions, and health insurance premiums for the City's employees.

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 2002 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$16,497,597 did not significantly change over the original budget estimates of \$16,507,397. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2002 the City had \$75,214,778 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$56,275,618 was related to governmental activities and \$18,939,160 to the business-type activities. The following table shows fiscal year 2002 and 2001 balances:

	Governmental Activities		Increase (Decrease)
	2002	2001	
Land	\$11,130,376	\$11,130,376	\$0
Buildings	7,061,976	6,950,071	111,905
Improvements Other Than Buildings	674,267	603,762	70,505
Equipment	5,694,560	5,432,511	262,049
Vehicles	4,557,947	4,045,627	512,320
Infrastructure	59,429,620	57,130,432	2,299,188
Less: Accumulated Depreciation	(32,273,128)	(29,895,466)	(2,377,662)
Totals	\$56,275,618	\$55,397,313	\$878,305

	Business-Type Activities		Increase (Decrease)
	2002	2001	
Land	\$400,762	\$400,762	\$0
Buildings and Improvements	32,834,010	31,946,666	887,344
Equipment	6,253,145	5,905,880	347,265
Vehicles	875,194	875,194	0
Construction in Progress	32,996	32,996	0
Less: Accumulated Depreciation	(21,456,947)	(19,739,593)	(1,717,354)
Totals	\$18,939,160	\$19,421,905	(\$482,745)

CITY OF FAIRBORN, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2002**

Unaudited

The primary increases occurred in infrastructure. The increase resulted from the acquisition of street improvements.

Debt

At December 31, 2002, the City had \$8,449,204 in bonds outstanding, \$910,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Governmental Activities:		
General Obligation Bonds	\$1,770,000	\$2,000,000
Special Assessment Notes	85,833	47,273
Special Assessment Bonds	1,694,000	1,890,000
Compensated Absences	889,616	914,664
Total Governmental Activities	<u>4,439,449</u>	<u>4,851,937</u>
Business-Type Activities:		
General Obligation Bonds	\$4,985,204	\$5,435,084
Ohio Water Development Authority Loan	3,662,632	3,874,250
Ohio Public Works Commission Loan	216,911	233,596
Compensated Absences	123,651	112,616
Landfill Closure and Postclosure Care	323,504	343,723
Total Business-Type Activities	<u>9,311,902</u>	<u>9,999,269</u>
Totals	<u>\$13,751,351</u>	<u>\$14,851,206</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2002, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

ECONOMIC FACTORS

Commercial and industrial growth continued at a steady pace in 2002 Logtech, Antioch Publishing and Morris Furniture relocated to Fairborn in 2002. Eventually these businesses are anticipated to produce about 300 new jobs to the City of Fairborn. In addition, a new Walgreen's Drug Mart relocated to Fairborn.

National defense policy is of some concern to the City of Fairborn due to its major employer, Wright Patterson Air Force Base. Employment at Wright Patterson remained stable in 2002. Among other duties, the Air Force Base readies Air Force weapons systems worldwide, researches and designs new systems, develops flight vehicle technology and conducts scientific and technical studies on potential threats from major adversaries. All of these tasks are considered essential to the nation's safety; therefore, little, if any, significant change is anticipated in the employment at the air base. In fact, staff reductions at other bases have created the potential for increases in some functions at Wright Patterson.

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 Mr. Daniel N. Smith, Finance Director of the City of Fairborn.



CITY OF FAIRBORN, OHIO

**Statement of Net Assets
December 31, 2002**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,626,863	\$ 2,848,841	\$ 7,475,704
Investments	4,245,424	4,307,068	8,552,492
Receivables:			
Taxes	3,275,013	0	3,275,013
Accounts	432,494	1,017,710	1,450,204
Intergovernmental	2,343,906	0	2,343,906
Interest	68,788	1,817	70,605
Special Assessments	4,269,287	0	4,269,287
Due from Other Funds	1,300	157,272	158,572
Inventory of Supplies at Cost	145,299	98,430	243,729
Prepaid Items	41,366	8,948	50,314
Restricted Assets:			
Cash and Cash Equivalents	0	174,901	174,901
Cash and Cash Equivalents with Fiscal Agent	5,733	13,834	19,567
Capital Assets, Net	56,275,618	18,939,160	75,214,778
Total Assets	75,731,091	27,567,981	103,299,072
Liabilities:			
Accounts Payable	563,804	266,227	830,031
Accrued Wages and Benefits	624,315	94,416	718,731
Intergovernmental Payable	607,446	74,457	681,903
Claims Payable	1,283	0	1,283
Matured Bonds & Interest Payable	5,733	13,834	19,567
Refundable Deposits	0	174,901	174,901
Due to Other Funds	157,272	1,300	158,572
Deferred Revenue	2,273,264	0	2,273,264
Accrued Interest Payable	25,605	90,810	116,415
General Obligation Notes Payable	1,220,000	3,690,000	4,910,000
Long Term Liabilities:			
Due Within One Year	501,602	908,583	1,410,185
Due in More Than One Year	3,937,847	8,403,319	12,341,166
Total Liabilities	9,918,171	13,717,847	23,636,018
Net Assets:			
Invested in Capital Assets, Net of Related Debt	54,620,618	6,384,413	61,005,031
Restricted For:			
Capital Projects	781,523	0	781,523
Debt Service	323,240	0	323,240
Other Purposes	1,183,287	0	1,183,287
Unrestricted (Deficit)	8,904,252	7,465,721	16,369,973
Total Net Assets	\$ 65,812,920	\$ 13,850,134	\$ 79,663,054

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

**Statement of Activities
For the Year Ended December 31, 2002**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 10,224,571	\$ 1,146,719	\$ 928,532	\$ 0
Public Health and Welfare Services	170,269	29,575	0	0
Leisure Time Activities	192,053	61,701	14,852	0
Community Environment	876,786	252,513	705,834	0
Transportation	960,594	0	0	25,000
General Government	7,051,733	3,710,434	0	519,854
Interest and Fiscal Charges	227,385	0	0	0
Total Governmental Activities	19,703,391	5,200,942	1,649,218	544,854
Business-Type Activities:				
Water	2,681,226	2,584,278	0	0
Sewer	3,657,890	4,006,321	0	0
Sanitation	1,784,814	1,903,751	0	0
Total Business-Type Activities	8,123,930	8,494,350	0	0
Totals	27,827,321	13,695,292	1,649,218	544,854

General Revenues

Property Taxes
Municipal Income Taxes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous
Special Item: Sale of Stock

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (8,149,320)	\$ 0	\$ (8,149,320)
(140,694)	0	(140,694)
(115,500)	0	(115,500)
81,561	0	81,561
(935,594)	0	(935,594)
(2,821,445)	0	(2,821,445)
(227,385)	0	(227,385)
<u>(12,308,377)</u>	<u>0</u>	<u>(12,308,377)</u>
0	(96,948)	(96,948)
0	348,431	348,431
0	118,937	118,937
<u>0</u>	<u>370,420</u>	<u>370,420</u>
<u>(12,308,377)</u>	<u>370,420</u>	<u>(11,937,957)</u>
2,815,556	0	2,815,556
5,488,820	0	5,488,820
3,176,277	0	3,176,277
372,162	0	372,162
689,280	0	689,280
559,980	0	559,980
<u>13,102,075</u>	<u>0</u>	<u>13,102,075</u>
793,698	370,420	1,164,118
<u>65,019,222</u>	<u>13,479,714</u>	<u>78,498,936</u>
<u>\$ 65,812,920</u>	<u>\$ 13,850,134</u>	<u>\$ 79,663,054</u>

CITY OF FAIRBORN, OHIO

**Balance Sheet
Governmental Funds
December 31, 2002**

	General	General Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,491,175	\$ 202,960	\$ 2,577,849	\$ 4,271,984
Investments	3,109,482	423,224	376,540	3,909,246
Taxes	2,983,830	92,500	198,683	3,275,013
Accounts	342,879	0	89,201	432,080
Intergovernmental	1,715,326	5,254	612,886	2,333,466
Interest	66,837	1,306	262	68,405
Special Assessments	0	4,269,287	0	4,269,287
Due from Other Funds	0	0	32,000	32,000
Interfund Receivable	133	0	0	133
Inventory of Supplies, at Cost	29,821	0	38,885	68,706
Prepaid Items	35,972	0	4,324	40,296
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	5,733	0	5,733
Total Assets	\$ 9,775,455	\$ 5,000,264	\$ 3,930,630	\$ 18,706,349
Liabilities:				
Accounts Payable	\$ 312,042	\$ 113	\$ 228,623	\$ 540,778
Accrued Wages and Benefits Payable	564,578	0	36,435	601,013
Intergovernmental Payable	88,659	0	3,944	92,603
Matured Bonds and Interest Payable	0	5,733	0	5,733
Due to Other Funds	5,836	0	33,051	38,887
Interfund Payable	0	0	133	133
Deferred Revenue - Taxes	2,414,433	90,243	160,845	2,665,521
Deferred Revenue	1,478,367	4,274,541	528,493	6,281,401
Compensated Absences Payable	37,431	0	0	37,431
Accrued Interest Payable	301	0	4,992	5,293
General Obligation Notes Payable	300,000	0	920,000	1,220,000
Special Assessment Notes Payable	0	0	85,833	85,833
Total Liabilities	5,201,647	4,370,630	2,002,349	11,574,626
Fund Balances:				
Reserved for Encumbrances	502,426	1,256	436,491	940,173
Reserved for Prepaid Items	35,972	0	4,324	40,296
Reserved for Supplies Inventory	29,821	0	38,885	68,706
Reserved for Debt Service	0	628,378	6,486	634,864
Unreserved, Undesignated in:				
General Fund	4,005,589	0	0	4,005,589
Special Revenue Funds	0	0	1,135,057	1,135,057
Capital Projects Funds	0	0	307,038	307,038
Total Fund Balances	4,573,808	629,634	1,928,281	7,131,723
Total Liabilities and Funds Balances	\$ 9,775,455	\$ 5,000,264	\$ 3,930,630	\$ 18,706,349

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2002***

Total Governmental Fund Balances \$ 7,131,723

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.

Capital Assets used in the operation of Governmental Funds	55,831,794	
Capital Assets used in the operation of Internal Service Funds	443,824	
		56,275,618

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 6,673,658

The internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are generally included in governmental activities in the statement of net assets, however a portion is also allocated to the business-type activities.

Internal Service Net Assets	1,140,776	
Capital Assets used in the operation of Internal Service Funds	(443,824)	
Compensated Absences Payable related to Internal Service Funds	25,862	
Allocation to Business-Type Activities	(156,371)	
		566,443

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

General Obligation Bonds Payable	(1,770,000)	
Special Assessment Bonds Payable	(1,694,000)	
Compensated Absences Payable related to Governmental Funds	(826,323)	
Compensated Absences Payable related to Internal Service Funds	(25,862)	
Accrued Interest Payable	(20,312)	
Pension Obligation	(498,025)	
		(4,834,522)

Net Assets of Governmental Activities \$ 65,812,920

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2002**

	General	General Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 2,432,365	\$ 155,383	\$ 255,054	\$ 2,842,802
Municipal Income Tax	6,150,816	0	0	6,150,816
Intergovernmental Revenues	2,648,924	18,302	2,271,645	4,938,871
Charges for Services	3,247,570	0	120,905	3,368,475
Licenses and Permits	245,372	0	35,972	281,344
Investment Earnings	336,062	20,236	4,954	361,252
Special Assessments	0	297,210	90,043	387,253
Fines and Forfeitures	1,105,497	0	414,462	1,519,959
All Other Revenue	349,275	43,636	206,219	599,130
Total Revenue	16,515,881	534,767	3,399,254	20,449,902
Expenditures:				
Current:				
Security of Persons and Property	9,418,101	0	450,845	9,868,946
Public Health and Welfare Services	74,624	0	77,938	152,562
Leisure Time Activities	124,315	0	37,640	161,955
Community Environment	477,969	0	340,258	818,227
Transportation	0	0	899,133	899,133
General Government	5,445,508	26,037	243,714	5,715,259
Capital Outlay	450,082	0	2,293,648	2,743,730
Debt Service:				
Principal Retirement	0	306,000	120,000	426,000
Interest & Fiscal Charges	301	183,489	54,618	238,408
Total Expenditures	15,990,900	515,526	4,517,794	21,024,220
Excess (Deficiency) of Revenues				
Over Expenditures	524,981	19,241	(1,118,540)	(574,318)
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	7,314	0	114,343	121,657
Operating Transfers In	117,569	11,687	1,376,500	1,505,756
Operating Transfers Out	(1,144,000)	(171,000)	(92,521)	(1,407,521)
Total Other Financing Sources (Uses)	(1,019,117)	(159,313)	1,398,322	219,892
Net Change in Fund Balances	(494,136)	(140,072)	279,782	(354,426)
Fund Balances at Beginning of Year	5,073,272	769,706	1,680,305	7,523,283
Decrease in Inventory Reserve	(5,328)	0	(31,806)	(37,134)
Fund Balances End of Year	\$ 4,573,808	\$ 629,634	\$ 1,928,281	\$ 7,131,723

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Year Ended December 31, 2002***

Net Change in Fund Balances - Total Governmental Funds \$ (354,426)

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.

Capital Outlay	3,423,960	
Depreciation Expense - governmental capital assets	(2,493,667)	
Depreciation Expense - internal service capital assets	<u>(57,088)</u>	873,205

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (613,017)

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bond Principal Payment	230,000	
Special Assessment Bond Principal Payment	<u>196,000</u>	426,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 11,023

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 the governmental funds.

Change in Compensated Absences - governmental funds	65,131	
Change in Compensated Absences - internal service funds	(2,652)	
Change in Pension Obligation (Intergovernmental Payable)	1,461	
Change in Inventory	<u>(37,134)</u>	26,806

The internal service funds, which are used by management to charge the costs of services to individual funds, are not included in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities and business-type activities.

Change in Net Assets - internal service funds	346,225	
Depreciation Expense - internal service capital assets	57,088	
Change in Compensated Absences - internal service funds	(2,652)	
Change in portion of internal service fund net assets allocated to Business-Type Activities	<u>23,446</u>	424,107

Change in Net Assets of Governmental Activities \$ 793,698

See accompanying notes to the basic financial statements



CITY OF FAIRBORN, 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, 2002**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,324,744	\$ 2,409,544	\$ 2,409,771	\$ 227
Municipal Income Tax	5,960,800	5,960,800	6,175,868	215,068
Intergovernmental Revenue	2,915,914	2,780,114	2,770,449	(9,665)
Charges for Services	3,122,685	3,232,085	3,226,278	(5,807)
Licenses and Permits	298,650	251,450	245,372	(6,078)
Investment Earnings	375,000	405,000	411,546	6,546
Fines and Forfeitures	1,161,000	1,092,200	1,092,565	365
All Other Revenues	348,604	366,404	352,952	(13,452)
Total Revenues	<u>16,507,397</u>	<u>16,497,597</u>	<u>16,684,801</u>	<u>187,204</u>
Expenditures:				
Current:				
Security of Persons and Property	9,864,785	9,741,518	9,497,109	244,409
Public Health and Welfare Services	76,123	76,123	77,650	(1,527)
Leisure Time Activities	189,404	167,115	139,082	28,033
Community Environment	560,265	541,051	480,329	60,722
General Government	5,697,249	5,615,128	5,423,618	191,510
Capital Outlay	484,125	800,129	781,533	18,596
Total Expenditures	<u>16,871,951</u>	<u>16,941,064</u>	<u>16,399,321</u>	<u>541,743</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(364,554)	(443,467)	285,480	728,947
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	15,000	15,000	7,314	(7,686)
Proceeds from General Obligation Notes	0	300,000	300,000	0
Operating Transfers In	377,992	186,992	117,569	(69,423)
Operating Transfers Out	(1,108,450)	(1,348,260)	(1,144,000)	204,260
Total Other Financing Sources (Uses):	<u>(715,458)</u>	<u>(846,268)</u>	<u>(719,117)</u>	<u>127,151</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,080,012)	(1,289,735)	(433,637)	856,098
Fund Balance at Beginning of Year	4,129,480	4,129,480	4,129,480	0
Prior Year Encumbrances	178,329	178,329	178,329	0
Fund Balance at End of Year	<u>\$ 3,227,797</u>	<u>\$ 3,018,074</u>	<u>\$ 3,874,172</u>	<u>\$ 856,098</u>

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2002**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Sanitation	Total	
Assets:					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 698,670	\$ 1,366,817	\$ 783,354	\$ 2,848,841	\$ 354,879
Investments	1,456,905	2,850,163	0	4,307,068	336,178
<i>Receivables:</i>					
Accounts	328,004	465,007	224,699	1,017,710	414
Intergovernmental	0	0	0	0	10,440
Interest	118	1,699	0	1,817	383
Due from Other Funds	0	997	0	997	7,320
Inventory of Supplies at Cost	85,033	13,397	0	98,430	76,593
Prepaid Items	3,375	5,573	0	8,948	1,070
<i>Restricted Assets:</i>					
Cash and Cash Equivalents	58,300	58,300	58,301	174,901	0
Cash and Cash Equivalents with Fiscal Agent	13,834	0	0	13,834	0
Total Current Assets	2,644,239	4,761,953	1,066,354	8,472,546	787,277
<i>Non Current Assets:</i>					
Capital Assets, Net	8,835,851	9,957,063	146,246	18,939,160	443,824
Total Assets	11,480,090	14,719,016	1,212,600	27,411,706	1,231,101
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	41,294	142,784	82,149	266,227	23,026
Accrued Wages and Benefits	37,273	52,563	4,580	94,416	23,302
Intergovernmental Payable	36,181	35,160	3,116	74,457	16,818
Claims Payable	0	0	0	0	1,283
Matured Bonds and Interest Payable	13,834	0	0	13,834	0
Refundable Deposits	58,300	58,300	58,301	174,901	0
Due to Other Funds	595	656	145	1,396	34
General Obligation Bonds - Current	237,500	237,500	0	475,000	0
OWDA Loans Payable - Current	0	396,678	0	396,678	0
OPWC Loans Payable - Current	16,686	0	0	16,686	0
Landfill Closure Costs	0	0	20,219	20,219	0
Total Current Liabilities	441,663	923,641	168,510	1,533,814	64,463
<i>Long Term Liabilities:</i>					
Compensated Absences Payable	49,713	65,499	8,439	123,651	25,862
Accrued Interest Payable	28,964	61,846	0	90,810	0
General Obligation Notes Payable	600,000	3,090,000	0	3,690,000	0
General Obligation Bonds Payable	2,255,102	2,255,102	0	4,510,204	0
OWDA Loans Payable	0	3,265,954	0	3,265,954	0
OPWC Loans Payable	200,225	0	0	200,225	0
Landfill Postclosure Care Liability	0	0	303,285	303,285	0
Total Liabilities	3,575,667	9,662,042	480,234	13,717,943	90,325
Net Assets:					
Invested in Capital Assets, Net of Related Debt	5,526,338	711,829	146,246	6,384,413	443,824
Unrestricted	2,378,085	4,345,145	586,120	7,309,350	696,952
Total Net Assets	\$ 7,904,423	\$ 5,056,974	\$ 732,366	\$ 13,693,763	\$ 1,140,776
Adjustment to reflect the consolidation of internal service fund activities related to Business-Type Activities				\$ 156,371	
Net Assets of Business-Type Activities				\$ 13,850,134	

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2002**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Sanitation	Total	
Operating Revenues:					
Charges for Services	\$ 2,459,262	\$ 3,927,494	\$ 1,900,249	\$ 8,287,005	\$ 1,001,691
Other Operating Revenue	111,647	43,344	3,502	158,493	0
Total Operating Revenues	2,570,909	3,970,838	1,903,751	8,445,498	1,001,691
Operating Expenses:					
Personal Services	846,701	1,134,170	90,355	2,071,226	613,715
Contractual Services	727,845	954,158	1,676,869	3,358,872	41,784
Materials and Supplies	151,747	325,784	13,616	491,147	358,068
Dental Insurance Claims	0	0	0	0	57,466
Depreciation	799,512	913,868	3,974	1,717,354	57,088
Total Operating Expenses	2,525,805	3,327,980	1,784,814	7,638,599	1,128,121
Operating Income (Loss)	45,104	642,858	118,937	806,899	(126,430)
Nonoperating Revenue (Expenses):					
Investment Earnings	13,465	35,483	0	48,948	10,910
Interest Expense	(132,071)	(329,910)	0	(461,981)	0
Gain on Sale of Stock	0	0	0	0	559,980
Total Nonoperating Revenues (Expenses)	(118,606)	(294,427)	0	(413,033)	570,890
Income(Loss) Before Operating Transfers	(73,502)	348,431	118,937	393,866	444,460
Operating Transfers Out	0	0	0	0	(98,235)
Change in Net Assets	(73,502)	348,431	118,937	393,866	346,225
Net Assets Beginning of Year	7,977,925	4,708,543	613,429	13,299,897	794,551
Net Assets End of Year	<u>\$ 7,904,423</u>	<u>\$ 5,056,974</u>	<u>\$ 732,366</u>	<u>\$ 13,693,763</u>	<u>\$ 1,140,776</u>
Change in Net Assets - Total Enterprise Funds				<u>\$ 393,866</u>	
Adjustment to reflect the consolidation of internal service fund activities related to Business-Type Activities				<u>(23,446)</u>	
Change in Net Assets - Total Business-Type Activities				<u>\$ 370,420</u>	

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2002**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Sanitation	Total	
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$2,406,976	\$3,857,420	\$1,869,057	\$8,133,453	\$0
Cash Receipts from Quasi-External Operating Transactions with Other Funds	0	0	0	0	997,763
Cash Payments for Goods and Services	(854,761)	(1,228,326)	(1,730,294)	(3,813,381)	(417,397)
Cash Payments to Employees	(836,567)	(1,111,573)	(85,193)	(2,033,333)	(614,452)
Cash Payments for Employee Medical/Dental Claims	0	0	0	0	(55,795)
Other Operating Receipts	105,200	42,866	3,502	151,568	0
Customer Deposits Received	25,150	25,150	25,150	75,450	0
Customer Deposits Returned	(24,608)	(24,608)	(24,607)	(73,823)	0
Net Cash Provided (Used) by Operating Activities	821,390	1,560,929	57,615	2,439,934	(89,881)
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers Out to Other Funds	0	0	0	0	(98,235)
Net Cash Used by Noncapital Financing Activities	0	0	0	0	(98,235)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition and Construction of Assets	(242,369)	(923,291)	(64,698)	(1,230,358)	(8,443)
Proceeds from General Obligation Notes	600,000	3,090,000	0	3,690,000	0
Principal Paid on General Obligation Notes	0	(990,000)	0	(990,000)	0
Principal Paid on General Obligation Bonds	(227,500)	(227,500)	0	(455,000)	0
Principal Paid on Ohio Public Works Commission Loan	(16,685)	0	0	(16,685)	0
Principal Paid on Ohio Water Development Authority Loans	0	(211,618)	0	(211,618)	0
Interest Paid on All Debt	(124,543)	(320,850)	0	(445,393)	0
Net Cash Provided (Used) for Capital and Related Financing Activities	(11,097)	416,741	(64,698)	340,946	(8,443)
<u>Cash Flows from Investing Activities:</u>					
Receipts of Interest	9,376	24,558	0	33,934	9,090
Purchase of Investments	(349,416)	(958,763)	0	(1,308,179)	(230,154)
Sale of Investments	0	0	0	0	559,980
Net Cash Provided (Used) by Investing Activities	(340,040)	(934,205)	0	(1,274,245)	338,916
Net Increase (Decrease) in Cash and Cash Equivalents	470,253	1,043,465	(7,083)	1,506,635	142,357
Cash and Cash Equivalents at Beginning of Year	300,551	381,652	848,738	1,530,941	212,522
Cash and Cash Equivalents at End of Year	\$770,804	\$1,425,117	\$841,655	\$3,037,576	\$354,879
<u>Reconciliation of Cash and</u>					
<u>Cash Equivalents per the Balance Sheet:</u>					
Cash and Cash Equivalents	\$698,670	\$1,366,817	\$783,354	\$2,848,841	\$354,879
Restricted Cash and Cash Equivalents	58,300	58,300	58,301	174,901	0
Restricted Cash and Cash Equivalents with Fiscal Agent	13,834	0	0	13,834	0
Cash and Cash Equivalents at End of Year	\$770,804	\$1,425,117	\$841,655	\$3,037,576	\$354,879

(Continued)

CITY OF FAIRBORN, OHIO

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Sanitation	Total	
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	\$45,104	\$642,858	\$118,937	\$806,899	(\$126,430)
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	799,512	913,868	3,974	1,717,354	57,088
Changes in Assets and Liabilities:					
Increase in Accounts Receivable	(58,759)	(70,482)	(31,192)	(160,433)	(414)
(Increase) Decrease in Due From Other Funds	26	(70)	0	(44)	(301)
Increase in Intergovernmental Receivables	0	0	0	0	(3,213)
(Increase) Decrease in Inventory	27,486	(1,487)	0	25,999	(9,194)
(Increase) Decrease in Prepaid Items	(308)	(508)	0	(816)	2,950
Increase (Decrease) in Accounts Payable	(11,979)	58,901	(19,477)	27,445	(8,437)
Increase in Accrued Wages and Benefits	8,154	8,509	2,615	19,278	1,854
Increase (Decrease) in Due to Other Funds	47	(17)	(113)	(83)	(103)
Increase (Decrease) in Intergovernmental Payable	11,048	(688)	1,532	11,892	13
Decrease in Landfill Closure Costs	0	0	(20,219)	(20,219)	0
Increase (Decrease) in Compensated Absences	517	9,503	1,015	11,035	(2,652)
Increase in Refundable Deposits Payable	542	542	543	1,627	0
Decrease in Claims Payable	0	0	0	0	(1,042)
Total Adjustments	776,286	918,071	(61,322)	1,633,035	36,549
Net Cash Provided (Used) by Operating Activities	<u>\$821,390</u>	<u>\$1,560,929</u>	<u>\$57,615</u>	<u>\$2,439,934</u>	<u>(\$89,881)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2002, the Water Fund, Sewer Fund and Equipment Fund had outstanding liabilities of \$19,082, \$41,630, and \$1,915, respectively, for the purchase of certain capital assets.

During 2002, the fair value of investments increased by \$8,817, \$17,248, and \$2,034 in the Water Fund, Sewer Fund, and Self-Insurance Fund, respectively.

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

***Statement of Net Assets
Fiduciary Funds
December 31, 2002***

	<u>Agency</u>
Assets:	
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	<u>\$ 224,007</u>
Total Assets	<u>224,007</u>
Liabilities:	
Intergovernmental Payable	95,181
Undistributed Monies	<u>128,826</u>
Total Liabilities	<u>\$ 224,007</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Fairborn (the “City”) is a home rule municipal corporation created under the laws of the State of Ohio which operates under its own charter. A charter was first adopted by the electors of the Village of Osborn at the general election held in November 1946, effective January 1, 1948. In the November 1948 election, the Village of Osborn voted to annex the Village of Fairfield and to name the newly created entity the Village of Fairborn, effective January 1, 1950. The Village of Fairborn became a city on August 20, 1951. The charter was first adopted by the electorate on November 2, 1971.

The municipal government provided by the charter is known as a Council–Manager form of government. Elected officials include six City Council members and a mayor. The Council appoints a City Manager who executes the laws and administers the government of the City. The City Manager appoints all of the department managers of the City.

The accompanying basic financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2002 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (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*,” 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 and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance, cemetery and other governmental services. The City also operates a municipal garage which is reported as an internal service fund. In addition, the City owns and operates the water treatment and distribution system, wastewater treatment and collection system and a solid waste collection operation which are reported as enterprise funds. Council and the City Manager have direct responsibility for these activities.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Funds - are those 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 proprietary funds) are accounted for through governmental funds. The following are the City's major governmental funds:

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

General Bond Retirement Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal and interest.

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

Proprietary Funds

The proprietary funds are used to account for the City's ongoing organizations and activities that are similar to those often found in the private sector. The following are the City's proprietary fund types:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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 is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered or financed primarily through user charges or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following are the City's major enterprise funds:

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 system.

Sanitation Fund - This fund is used to account for the operation of the City's refuse collection system.

Internal Service Funds - These funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. The only fiduciary fund of the City is an agency fund. Agency funds are purely custodial (assets equal liabilities) and thus 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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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 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 fund types 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.

Fiduciary funds are reported using the economic resources measurement focus.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Measurable means the amount of the transaction can be determined. 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 considered to be 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, gasoline tax, and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenue, is recorded as revenue when received in cash because it is generally not measurable until actually received.

Special assessment installments, including related accrued interest, which are measurable but not available at December 31 are recorded as deferred revenue. Property taxes measurable as of December 31, 2002 but which are not intended to finance 2002 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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 by fund by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations by department within each fund without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the department level by fund may only be made by ordinance of the City Council. During 2002, all appropriations were approved as required.

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources which states the projected revenue of each 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 will not exceed the amount available as stated in the certificate of estimated resources.

The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or fall short of current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued for 2002.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund and department level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified by the County Budget Commission. The City Manager is authorized to transfer appropriations between line items within the same department, within the same fund provided total appropriations for each department do not exceed the amount approved by City Council. All other modifications may only be made by ordinance of City Council. During the year supplemental appropriation measures were passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (non-GAAP budgetary basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each 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 succeeding calendar year and need not be reappropriated.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (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 the 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:

	General Fund
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	
GAAP Basis (as reported)	(\$494,136)
Increase (Decrease):	
Accrued Revenues at December 31, 2002 received during 2003	(1,234,889)
Accrued Revenues at December 31, 2001 received during 2002	1,403,809
Accrued Expenditures at December 31, 2001 paid during 2002	1,008,847
Accrued Expenditures at December 31, 2001 paid during 2002	(706,331)
2002 Prepays for 2003	(35,972)
2001 Prepays for 2002	32,836
Note Proceeds	300,000
Outstanding Encumbrances	(707,801)
Budget Basis	(\$433,637)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash balances of the City's funds, except cash held by a trustee or fiscal agent, are pooled and deposited in a central bank account or invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pool of cash and investments is presented as "cash and cash equivalents" on the combined balance sheet.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet the City's cash management pool and investments with original maturities of three months or less are considered to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

The City has invested funds in the STAR Ohio during 2002. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2002. See Note 4, "Cash, Cash Equivalents and Investments."

H. Inventory of Supplies

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at cost or market whichever is lower. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Restricted Assets

Restricted assets in the enterprise funds represent cash and cash equivalents set aside for the repayment of deposits to water, sewer and sanitation customers.

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. Estimated historical costs for governmental activities capital asset values were initially determined at December 31, 1985 by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation (Continued)

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings and Improvements	45
Infrastructure	30
Machinery and Equipment	5 - 30
Vehicles	6
Infrastructure	30

L. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

The criteria for determining the vacation, compensatory time and sick leave liability are derived from negotiated agreements and state laws. City employees earn vacation leave at varying rates based upon length of service. Accumulated, unused vacation time is paid to employees upon termination of employment. Sick leave benefits are earned at varying rates based on whether the employee is union or non-union. Upon retirement employees are paid for any unused accumulated sick leave up to various limits depending upon the union agreement that applies.

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Accrued Liabilities and Long-Term Debt

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, special termination benefits and landfill postclosure costs are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than 60 days after year end are generally considered not to have been paid with current available financial resources. Bonds are recognized as a liability of the general long-term obligations account group until due. Long-term debt and other obligations to be paid from proprietary funds are reported in those funds.

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Street Lighting Fund General Bond Retirement Fund General Capital Improvement Fund Buildings and Land Fund Water Fund Sewer Fund
Special Assessment Bonds	General Bond Retirement Fund
Compensated Absences	Paid from the fund(s) from which the employee's salary is paid.
Ohio Water Development Authority Loans	Sewer Fund
Ohio Public Works Commission Loan	Water Fund

N. 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. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Reservations of Fund Balance

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure, or the portion of fund balance that is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies and materials, prepaid items, debt service and encumbered amounts that have not been accrued at year end.

P. Intergovernmental Revenues

In governmental funds, grants awarded on a non-reimbursement basis, entitlements and shared revenues are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

Grants received for proprietary fund operations are recognized as revenues when measurable and earned. Such resources restricted for the construction of capital assets are recorded as contributed capital.

Q. Interfund Receivables/Payables

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. Short-term interfund loans are classified as “Interfund Receivables/Payables.”

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally in Governmental funds by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

R. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. The City did not perform any residual equity transfers during the year. All remaining interfund transfers are reported as operating transfers.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Self-Insurance Fund

The City maintains a Self-Insurance Internal Service Fund for the purpose of paying employee dental bills. Contributions to the fund are made in lieu of insurance premium payments.

T. 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. During 2002, the City's sale of shares of common stock of a demutualized company for \$559,980 was reported as a special item.

U. Estimates

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

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For fiscal year 2002, the City has implemented GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*"; GASB Statement No. 37, "*Basic Financial Statements for State and Local Governments: Omnibus*"; GASB Statement No. 38, "*Certain Financial Statement Note Disclosures*"; and GASB Interpretation No. 6, "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement.*" At December 31, 2001, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38, or Interpretation No. 6.

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE (Continued)

A. Changes in Accounting Principles (Continued)

The government-wide financial statements split the City’s programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2001, caused by the conversion to the accrual basis of accounting

B. Prior Period Adjustments

During the year ended December 31, 2002, the City completed a physical inventory and revaluation of all the infrastructure capital assets. The inventory and revaluation resulted in the restatement of the net assets at December 31, 2001 for the enterprise funds as presented in item C of this note. In addition, the beginning balance of the agency fund was restated to correct an error in accounting for fund assets. As a result of the adjustment, the beginning balance of the assets and liabilities decreased \$88,085, from \$328,148 to \$240,063.

C. Restatement of Fund Balance/Retained Earnings

The changes to the beginning fund balance, as well as the transition from fund balance to net assets of the governmental activities and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Fund Balance/Retained Earnings December 31, 2001	\$7,523,283	\$589,718
Adjustments:		
Restate Fixed Assets	<u>0</u>	<u>(2,183,284)</u>
Total Prior Period Adjustments	<u>0</u>	<u>(2,183,284)</u>
GASB 34 Adjustments:		
Capital Assets	55,397,313	0
Contributed Capital	0	14,893,463
Internal Service Fund	118,922	179,817
Accrued Interest Payable	(31,335)	0
Long-Term Liabilities	(5,275,636)	0
Long-Term (Deferred) Assets	<u>7,286,675</u>	<u>0</u>
Net Assets, December 31, 2001	<u>\$65,019,222</u>	<u>\$13,479,714</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances (Budgetary Basis)

At December 31, 2002 the following funds had deficit Fund Balances on a budgetary basis:

	<u>Fund Deficit</u>
Special Revenue Fund:	
Drug Law Enforcement Fund	\$133
Capital Projects Fund:	
Issue II Improvement Fund	103,398

B. Deficit Fund Equities

The deficit of \$83 in the Drug Law Enforcement Fund (special revenue fund) arises from the recognition of expenditures on the modified accrual basis which are greater than those recognized on a budgetary basis. A deficit does not exist under the budgetary basis of accounting. The deficits of \$571,602 in the Issue II Improvement Fund, \$214,738 in the Public Safety Equipment/Facility Fund and \$47,441 in the Special Assessment Construction Fund (capital projects funds) arise from the recognition of notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, deficits do not exist. The General Fund provides operating transfers when cash is required, not when accruals occur.

C. Excess of Expenditures Over Appropriations

For the year ended December 31, 2002, expenditures exceeded appropriations at the department level (i.e., the legal level of budgetary control) as follows:

<u>Fund</u>	<u>Excess</u>
General Fund:	
Public Health and Welfare Services:	
Other Expenditures	\$1,527

The excess expenditures were funded from available fund balances.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's investment policy classifies monies held by the City into three categories as allowed by its charter.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Interim moneys may be deposited or invested in the following securities:

- Negotiable direct obligations of the U.S. or obligations issued by Federal agencies the principal and interest of which are unconditionally guaranteed by the United States.
- Obligations of Federal agencies and instrumentalities, whether or not they are guaranteed by the United States, including, but not limited to, obligations of the Government National Mortgage Association (GNMA), Small Business Administration (SBA), Federal Housing Administration (FHA), General Services Administration (GSA), Federal National Mortgage Association, (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Student Loan Marketing Association (SLMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Banks (FFCB) and Export Import Bank.
- Bonds, notes, debentures, or other obligations or securities issued by any Federal government agency.
- Non-negotiable and negotiable interest bearing time certificates of deposit and savings accounts.
- Bankers acceptances issued by institutions ranked nationally as being in the top six assets and deposit size within their industry.
- Repurchase agreements only if a Master Repurchase Agreement has been executed between the financial institution or dealer and the City, and the underlying securities conform to authorized instruments in a bank or savings and loan association organized under the laws of the State.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

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

- Commercial paper and corporate bonds provided that such notes are rated “prime” P- I by Moody’s Investors Service and A-1 by Standard Poor’s and Commercial notes of any United States company provided that such notes are rated AAA by either Moody’s Investors Service or Standard Poor’s using the rating scale for corporate notes and bonds.

Money market fund portfolios consisting of the items listed above.

- The State Treasurer’s investment pool (STAR Ohio).
- NOW Accounts, Super NOW Accounts or any other similar accounts authorized by the Federal Reserve’s Depository Institutions’ Deregulation Committee.

Investments in stripped principal or interest obligations and reverse repurchase agreements are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. The City will not directly invest in securities with a projected average life of more than five years from the date of purchase unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held until maturity.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City’s name.
- Category 2 Collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.
- Category 3 Uncollateralized or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the City’s name.

Investments:

- Category 1 Insured or registered, or securities held by the City or its agent in the City’s name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the City’s name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3 “*Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.*”

A. Deposits

At year end, the carrying amount of the City’s deposits was \$1,205,557 and the bank balance was \$1,765,662. Of the bank balance, \$300,000 was covered by federal deposit insurance. The remaining deposits of \$1,465,662 were classified as Category 2 and covered by collateral held by financial institutions, not in the City's name, as specified by Section 135.81 of the Ohio Revised Code. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation. In addition, the City had \$3,225 undeposited cash on hand which is included on the balance sheet of the City as part of “Cash and Cash Equivalents”.

B. Investments

The City’s investments at December 31, 2002 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Federal Home Loan Mortgage Notes	\$0	\$1,613,552	\$1,613,552
Federal Home Loan Bank Notes	0	5,014,074	5,014,074
Federal National Mortgage Association Notes	0	1,754,033	1,754,033
City's Debt	170,833	0	170,833
Total Categorized Investments	170,833	8,381,659	8,552,492
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	6,134,610
Money Market Mutual Funds	N/A	N/A	554,012
Total Non-Categorized Investments	N/A	N/A	6,688,622
Total Investments	\$170,833	\$8,381,659	\$15,241,114

STAR Ohio, an investment pool operated by the Ohio State Treasurer is unclassified since it is not evidenced by securities that exist in physical or book entry form.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Repurchase agreements, treasury bills and certificates of deposit with an original maturity of three months or less are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

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

C. Reconciliation of Cash, Cash Equivalents and Investments (Continued)

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$7,894,179	\$8,552,492
Investments:		
STAR Ohio	(6,134,610)	6,134,610
Money Market Mutual Funds	<u>(554,012)</u>	<u>554,012</u>
Per GASB Statement No. 3	<u>\$1,205,557</u>	<u>\$15,241,114</u>

* Includes Cash with Fiscal Agent.

NOTE 5 – TAXES

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2002. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20 unless extended.

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values listed on December 31 of the prior year, and at 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. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with 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 year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 5 – TAXES (Continued)

A. Property Taxes (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Fairborn. 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, 2002, was \$9.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which the 2001 property tax levy, collected in 2002, were based are as follows:

Real Property Assessed Valuation	\$484,894,510
Public Utility Real Property Assessed Valuation	15,055,150
Tangible Personal Property Assessed Valuation	29,381,672
Less: Exemptions	<u>(95,739,760)</u>
Total	<u>\$433,591,572</u>

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2002. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2002 operations. The receivable is therefore offset by a credit to deferred revenue.

B. Income Tax

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. 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 to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by City Council. In 2002, the proceeds were allocated to the General Fund and the Buildings and Land Fund.

NOTE 6 – RECEIVABLES

Receivables at December 31, 2002, consisted of taxes, interfund receivables, intergovernmental receivables arising from grants, entitlements and shared revenues, special assessments, interest on investments, and utility accounts. All receivables are considered fully collectible.

By statute, local property taxes have been reduced 10 percent, with additional reductions for the elderly and the disabled. The amount of these reductions, estimated to be approximately \$260,925, will be paid to the City by the State of Ohio in the latter part of 2003.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 7 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2002:

<i>Historical Cost:</i>	Restated			December 31,
Class	December 31, 2001	Additions	Deletions	2002
<i>Capital assets not being depreciated:</i>				
Land	\$11,130,376	\$0	\$0	\$11,130,376
<i>Capital assets being depreciated:</i>				
Buildings	6,950,071	111,905	0	7,061,976
Improvements Other than Buildings	603,762	70,505	0	674,267
Machinery and Equipment	5,432,511	262,049	0	5,694,560
Vehicles	4,045,627	685,413	(173,093)	4,557,947
Infrastructure	57,130,432	2,299,188	0	59,429,620
Total Cost	<u>\$85,292,779</u>	<u>\$3,429,060</u>	<u>(\$173,093)</u>	<u>\$88,548,746</u>
 <i>Accumulated Depreciation:</i>				
Class	Restated December 31, 2001	Additions	Deletions	December 31, 2002
Buildings	(\$3,334,072)	(\$252,754)	\$0	(\$3,586,826)
Improvements Other than Buildings	(315,247)	(32,734)	0	(347,981)
Machinery and Equipment	(4,113,488)	(306,422)	0	(4,419,910)
Vehicles	(2,359,358)	(279,260)	173,093	(2,465,525)
Infrastructure	(19,773,301)	(1,679,585)	0	(21,452,886)
Total Depreciation	<u>(\$29,895,466)</u>	<u>(\$2,550,755) *</u>	<u>\$173,093</u>	<u>(\$32,273,128)</u>
 <i>Net Value:</i>	 <u>\$55,397,313</u>			 <u>\$56,275,618</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$390,244
Public Health and Welfare Services	4,228
Leisure Time Activities	26,685
Community Environment	46,073
Transportation	65,829
General Government	2,017,696
Total Depreciation Expense	<u>\$2,550,755</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2002:

<i>Historical Cost:</i>	Restated December 31, 2001	Additions	Deletions	December 31, 2002
Class				
<i>Capital assets not being depreciated:</i>				
Land	\$400,762	\$0	\$0	\$400,762
Construction In Progress	32,996	0	0	32,996
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	31,946,666	887,344	0	32,834,010
Machinery and Equipment	5,905,880	347,265	0	6,253,145
Vehicles	875,194	0	0	875,194
Total Cost	<u>\$39,161,498</u>	<u>\$1,234,609</u>	<u>\$0</u>	<u>\$40,396,107</u>
 <i>Accumulated Depreciation:</i>				
Class	December 31, 2001	Additions	Deletions	December 31, 2002
Buildings and Improvements	(\$15,704,883)	(\$1,216,992)	\$0	(\$16,921,875)
Machinery and Equipment	(3,325,611)	(444,113)	0	(3,769,724)
Vehicles	(709,099)	(56,249)	0	(765,348)
Total Depreciation	<u>(\$19,739,593)</u>	<u>(\$1,717,354)</u>	<u>\$0</u>	<u>(\$21,456,947)</u>
 <i>Net Value:</i>	 <u>\$19,421,905</u>	 <u>(\$482,745)</u>	 <u>\$0</u>	 <u>\$18,939,160</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 8 – DEFINED BENEFIT PENSION PLANS

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

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

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the Ohio PERS, a cost-sharing multiple employer defined benefit pension plan. The Ohio PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. 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) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2002 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% 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, 2002, 2001 and 2000 were \$866,392, \$837,881 and \$655,659, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll which amounted to \$319,702.

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, 2001. 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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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 2001 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.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2001 is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

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

All City full-time police officers and full-time firefighters 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% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2002, 2001 and 2000 were \$479,828, \$477,564 and \$467,384 for police and \$679,086, \$681,477 and \$588,743 for firefighters, respectively, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The portion of the 2002 covered payroll that was used to fund postemployment health care benefits was \$190,701 representing 7.75% of covered payroll for police and \$219,288 representing 7.75% of covered payroll for fire. 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. As of December 31, 2001, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,174 for police and 10,239 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, 2001 were \$122,298,771, which was net of member contributions of \$6,874,699.

NOTE 9 – OTHER EMPLOYEE BENEFITS

A. Compensated Absences

All full-time City employees earn vacation at varying rates based upon the employee's years of service. Employees are allowed to carry over up to two years of accumulated vacation. Upon separation from the City, the employee (or his estate) receives 100% of all accumulated, unused vacation. Employees earn sick leave at a rate of 1.25 days per month of work completed. Upon retirement, and in certain instances, termination, an individual will be compensated for their accumulated sick leave at a maximum rate of one-third of the balance provided they meet minimum accumulated sick leave hours ranging from 480 to 720 hours and do not to exceed varying maximums ranging from 1,200 to 1,800 hours. The monetary compensation is calculated at the hourly rate of compensation of the employee at the time of retirement.

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 expected to become eligible in the future to receive such payments.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 9 – OTHER EMPLOYEE BENEFITS (Continued)

A. Compensated Absences (Continued)

At December 31, 2002, the total accumulated unpaid sick, vacation and compensatory time recorded as Long-Term Obligations by the City was as follows:

Governmental Activities:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	36,394	\$300,362
Vacation Time	26,273	543,703
Compensatory Time	<u>2,258</u>	<u>45,551</u>
Total	<u>64,925</u>	<u>\$889,616</u>

Business-Type Activities:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	5,347	\$35,523
Vacation Time	4,421	82,474
Compensatory Time	<u>348</u>	<u>5,654</u>
Total	<u>10,116</u>	<u>\$123,651</u>

B. Medical, Dental and Life Insurance Benefits

The City provides medical, dental and life insurance benefits for all full time employees. The Police and Fire personnel, which includes the FOP union, IAFF union and Police Dispatchers' union, can select one of two medical plans, United Health Care or Anthem Blue Cross HMP. The City also provides life insurance through American Mutual Life Insurance Company in the amount of \$25,000 for police and fire personnel.

AFSCME union personnel medical insurance was contracted with Anthem Blue Cross and Blue Shield to provide the Community Choice Plan. The City also provides life, accidental death and dismemberment, vision, and hearing aid insurance for these employees through Ohio AFSCME Care Plan. The life insurance payout is based on their hourly wage with minimum and maximum of \$10,000 and \$16,000, respectively.

Non-union personnel medical insurance was provided by Anthem Blue Cross and Blue Shield. Dental insurance for non-union personnel was provided by the City's self-insurance program. The City also provides life insurance through American Mutual Life Insurance Company in the amount of \$25,000 for management and \$20,000 for all other employees.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 10 – 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.

	Balance December 31, 2001	Issued	(Retired)	Balance December 31, 2002
General Obligation Notes:				
General Fund:				
1.90% Yellow Springs Improvement	\$0	\$300,000	\$0	\$300,000
Capital Projects Funds:				
3.00% Yellow Springs Improvement	700,000	0	(700,000)	0
1.75% Yellow Springs Improvement	0	650,000	0	650,000
1.55% Fire Truck Purchase	0	270,000	0	270,000
Enterprise Funds:				
4.00% Biosolids Improvement	990,000	0	(990,000)	0
1.89% Biosolids Improvement	0	890,000	0	890,000
1.89% Trebein Road Improvement	0	300,000	0	300,000
2.50% WRC Improvement	0	1,900,000	0	1,900,000
2.50% Water Plant Improvement	0	600,000	0	600,000
Total Notes Payable	<u>\$1,690,000</u>	<u>\$4,610,000</u>	<u>(\$1,690,000)</u>	<u>\$4,610,000</u>

NOTE 11 – LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, loans, compensated absences and intergovernmental payables of the City for the year ended December 31, 2002 is as follows:

Date Purchased	Interest Rate	Description	Balance December 31, 2001	Issued	(Retired)	Balance December 31, 2002	Amount Due Within One Year
Business-Type Activities:							
General Obligation Bonds:							
2001	3.00 - 4.20%	Utility Improvement - Water Unamortized Charge	\$1,790,042	\$2,560	(\$152,500)	\$1,640,102	\$157,500
2001	3.00 - 4.20%	Utility Improvement - Sewer Unamortized Charge	1,790,042	2,560	(152,500)	1,640,102	157,500
2001	3.50 - 4.20%	Various Purpose - Water	927,500	0	(75,000)	852,500	80,000
2001	3.50 - 4.20%	Various Purpose - Sewer	927,500	0	(75,000)	852,500	80,000
Total General Obligation Bonds			<u>5,435,084</u>	<u>5,120</u>	<u>(455,000)</u>	<u>4,985,204</u>	<u>475,000</u>

CITY OF FAIRBORN, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

Date Purchased	Interest Rate	Description	Balance December 31, 2001	Issued	(Retired)	Balance December 31, 2002	Amount Due Within One Year
Business-Type Activities (Continued):							
Ohio Water Development Authority Loans (OWDA):							
1986	8.970%	OWDA Loan	693,920	0	(53,360)	640,560	58,147
1992	5.200%	OWDA Loan	1,693,813	0	(117,568)	1,576,245	123,762
1993	3.540%	OWDA Loan	124,599	0	0	124,599	28,439
1996	3.910%	OWDA Loan	1,361,918	0	(40,690)	1,321,228	186,330
Total Ohio Water Development Authority Loans			3,874,250	0	(211,618)	3,662,632	396,678
Ohio Public Works Commission Loan			233,596	0	(16,685)	216,911	16,686
Compensated Absences			112,616	21,868	(10,833)	123,651	0
Landfill Closure and Postclosure Care Costs			343,723	0	(20,219)	323,504	20,219
Total Business-Type Activities			\$9,999,269	\$26,988	(\$714,355)	\$9,311,902	\$908,583
Governmental Activities:							
General Obligation Bonds:							
2001	3.00 - 4.20%	Fairborn Library	\$1,260,000	\$0	(\$110,000)	\$1,150,000	\$110,000
1998	Various	Police/Fire Dispatch	405,000	0	(60,000)	345,000	65,000
1999	Various	Downtown Revitalization	125,000	0	(40,000)	85,000	42,000
1999	Various	Street Improvement	210,000	0	(20,000)	190,000	25,000
Total General Obligation Bonds			2,000,000	0	(230,000)	1,770,000	242,000
Special Assessment Notes:							
1988	5.000%	Curb and Sidewalk	12,748	0	(6,374)	6,374	6,374
1999	5.000%	Curb and Sidewalk	34,525	0	(11,510)	23,015	11,508
2002	4.000%	Curb and Sidewalk	0	56,444	0	56,444	11,289
Total Special Assessment Notes (with Governmental Commitment)			47,273	56,444	(17,884)	85,833	29,171
Special Assessment Bonds:							
1981	9.250%	Water and Sewer Improvement	300,000	0	(75,000)	225,000	75,000
1983	11.625%	Five Point II Street Improvement	3,000	0	(3,000)	0	0
1986	8.750%	Water System Improvement	12,000	0	(3,000)	9,000	3,000
1988	7.190%	Street Improvement	525,000	0	(75,000)	450,000	75,000
1998	5.150%	Commerce Center/Channingway Drive	1,050,000	0	(40,000)	1,010,000	40,000
Total Special Assessment Bonds (with Governmental Commitment)			1,890,000	0	(196,000)	1,694,000	193,000
Compensated Absences			914,664	99,752	(124,800)	889,616	37,431
Total Other Long-Term Liabilities			914,664	99,752	(124,800)	889,616	37,431
Total Governmental Activities			\$4,851,937	\$156,196	(\$568,684)	\$4,439,449	\$501,602

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City’s special assessment bonds outstanding at December 31, 2002, \$1,694,000, 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.

The voted general obligation bond issues will be paid through the Street Lighting Fund, General Bond Retirement Fund, General Capital Improvement Fund and Buildings and Land Fund from tax revenue. The intergovernmental payable represents the City’s liability for fourth quarter pension payments to PERS of Ohio and the OP&F Fund. The liability will be paid from the fund(s) from which the employee’s salary is paid. Enterprise Funds’ bonds payable are general obligation bonds paid from operating revenues of the enterprise operation for which the improvements were made. The OWDA loans payable represents amounts borrowed from the Ohio Water Development Authority for the construction of water system improvements to the water reclamation center, part of the Sewer Fund. The loans will be paid from Sewer Fund revenue.

A. Future Long-Term Financing Requirements

A summary of the City’s future long-term debt funding requirements including principal and interest payments as of December 31, 2002 follows:

Years	General Obligation Bonds		Special Assessment Bonds		Special Assessment Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$717,000	\$267,930	\$193,000	\$107,741	\$29,171	\$3,726
2004	748,000	241,400	198,000	92,855	22,797	2,382
2005	730,000	213,228	198,000	77,638	11,288	1,354
2006	745,000	185,050	125,000	62,420	11,289	903
2007	795,000	156,310	125,000	54,145	11,288	452
2008-2012	3,065,000	319,380	370,000	177,453	0	0
2013-2018	0	0	485,000	92,187	0	0
Totals	\$6,800,000	\$1,383,298	\$1,694,000	\$664,439	\$85,833	\$8,817

Years	OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest
2003	\$396,678	\$247,325	\$16,686	\$0
2004	328,904	186,647	16,685	0
2005	346,734	168,817	16,686	0
2006	365,642	149,909	16,685	0
2007	385,701	129,850	16,686	0
2008-2012	1,838,973	299,474	83,427	0
2013-2018	0	0	50,056	0
Totals	\$3,662,632	\$1,182,022	\$216,911	\$0

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

B. Conduit Debt

The City has issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of an extended care facility deemed to be in the public interest. In addition, the City has issued Mortgage Revenue Bonds to provide financial assistance in developing a senior citizen housing property. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2002, there was one series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$1,805,833. The original issue amount totaled \$2,500,000. As of December 31, 2002, there was one series of Mortgage Revenue Bonds outstanding with an aggregate principal amount payable of \$3,075,000. The original issue amount totaled \$3,300,000.

C. Defeasance of General Obligation Debt

In September of 2001, the City defeased \$3,615,000 of General Obligation Bonds for Utility Improvements dated October 1, 1991 (the “1991 Utility Improvement Bonds”) through the issuance of \$3,960,000 of General Obligation Bonds for Utility Improvements (the “2001 Utility Improvement Bonds”). Also in September of 2001, the City defeased \$1,245,000 of General Obligation Bonds for Library Improvements dated October 1, 1991 (the “1991 Library Improvement Bonds”) through the issuance of \$1,370,000 of General Obligation Bonds for Library Improvements (the “2001 Library Improvement Bonds”). The net proceeds of the 2001 Utility Improvement Bonds and the 2001 Library Improvement Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded Utility Improvement Bonds, which have an outstanding balance of \$3,145,000 at December 31, 2002, and the Library Improvement Bonds, which have an outstanding balance of \$1,085,000 at December 31, 2002, are not included in the City’s outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

The City reduced its aggregate debt service payments over the life of the refunded Utility Improvement Bonds by \$364,300 and obtained an economic gain of \$310,850. The acquisition price exceeded the net carrying amount of the 1991 Utility Improvement Bonds by \$51,196. This amount is being netted against the 2001 Utility Improvement Bonds and amortized over the life of those bonds, which is equal to the remaining life of the 1991 Utility Improvement Bonds. In addition, the City reduced its aggregate debt service payments over the life of the refunded Library Improvement Bonds by \$135,315 and obtained an economic gain of \$115,906.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City’s landfill placed its final cover in 1989. The \$323,504 reported as landfill postclosure care liability in the Sanitation Enterprise Fund at December 31, 2002, represents the cumulative amount reported to date based on the estimated cost of maintenance and monitoring through 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. Financial assurances may take the form of a financial test and corporate guarantee.

NOTE 13 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2002:

Fund	Transfers In	Transfers Out
General Fund	\$117,569	\$1,144,000
Special Revenue Funds:		
Street Maintenance and Repair	98,000	8,500
Cemetery	41,000	3,000
Street Lighting	207,000	0
Law Enforcement Trust	0	5,000
Drug Law Enforcement	0	5,000
Damage Repair	75,000	0
Total Special Revenue Funds	421,000	21,500
Debt Service Funds:		
General Bond Retirement	11,687	171,000
Tax Increment	0	61,687
Total Debt Service Funds	11,687	232,687
Capital Projects Funds:		
Issue II Improvement	71,000	0
Municipal Court Improvement	0	9,334
General Capital Improvement	455,700	0
Public Safety Equipment/Facility	250,000	0
Buildings and Land	178,800	0
Total Capital Projects Funds	955,500	9,334
Internal Service Fund:		
Self-Insurance	0	98,235
Totals	\$1,505,756	\$1,505,756

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 14 – INTERFUND ASSETS AND LIABILITIES

Individual fund interfund receivable and payable balances at December 31, 2002, were as follows:

	Assets		Liabilities	
	Interfund Receivables	Due From Other Funds	Interfund Payables	Due To Other Funds
General Fund	\$133	\$0	\$0	\$5,836
Special Revenue Funds:				
Street Maintenance and Repair	0	0	0	887
State Highway	0	0	0	81
Cemetery	0	0	0	63
Community Development	0	0	0	20
Victim Witness	0	0	0	0
County Motor Vehicle License Tax	0	0	0	32,000
Drug Law Enforcement	0	0	133	0
Total Special Revenue Funds	0	0	133	33,051
Capital Project Fund:				
Issue II Improvement	0	32,000	0	0
Enterprise Funds:				
Water	0	0	0	595
Sewer	0	997	0	656
Sanitation	0	0	0	145
Total Enterprise Funds	0	997	0	1,396
Internal Service Fund:				
Equipment	0	7,320	0	34
Total All Funds	\$133	\$40,317	\$133	\$40,317

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2002**

NOTE 15 – SEGMENT INFORMATION

The City’s enterprise funds account for the provision of water, sewer, and garbage collection services. Key financial information as of and for the year ended December 31, 2002, for each enterprise fund is as follows:

	Water Fund	Sewer Fund	Sanitation Fund	Total
<u>For the Year Ended December 31, 2002</u>				
Operating Revenues	\$2,570,909	\$3,970,838	\$1,903,751	\$8,445,498
Depreciation Expense	799,512	913,868	3,974	1,717,354
Operating Income	45,104	642,858	118,937	806,899
Net Nonoperating Expenses	(118,606)	(294,427)	0	(413,033)
Change in Net Assets	(73,502)	348,431	118,937	393,866
Property, Plant and Equipment:				
Additions	260,281	909,630	64,698	1,234,609
<u>As of December 31, 2002</u>				
Total Assets	11,480,090	14,719,016	1,212,600	27,411,706
Net Working Capital	1,827,798	1,320,644	918,063	4,066,505
General Obligation Bonds	2,492,602	2,492,602	0	4,985,204
Ohio Water Development				
Authority Loans	0	3,662,632	0	3,662,632
Ohio Public Works				
Commission Loan	216,911	0	0	216,911
Net Assets	7,904,423	5,056,974	732,366	13,693,763

NOTE 16 – 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; injuries to employees and natural disasters. During 2002, the City participated in the Public Entities Pool of Ohio (PEP), established as a risk sharing self insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance program for its members. PEP is a corporation governed by a seven member board of directors, consisting of representatives elected by the 230 participating governments.

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

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Municipal General Liability	\$2,000,000	\$0
Public Official	2,000,000	1,000
Municipal Automobile Liability	2,000,000	0
Municipal Automobile Physical Damage	2,000,000	500 - 1,000
Police Professional Liability	2,000,000	1,000

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 16 – RISK MANAGEMENT (Continued)

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

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

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

The City has contracted with the Cincinnati Insurance Company to provide boiler and machinery coverage. The deductible is \$2,500.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant changes in coverage from last year.

The City pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The City maintains a self-insurance program for employee dental benefits. The claims liability of \$1,283 reported at December 31, 2002, as estimated through reviewing actual claims filed in the first few months of the year by the third party administrator, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost be reported if information prior to the 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 in 2002 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2001	\$4,115	\$39,597	(\$41,387)	\$2,325
2002	2,325	56,424	(57,466)	1,283

NOTE 17 – CONTINGENT LIABILITIES

A. Litigation

The City of Fairborn is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2002***

NOTE 17 – CONTINGENT LIABILITIES (Continued)

B. Federal and State Grants

For the period January 1, 2002, to December 31, 2002, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 18 – CONSTRUCTION COMMITMENTS

As of December 31, 2002, the City had the following commitments with respect to capital projects:

Project	Remaining Construction Commitment	Expected Date of Completion
Beaver Valley Road Improvement	\$183,438	June-03
Interstate 675 Enhancement	538,000	July-04
Wellfield Study	75,000	September-03
Southeast Lift Station Pump Replacement	84,800	June-03
Southeast Forcemain Design	15,000	December-03
Sanitary System Rehabilitation	94,915	August-03
Total	\$991,153	

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, INTERNAL
SERVICE 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 expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Street Maintenance and Repair Fund

To account for gasoline tax and motor vehicle license fees remitted to the City for routine street maintenance of city streets.

State Highway Fund

To account for gasoline tax and motor vehicle license fees used for routine state highways within the City.

Cemetery Fund

To account for revenues received from the sale of lots, charges for burial service and foundations and transfers to operate and maintain the City cemetery.

Community Development Fund

To account for monies received from the federal government under the Community Development Block Grant program.

Victim Witness Fund

To account for grant money received from the State of Ohio.

Street Lighting Fund

To account for voted tax millage and transfers from the general fund to provide street lighting within the City.

County Motor Vehicle License Tax Fund

To account for permissive license tax received from the County for a project approved by the county engineer, or transfers to finance the project until completion whereupon reimbursement will be received.

Law Enforcement Trust Fund

To account for fines generated in the prosecution of those in possession of contraband and the proceeds gained from the sale of the confiscated contraband.

Drug Law Enforcement Fund

To account for donations from interested civic groups and fines generated from the prosecution of illegal drug usage and sales.

(Continued)

Special Revenue Funds (Continued)

City Motor Vehicle License Tax Fund

To account for permissive license tax received from the State to finance various street projects.

Indigent Drivers Alcohol Treatment Fund

To account for fines imposed by the Municipal Court for the purpose of paying the costs of attendance of indigent OMVI offenders at alcohol and drug addiction treatment programs.

Alcohol Enforcement and Education Fund

To account for fines imposed by the Municipal Court for the purpose of educating the public and enforcing the laws governing the operation of a motor vehicle while under the influence of alcohol.

Federal Forfeitures Fund

To account for proceeds from federal forfeitures received by the Fairborn Police Department pursuant to Section 2933.43 of the Ohio Revised Code. The revenue is used for law enforcement purposes only, excluding salaries.

Municipal Probation Services Fund

To account for the monies received from fines levied and expenditures by the Probations Officers.

Damage Repair Fund

To account for the expenditure of funds to repair damage to City property.

Debt Service Fund

The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for payment.

Tax Increment Fund

To account for revenue received from payments in lieu of taxes from area businesses that enter into tax increment financing agreements. These monies will pay the debt service on money borrowed to complete capital improvements.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Issue II Improvement Fund

To account for Issue II funds received from the State of Ohio for each project awarded through this program and local matching funds.

Municipal Court Improvement Fund

To account for an extra three dollar fee charged by the municipal court on all cases. The money received from this fee is used for capital improvement projects within the municipal court.

Court Special Projects Fund

To account for revenues derived from fines levied by the court to be used by the court for special projects.

General Capital Improvement Fund

To account for revenues received to purchase or construct equipment or buildings.

Parks and Recreation Improvement Fund

To account for hotel/motel tax and grants for the improvement of the City park system.

Public Safety Equipment/Facility Fund

To account for revenues received from the emergency response auto-collect and other revenue sources to provide funding for Police and Fire facilities and equipment.

Buildings and Land Fund

To account for three percent of income tax revenue that is transferred from the general fund to fund major repair, replacement and improvement of City owned buildings and land. Minor repairs are paid through the departmental budgets of the City.

Special Assessment Construction Fund

To account for the sale of notes and the collection of special assessments for the construction of specific projects which will be paid from special assessments.

CITY OF FAIRBORN, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2002**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,277,582	\$ 1,293,781	\$ 6,486	\$ 2,577,849
Investments	0	376,540	0	376,540
Receivables (net of allowance for doubtful accounts):				
Taxes	160,909	37,774	0	198,683
Accounts	13,369	75,832	0	89,201
Intergovernmental	477,489	135,397	0	612,886
Interest	0	262	0	262
Due from Other Funds	0	32,000	0	32,000
Inventory of Supplies, at Cost	38,885	0	0	38,885
Prepaid Items	4,324	0	0	4,324
Total Assets	\$ 1,972,558	\$ 1,951,586	\$ 6,486	\$ 3,930,630
Liabilities:				
Accounts Payable	93,875	134,748	0	228,623
Accrued Wages and Benefits Payable	36,435	0	0	36,435
Intergovernmental Payable	3,944	0	0	3,944
Due to Other Funds	33,051	0	0	33,051
Interfund Payable	133	0	0	133
Deferred Revenue - Taxes	156,384	4,461	0	160,845
Deferred Revenue	393,096	135,397	0	528,493
Accrued Interest Payable	0	4,992	0	4,992
General Obligation Notes Payable	0	920,000	0	920,000
Special Assessment Notes Payable	0	85,833	0	85,833
Total Liabilities	716,918	1,285,431	0	2,002,349
Fund Balances:				
Reserved for Encumbrances	77,374	359,117	0	436,491
Reserved for Prepaid Items	4,324	0	0	4,324
Reserved for Supplies Inventory	38,885	0	0	38,885
Reserved for Debt Service	0	0	6,486	6,486
Unreserved, Undesignated in:				
Special Revenue Funds	1,135,057	0	0	1,135,057
Capital Projects Funds	0	307,038	0	307,038
Total Fund Balances	1,255,640	666,155	6,486	1,928,281
Total Liabilities and Funds Balances	\$ 1,972,558	\$ 1,951,586	\$ 6,486	\$ 3,930,630

CITY OF FAIRBORN, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2002**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$ 162,637	\$ 92,417	\$ 0	\$ 255,054
Intergovernmental Revenues	1,891,587	380,058	0	2,271,645
Charges for Services	29,575	91,330	0	120,905
Licenses and Permits	0	0	35,972	35,972
Investment Earnings	0	4,954	0	4,954
Special Assessments	0	90,043	0	90,043
Fines and Forfeitures	141,718	272,744	0	414,462
All Other Revenue	190,960	15,259	0	206,219
Total Revenue	2,416,477	946,805	35,972	3,399,254
Expenditures:				
Current:				
Security of Persons and Property	450,845	0	0	450,845
Public Health and Welfare Services	77,938	0	0	77,938
Leisure Time Activities	0	37,640	0	37,640
Community Environment	340,258	0	0	340,258
Transportation	899,133	0	0	899,133
General Government	139,201	104,024	489	243,714
Capital Outlay	605,606	1,688,042	0	2,293,648
Debt Service:				
Principal Retirement	40,000	80,000	0	120,000
Interest & Fiscal Charges	4,725	49,893	0	54,618
Total Expenditures	2,557,706	1,959,599	489	4,517,794
Excess (Deficiency) of Revenues Over Expenditures	(141,229)	(1,012,794)	35,483	(1,118,540)
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	114,343	0	0	114,343
Operating Transfers In	421,000	955,500	0	1,376,500
Operating Transfers Out	(21,500)	(9,334)	(61,687)	(92,521)
Total Other Financing Sources (Uses)	513,843	946,166	(61,687)	1,398,322
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	372,614	(66,628)	(26,204)	279,782
Fund Balances at Beginning of Year	914,832	732,783	32,690	1,680,305
Increase (Decrease) in Inventory Reserve	(31,806)	0	0	(31,806)
Fund Balances End of Year	\$ 1,255,640	\$ 666,155	\$ 6,486	\$ 1,928,281

CITY OF FAIRBORN, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002**

	Street Maintenance and Repair Fund	State Highway Fund	Cemetery Fund	Community Development Fund
Assets:				
Cash and Cash Equivalents	\$ 166,560	\$ 12,507	\$ 7,472	\$ 138,370
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	1,498	0	0	0
Intergovernmental	331,355	26,873	0	0
Inventory of Supplies, at Cost	38,885	0	0	0
Prepaid Items	2,173	205	316	0
Total Assets	<u>\$ 540,471</u>	<u>\$ 39,585</u>	<u>\$ 7,788</u>	<u>\$ 138,370</u>
Liabilities:				
Accounts Payable	\$ 40,962	\$ 1,063	\$ 256	\$ 19,668
Accrued Wages and Benefits Payable	23,563	1,992	2,348	3,658
Intergovernmental Payable	2,592	211	247	372
Due to Other Funds	887	81	63	20
Interfund Payable	0	0	0	0
Deferred Revenue - Taxes	0	0	0	0
Deferred Revenue	275,583	22,350	0	0
Total Liabilities	<u>343,587</u>	<u>25,697</u>	<u>2,914</u>	<u>23,718</u>
Fund Balances:				
Reserved for Encumbrances	34,107	2,885	989	18,630
Reserved for Prepaid Items	2,173	205	316	0
Reserved for Supplies Inventory	38,885	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	121,719	10,798	3,569	96,022
Total Fund Balances	<u>196,884</u>	<u>13,888</u>	<u>4,874</u>	<u>114,652</u>
Total Liabilities and Funds Balances	<u>\$ 540,471</u>	<u>\$ 39,585</u>	<u>\$ 7,788</u>	<u>\$ 138,370</u>

CITY OF FAIRBORN, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002**

Victim Witness Fund	Street Lighting Fund	County Motor Vehicle License Tax Fund	Law Enforcement Trust Fund	Drug Law Enforcement Fund	City Motor Vehicle License Tax Fund	Indigent Drivers Alcohol Treatment Fund
\$ 22,121	\$ 27,981	\$ 58,262	\$ 1,207	\$ 0	\$ 11,945	\$ 249,541
0	160,909	0	0	0	0	0
1,469	0	0	0	50	0	723
15,399	7,388	29,597	0	0	59,202	7,675
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 38,989</u>	<u>\$ 196,278</u>	<u>\$ 87,859</u>	<u>\$ 1,207</u>	<u>\$ 50</u>	<u>\$ 71,147</u>	<u>\$ 257,939</u>
\$ 490	\$ 1,268	\$ 7,580	\$ 0	\$ 0	\$ 0	\$ 0
4,874	0	0	0	0	0	0
522	0	0	0	0	0	0
0	0	32,000	0	0	0	0
0	0	0	0	133	0	0
0	156,384	0	0	0	0	0
13,474	7,388	24,765	0	0	49,536	0
<u>19,360</u>	<u>165,040</u>	<u>64,345</u>	<u>0</u>	<u>133</u>	<u>49,536</u>	<u>0</u>
967	0	18,567	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>18,662</u>	<u>31,238</u>	<u>4,947</u>	<u>1,207</u>	<u>(83)</u>	<u>21,611</u>	<u>257,939</u>
<u>19,629</u>	<u>31,238</u>	<u>23,514</u>	<u>1,207</u>	<u>(83)</u>	<u>21,611</u>	<u>257,939</u>
<u>\$ 38,989</u>	<u>\$ 196,278</u>	<u>\$ 87,859</u>	<u>\$ 1,207</u>	<u>\$ 50</u>	<u>\$ 71,147</u>	<u>\$ 257,939</u>

(Continued)

CITY OF FAIRBORN, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2002**

	Alcohol Enforcement and Education Fund	Federal Forfeitures Fund	Municipal Probation Services Fund	Damage Repair Fund	Total Nonmajor Special Revenue Funds
Assets:					
Cash and Cash Equivalents	\$ 7,117	\$ 2,160	\$ 188,922	\$ 383,417	\$ 1,277,582
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	160,909
Accounts	271	0	6,439	2,919	13,369
Intergovernmental	0	0	0	0	477,489
Inventory of Supplies, at Cost	0	0	0	0	38,885
Prepaid Items	0	0	0	1,630	4,324
Total Assets	\$ 7,388	\$ 2,160	\$ 195,361	\$ 387,966	\$ 1,972,558
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 22,588	\$ 93,875
Accrued Wages and Benefits Payable	0	0	0	0	36,435
Intergovernmental Payable	0	0	0	0	3,944
Due to Other Funds	0	0	0	0	33,051
Interfund Payable	0	0	0	0	133
Deferred Revenue - Taxes	0	0	0	0	156,384
Deferred Revenue	0	0	0	0	393,096
Total Liabilities	0	0	0	22,588	716,918
Fund Balances:					
Reserved for Encumbrances	300	0	0	929	77,374
Reserved for Prepaid Items	0	0	0	1,630	4,324
Reserved for Supplies Inventory	0	0	0	0	38,885
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	7,088	2,160	195,361	362,819	1,135,057
Total Fund Balances	7,388	2,160	195,361	365,378	1,255,640
Total Liabilities and Funds Balances	\$ 7,388	\$ 2,160	\$ 195,361	\$ 387,966	\$ 1,972,558

CITY OF FAIRBORN, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

	Street Maintenance and Repair Fund	State Highway Fund	Cemetery Fund	Community Development Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	732,550	59,397	0	705,834
Charges for Services	0	0	29,575	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	13,689	247	1,715	1,675
Total Revenue	746,239	59,644	31,290	707,509
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	77,938	0
Community Environment	0	0	0	340,258
Transportation	816,801	50,332	0	0
General Government	0	0	0	0
Capital Outlay	1,490	5,720	476	317,801
Debt Service:				
Principal Retirement	0	0	0	0
Interest & Fiscal Charges	0	0	0	0
Total Expenditures	818,291	56,052	78,414	658,059
Excess (Deficiency) of Revenues				
Over Expenditures	(72,052)	3,592	(47,124)	49,450
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	0	114,343
Operating Transfers In	98,000	0	41,000	0
Operating Transfers Out	(8,500)	0	(3,000)	0
Total Other Financing Sources (Uses)	89,500	0	38,000	114,343
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses	17,448	3,592	(9,124)	163,793
Fund Balances (Deficits) at Beginning of Year	211,242	10,296	13,998	(49,141)
Increase (Decrease) in Inventory Reserve	(31,806)	0	0	0
Fund Balances (Deficits) End of Year	\$ 196,884	\$ 13,888	\$ 4,874	\$ 114,652

(Continued)

CITY OF FAIRBORN, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

	Victim Witness Fund	Street Lighting Fund	County Motor Vehicle License Tax Fund	Law Enforcement Trust Fund
Revenues:				
Property Taxes	\$ 0	\$ 162,637	\$ 0	\$ 0
Intergovernmental Revenues	66,099	14,598	177,697	0
Charges for Services	0	0	0	0
Fines and Forfeitures	20,406	0	0	0
All Other Revenue	1,220	0	0	5,439
Total Revenue	87,725	177,235	177,697	5,439
Expenditures:				
Current:				
Security of Persons and Property	101,398	303,197	0	0
Public Health and Welfare Services	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	32,000	0
General Government	0	0	0	0
Capital Outlay	272	0	134,141	0
Debt Service:				
Principal Retirement	0	40,000	0	0
Interest & Fiscal Charges	0	4,725	0	0
Total Expenditures	101,670	347,922	166,141	0
Excess (Deficiency) of Revenues				
Over Expenditures	(13,945)	(170,687)	11,556	5,439
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	0	0
Operating Transfers In	0	207,000	0	0
Operating Transfers Out	0	0	0	(5,000)
Total Other Financing Sources (Uses)	0	207,000	0	(5,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses	(13,945)	36,313	11,556	439
Fund Balances (Deficits) at Beginning of Year	33,574	(5,075)	11,958	768
Increase (Decrease) in Inventory Reserve	0	0	0	0
Fund Balances (Deficits) End of Year	\$ 19,629	\$ 31,238	\$ 23,514	\$ 1,207

CITY OF FAIRBORN, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2002***

<u>Drug Law Enforcement Fund</u>	<u>City Motor Vehicle License Tax Fund</u>	<u>Indigent Drivers Alcohol Treatment Fund</u>	<u>Alcohol Enforcement and Education Fund</u>	<u>Federal Forfeitures Fund</u>	<u>Municipal Probation Services Fund</u>	<u>Damage Repair Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 162,637
0	135,412	0	0	0	0	0	1,891,587
0	0	0	0	0	0	0	29,575
0	0	36,856	3,187	2,160	79,109	0	141,718
<u>6,336</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>590</u>	<u>160,049</u>	<u>190,960</u>
<u>6,336</u>	<u>135,412</u>	<u>36,856</u>	<u>3,187</u>	<u>2,160</u>	<u>79,699</u>	<u>160,049</u>	<u>2,416,477</u>
810	0	0	6,087	0	39,353	0	450,845
0	0	0	0	0	0	0	77,938
0	0	0	0	0	0	0	340,258
0	0	0	0	0	0	0	899,133
0	0	0	0	0	0	139,201	139,201
5,234	116,104	0	0	2,157	0	22,211	605,606
0	0	0	0	0	0	0	40,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,725</u>
<u>6,044</u>	<u>116,104</u>	<u>0</u>	<u>6,087</u>	<u>2,157</u>	<u>39,353</u>	<u>161,412</u>	<u>2,557,706</u>
292	19,308	36,856	(2,900)	3	40,346	(1,363)	(141,229)
0	0	0	0	0	0	0	114,343
0	0	0	0	0	0	75,000	421,000
<u>(5,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(21,500)</u>
<u>(5,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>513,843</u>
(4,708)	19,308	36,856	(2,900)	3	40,346	73,637	372,614
4,625	2,303	221,083	10,288	2,157	155,015	291,741	914,832
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(31,806)</u>
<u>\$ (83)</u>	<u>\$ 21,611</u>	<u>\$ 257,939</u>	<u>\$ 7,388</u>	<u>\$ 2,160</u>	<u>\$ 195,361</u>	<u>\$ 365,378</u>	<u>\$ 1,255,640</u>

CITY OF FAIRBORN, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2002**

	Issue II Improvement Fund	Municipal Court Improvement Fund	Court Special Projects Fund	General Capital Improvement Fund
Assets:				
Cash and Cash Equivalents	\$ 49,999	\$ 288,534	\$ 478,192	\$ 180,572
Investments	0	0	0	376,540
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	10,252	9,604	0
Intergovernmental	135,397	0	0	0
Interest	127	0	0	135
Due from Other Funds	32,000	0	0	0
Total Assets	\$ 217,523	\$ 298,786	\$ 487,796	\$ 557,247
Liabilities:				
Accounts Payable	\$ 0	\$ 84,314	\$ 0	\$ 3,347
Deferred Revenue - Taxes	0	0	0	0
Deferred Revenue	135,397	0	0	0
Accrued Interest Payable	3,728	0	0	0
General Obligation Notes Payable	650,000	0	0	0
Special Assessment Notes Payable	0	0	0	0
Total Liabilities	789,125	84,314	0	3,347
Fund Balances:				
Reserved for Encumbrances	153,397	77,516	0	71,708
Unreserved, Undesignated in:				
Capital Projects Funds (Deficits)	(724,999)	136,956	487,796	482,192
Total Fund Balances	(571,602)	214,472	487,796	553,900
Total Liabilities and Funds Balances	\$ 217,523	\$ 298,786	\$ 487,796	\$ 557,247

CITY OF FAIRBORN, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2002**

Parks and Recreation Improvement Fund	Public Safety Equipment/ Facility Fund	Buildings and Land Fund	Special Assessment Construction Fund	Total Nonmajor Capital Projects Funds
\$ 123,679	\$ 24,397	\$ 99,749	\$ 48,659	\$ 1,293,781
0	0	0	0	376,540
26,097	0	11,677	0	37,774
0	54,394	0	1,582	75,832
0	0	0	0	135,397
0	0	0	0	262
0	0	0	0	32,000
<u>\$ 149,776</u>	<u>\$ 78,791</u>	<u>\$ 111,426</u>	<u>\$ 50,241</u>	<u>\$ 1,951,586</u>
\$ 4,057	\$ 22,576	\$ 8,916	\$ 11,538	\$ 134,748
4,461	0	0	0	4,461
0	0	0	0	135,397
0	953	0	311	4,992
0	270,000	0	0	920,000
0	0	0	85,833	85,833
<u>8,518</u>	<u>293,529</u>	<u>8,916</u>	<u>97,682</u>	<u>1,285,431</u>
30,330	995	21,638	3,533	359,117
<u>110,928</u>	<u>(215,733)</u>	<u>80,872</u>	<u>(50,974)</u>	<u>307,038</u>
<u>141,258</u>	<u>(214,738)</u>	<u>102,510</u>	<u>(47,441)</u>	<u>666,155</u>
<u>\$ 149,776</u>	<u>\$ 78,791</u>	<u>\$ 111,426</u>	<u>\$ 50,241</u>	<u>\$ 1,951,586</u>

CITY OF FAIRBORN, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

	Issue II Improvement Fund	Municipal Court Improvement Fund	Court Special Projects Fund	General Capital Improvement Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	365,206	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	1,645	0	0	3,309
Special Assessments	0	0	0	0
Fines and Forfeitures	0	142,862	129,882	0
All Other Revenue	0	397	0	0
Total Revenue	<u>366,851</u>	<u>143,259</u>	<u>129,882</u>	<u>3,309</u>
Expenditures:				
Current:				
Leisure Time Activities	0	0	0	0
General Government	33,950	55,931	0	0
Capital Outlay	382,315	148,910	0	357,242
Debt Service:				
Principal Retirement	0	0	0	20,000
Interest & Fiscal Charges	17,961	0	0	10,500
Total Expenditures	<u>434,226</u>	<u>204,841</u>	<u>0</u>	<u>387,742</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(67,375)	(61,582)	129,882	(384,433)
Other Financing Sources (Uses):				
Operating Transfers In	71,000	0	0	455,700
Operating Transfers Out	0	(9,334)	0	0
Total Other Financing Sources (Uses)	<u>71,000</u>	<u>(9,334)</u>	<u>0</u>	<u>455,700</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,625	(70,916)	129,882	71,267
Fund Balances (Deficits) at Beginning of Year	<u>(575,227)</u>	<u>285,388</u>	<u>357,914</u>	<u>482,633</u>
Fund Balances (Deficits) End of Year	<u>\$ (571,602)</u>	<u>\$ 214,472</u>	<u>\$ 487,796</u>	<u>\$ 553,900</u>

CITY OF FAIRBORN, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

Parks and Recreation Improvement Fund	Public Safety Equipment/ Facility Fund	Buildings and Land Fund	Special Assessment Construction Fund	Total Nonmajor Capital Project Funds
\$ 92,417	\$ 0	\$ 0	\$ 0	\$ 92,417
14,852	0	0	0	380,058
12,000	79,330	0	0	91,330
0	0	0	0	4,954
0	0	0	90,043	90,043
0	0	0	0	272,744
7,885	1,597	1,925	3,455	15,259
<u>127,154</u>	<u>80,927</u>	<u>1,925</u>	<u>93,498</u>	<u>946,805</u>
37,640	0	0	0	37,640
0	0	13,071	1,072	104,024
79,592	544,712	60,531	114,740	1,688,042
0	0	60,000	0	80,000
0	953	18,060	2,419	49,893
<u>117,232</u>	<u>545,665</u>	<u>151,662</u>	<u>118,231</u>	<u>1,959,599</u>
9,922	(464,738)	(149,737)	(24,733)	(1,012,794)
0	250,000	178,800	0	955,500
0	0	0	0	(9,334)
<u>0</u>	<u>250,000</u>	<u>178,800</u>	<u>0</u>	<u>946,166</u>
9,922	(214,738)	29,063	(24,733)	(66,628)
<u>131,336</u>	<u>0</u>	<u>73,447</u>	<u>(22,708)</u>	<u>732,783</u>
<u>\$ 141,258</u>	<u>\$ (214,738)</u>	<u>\$ 102,510</u>	<u>\$ (47,441)</u>	<u>\$ 666,155</u>

CITY OF FAIRBORN, 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, 2002**

GENERAL FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,324,744	\$ 2,409,544	\$ 2,409,771	\$ 227
Municipal Income Taxes	5,960,800	5,960,800	6,175,868	215,068
Intergovernmental Revenues	2,915,914	2,780,114	2,770,449	(9,665)
Charges for Services	3,122,685	3,232,085	3,226,278	(5,807)
Licenses and Permits	298,650	251,450	245,372	(6,078)
Investment Earnings	375,000	405,000	411,546	6,546
Fines and Forfeitures	1,161,000	1,092,200	1,092,565	365
All Other Revenues	348,604	366,404	352,952	(13,452)
Total Revenues	16,507,397	16,497,597	16,684,801	187,204
Expenditures:				
Current:				
Security of Persons and Property:				
Police Law Enforcement				
Personal Services	4,479,405	4,428,285	4,316,926	111,359
Other Expenditures	719,002	650,807	605,797	45,010
Fire Prevention and Control				
Personal Services	4,255,384	4,255,384	4,217,240	38,144
Other Expenditures	410,994	407,042	357,146	49,896
Total Security of Persons and Property	9,864,785	9,741,518	9,497,109	244,409
Public Health and Welfare Services:				
Other Expenditures	76,123	76,123	77,650	(1,527)
Total Public Health and Welfare Services	76,123	76,123	77,650	(1,527)
Leisure Time Activities:				
Recreation Programs				
Personal Services	73,178	56,703	47,311	9,392
Other Expenditures	116,226	110,412	91,771	18,641
Total Leisure Time Activities	189,404	167,115	139,082	28,033
Community Environment:				
Urban Planner				
Personal Services	202,154	181,482	148,345	33,137
Other Expenditures	11,622	13,447	11,761	1,686
Building Inspection				
Personal Services	294,058	294,058	283,357	10,701
Other Expenditures	52,431	52,064	36,866	15,198
Total Community Environment	560,265	541,051	480,329	60,722

(Continued)

CITY OF FAIRBORN, 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, 2002***

GENERAL FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
General Government:				
City Manager				
Personal Services	353,590	353,590	345,444	8,146
Other Expenditures	16,983	16,261	13,846	2,415
Council				
Personal Services	44,543	44,543	43,605	938
Other Expenditures	45,976	39,959	35,874	4,085
Municipal Court				
Personal Services	1,287,324	1,276,004	1,174,288	101,716
Other Expenditures	221,106	232,426	220,210	12,216
Finance				
Personal Services	839,506	796,306	795,616	690
Other Expenditures	254,336	255,732	239,457	16,275
Solicitor				
Personal Services	144,837	133,067	133,063	4
Other Expenditures	78,049	124,203	123,768	435
Personnel				
Personal Services	130,616	130,616	130,195	421
Other Expenditures	42,530	42,186	35,505	6,681
Risk Management				
Personal Services	0	244	244	0
Engineering and Drafting				
Personal Services	276,063	256,263	245,257	11,006
Other Expenditures	51,204	70,179	64,266	5,913
Public Works Director				
Personal Services	80,755	70,539	70,483	56
Other Expenditures	2,611	1,248	1,244	4
Plant Maintenance				
Personal Services	399,186	402,986	397,932	5,054
Other Expenditures	162,498	133,431	132,210	1,221
Audio Visual				
Personal Services	49,628	49,628	49,234	394
Other Expenditures	25,488	23,335	15,627	7,708
Other General Government				
Personal Services	59,000	58,842	58,842	0
Other Expenditures	1,131,420	1,103,540	1,097,408	6,132
Total General Government	<u>5,697,249</u>	<u>5,615,128</u>	<u>5,423,618</u>	<u>191,510</u>

(Continued)

CITY OF FAIRBORN, 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, 2002**

GENERAL FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Capital Outlay	484,125	800,129	781,533	18,596
Total Expenditures	<u>16,871,951</u>	<u>16,941,064</u>	<u>16,399,321</u>	<u>541,743</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(364,554)	(443,467)	285,480	728,947
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	15,000	15,000	7,314	(7,686)
Proceeds from General Obligation Notes	0	300,000	300,000	0
Operating Transfers In	377,992	186,992	117,569	(69,423)
Operating Transfers Out	<u>(1,108,450)</u>	<u>(1,348,260)</u>	<u>(1,144,000)</u>	<u>204,260</u>
Total Other Financing Sources (Uses)	<u>(715,458)</u>	<u>(846,268)</u>	<u>(719,117)</u>	<u>127,151</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,080,012)	(1,289,735)	(433,637)	856,098
Fund Balance at Beginning of Year	4,129,480	4,129,480	4,129,480	0
Prior Year Encumbrances	<u>178,329</u>	<u>178,329</u>	<u>178,329</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,227,797</u>	<u>\$ 3,018,074</u>	<u>\$ 3,874,172</u>	<u>\$ 856,098</u>

CITY OF FAIRBORN, 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, 2002***

GENERAL BOND RETIREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 151,198	\$ 151,198	\$ 156,226	\$ 5,028
Intergovernmental Revenues	18,302	18,302	18,302	0
Investment Earnings	30,000	30,000	20,812	(9,188)
Special Assessments	299,811	299,811	297,210	(2,601)
All Other Revenues	19,000	19,000	43,636	24,636
Total Revenues	<u>518,311</u>	<u>518,311</u>	<u>536,186</u>	<u>17,875</u>
Expenditures:				
General Government:				
Other Expenditures	<u>29,000</u>	<u>29,000</u>	<u>27,351</u>	<u>1,649</u>
Total General Government	<u>29,000</u>	<u>29,000</u>	<u>27,351</u>	<u>1,649</u>
Debt Service:				
Principal Retirement	306,000	356,400	306,000	50,400
Interest and Fiscal Charges	<u>171,476</u>	<u>171,476</u>	<u>183,489</u>	<u>(12,013)</u>
Total Debt Service	<u>477,476</u>	<u>527,876</u>	<u>489,489</u>	<u>38,387</u>
Total Expenditures	<u>506,476</u>	<u>556,876</u>	<u>516,840</u>	<u>40,036</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,835	(38,565)	19,346	57,911
Other Financing Sources (Uses):				
Operating Transfers In	11,687	11,687	11,687	0
Operating Transfers Out	<u>(56,000)</u>	<u>(181,000)</u>	<u>(171,000)</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>(44,313)</u>	<u>(169,313)</u>	<u>(159,313)</u>	<u>10,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(32,478)	(207,878)	(139,967)	67,911
Fund Balance at Beginning of Year	<u>762,334</u>	<u>762,334</u>	<u>762,334</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 729,856</u>	<u>\$ 554,456</u>	<u>\$ 622,367</u>	<u>\$ 67,911</u>

CITY OF FAIRBORN, 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, 2002***

STREET MAINTENANCE AND REPAIR FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 715,000	\$ 712,000	\$ 719,513	\$ 7,513
All Other Revenues	16,086	16,086	12,306	(3,780)
Total Revenues	<u>731,086</u>	<u>728,086</u>	<u>731,819</u>	<u>3,733</u>
Expenditures:				
Transportation:				
General Administration				
Personal Services	69,436	69,436	69,265	171
Other Expenditures	132,280	132,280	124,513	7,767
Total General Administration	<u>201,716</u>	<u>201,716</u>	<u>193,778</u>	<u>7,938</u>
Street Resurfacing Projects				
Personal Services	346,694	335,094	328,128	6,966
Other Expenditures	89,493	89,207	73,986	15,221
Total Street Resurfacing Projects	<u>436,187</u>	<u>424,301</u>	<u>402,114</u>	<u>22,187</u>
Ice and Snow Removal				
Other Expenditures	62,600	62,986	31,035	31,951
Traffic Signs and Signals				
Personal Services	104,194	105,194	104,654	540
Other Expenditures	73,467	83,967	81,967	2,000
Total Traffic Signs and Signals	<u>177,661</u>	<u>189,161</u>	<u>186,621</u>	<u>2,540</u>
Total Transportation	<u>878,164</u>	<u>878,164</u>	<u>813,548</u>	<u>64,616</u>
Capital Outlay	1,600	1,600	1,490	110
Total Expenditures	<u>879,764</u>	<u>879,764</u>	<u>815,038</u>	<u>64,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(148,678)	(151,678)	(83,219)	68,459

(Continued)

CITY OF FAIRBORN, 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, 2002***

STREET MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	750	750	0	(750)
Operating Transfers In	98,000	98,000	98,000	0
Operating Transfers Out	<u>(8,500)</u>	<u>(8,500)</u>	<u>(8,500)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>90,250</u>	<u>90,250</u>	<u>89,500</u>	<u>(750)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(58,428)	(61,428)	6,281	67,709
Fund Balance at Beginning of Year	107,242	107,242	107,242	0
Prior Year Encumbrances	<u>16,312</u>	<u>16,312</u>	<u>16,312</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 65,126</u>	<u>\$ 62,126</u>	<u>\$ 129,835</u>	<u>\$ 67,709</u>

CITY OF FAIRBORN, 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, 2002**

STATE HIGHWAY FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 58,000	\$ 58,000	\$ 58,339	\$ 339
All Other Revenues	600	600	247	(353)
Total Revenues	<u>58,600</u>	<u>58,600</u>	<u>58,586</u>	<u>(14)</u>
Expenditures:				
Transportation:				
State Highway Maintenance:				
Personal Services	41,084	41,084	39,868	1,216
Other Expenditures	19,834	19,094	13,049	6,045
Total Transportation	<u>60,918</u>	<u>60,178</u>	<u>52,917</u>	<u>7,261</u>
Capital Outlay	5,000	5,740	5,720	20
Total Expenditures	<u>65,918</u>	<u>65,918</u>	<u>58,637</u>	<u>7,281</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,318)	(7,318)	(51)	7,267
Fund Balance at Beginning of Year	7,597	7,597	7,597	0
Prior Year Encumbrances	1,172	1,172	1,172	0
Fund Balance at End of Year	<u>\$ 1,451</u>	<u>\$ 1,451</u>	<u>\$ 8,718</u>	<u>\$ 7,267</u>

CITY OF FAIRBORN, 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, 2002***

CEMETERY FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 34,350	\$ 29,350	\$ 29,575	\$ 225
All Other Revenues	1,945	1,945	1,715	(230)
Total Revenues	<u>36,295</u>	<u>31,295</u>	<u>31,290</u>	<u>(5)</u>
Expenditures:				
Current:				
Public Health and Welfare Services:				
Cemetery:				
Personal Services	61,375	61,705	61,348	357
Other Expenditures	19,663	19,173	17,449	1,724
Total Public Health and Welfare Services	<u>81,038</u>	<u>80,878</u>	<u>78,797</u>	<u>2,081</u>
Capital Outlay	325	485	476	9
Total Expenditures	<u>81,363</u>	<u>81,363</u>	<u>79,273</u>	<u>2,090</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,068)	(50,068)	(47,983)	2,085
Other Financing Sources (Uses):				
Operating Transfers In	41,000	41,000	41,000	0
Operating Transfers Out	(3,000)	(3,000)	(3,000)	0
Total Other Financing Sources (Uses)	<u>38,000</u>	<u>38,000</u>	<u>38,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,068)	(12,068)	(9,983)	2,085
Fund Balance at Beginning of Year	16,375	16,375	16,375	0
Prior Year Encumbrances	59	59	59	0
Fund Balance at End of Year	<u>\$ 9,366</u>	<u>\$ 4,366</u>	<u>\$ 6,451</u>	<u>\$ 2,085</u>

CITY OF FAIRBORN, 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, 2002***

COMMUNITY DEVELOPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 871,562	\$ 721,562	\$ 705,834	\$ (15,728)
All Other Revenues	1,307	1,307	1,675	368
Total Revenues	<u>872,869</u>	<u>722,869</u>	<u>707,509</u>	<u>(15,360)</u>
Expenditures:				
Current:				
Community Environment:				
Entitlement Administration				
Personal Services	82,995	82,995	60,686	22,309
Other Expenditures	115,559	115,639	71,931	43,708
Total Entitlement Administration	<u>198,554</u>	<u>198,634</u>	<u>132,617</u>	<u>66,017</u>
Entitlement Rehabilitation				
Other Expenditures	22,186	14,686	5,946	8,740
Total Entitlement Rehabilitation	<u>22,186</u>	<u>14,686</u>	<u>5,946</u>	<u>8,740</u>
Public/Private Rehabilitation				
Personal Services	1,433	1,433	1,333	100
Other Expenditures	19,494	6,084	5,000	1,084
Total Public/Private Rehabilitation	<u>20,927</u>	<u>7,517</u>	<u>6,333</u>	<u>1,184</u>
Code Enforcement				
Personal Services	36,011	38,411	32,641	5,770
Other Expenditures	4,186	4,106	2,843	1,263
Total Code Enforcement	<u>40,197</u>	<u>42,517</u>	<u>35,484</u>	<u>7,033</u>
Superior Audio-Visual Project				
Other Expenditures	300	300	300	0
Total Superior Audio-Visual Project	<u>300</u>	<u>300</u>	<u>300</u>	<u>0</u>
Neighborhood Garden Project				
Other Expenditures	420	420	0	420
Total Neighborhood Garden Project	<u>420</u>	<u>420</u>	<u>0</u>	<u>420</u>

(Continued)

CITY OF FAIRBORN, 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, 2002***

COMMUNITY DEVELOPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Neighborhood Clean-Up				
Other Expenditures	8,206	1	0	1
Total Neighborhood Clean-Up	<u>8,206</u>	<u>1</u>	<u>0</u>	<u>1</u>
Pleasant View Clean-Up				
Other Expenditures	4,000	4,000	4,000	0
Total Pleasant View Clean-Up	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
Armstrong Demolition				
Other Expenditures	50,000	50,000	45,320	4,680
Total Armstrong Demolition	<u>50,000</u>	<u>50,000</u>	<u>45,320</u>	<u>4,680</u>
Greene County Habitat For Humanity				
Other Expenditures	0	9,280	380	8,900
Total Greene County Habitat For Humanity	<u>0</u>	<u>9,280</u>	<u>380</u>	<u>8,900</u>
CHIP				
Personal Services	12,200	11,832	8,252	3,580
Other Expenditures	348,377	198,746	154,620	44,126
Total CHIP	<u>360,577</u>	<u>210,578</u>	<u>162,872</u>	<u>47,706</u>
Total Community Environment	<u>705,367</u>	<u>537,933</u>	<u>393,252</u>	<u>144,681</u>
Capital Outlay	315,376	331,667	321,858	9,809
Total Expenditures	<u>1,020,743</u>	<u>869,600</u>	<u>715,110</u>	<u>154,490</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(147,874)	(146,731)	(7,601)	139,130
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	114,343	114,343
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>114,343</u>	<u>114,343</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(147,874)	(146,731)	106,742	253,473
Fund Deficit at Beginning of Year	(72,430)	(72,430)	(72,430)	0
Prior Year Encumbrances	71,385	71,385	71,385	0
Fund Balance at End of Year	<u>\$ (148,919)</u>	<u>\$ (147,776)</u>	<u>\$ 105,697</u>	<u>\$ 253,473</u>

CITY OF FAIRBORN, 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, 2002**

VICTIM WITNESS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 74,000	\$ 64,000	\$ 66,099	\$ 2,099
Fines and Forfeitures	19,500	19,500	20,123	623
All Other Revenues	2,326	2,326	1,220	(1,106)
Total Revenues	<u>95,826</u>	<u>85,826</u>	<u>87,442</u>	<u>1,616</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement				
Personal Services	94,427	94,443	94,436	7
Other Expenditures	7,136	7,296	7,294	2
Total Security of Persons and Property	<u>101,563</u>	<u>101,739</u>	<u>101,730</u>	<u>9</u>
Capital Outlay	300	273	272	1
Total Expenditures	<u>101,863</u>	<u>102,012</u>	<u>102,002</u>	<u>10</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,037)	(16,186)	(14,560)	1,626
Fund Balance at Beginning of Year	35,299	35,299	35,299	0
Prior Year Encumbrances	32	32	32	0
Fund Balance at End of Year	<u>\$ 29,294</u>	<u>\$ 19,145</u>	<u>\$ 20,771</u>	<u>\$ 1,626</u>

CITY OF FAIRBORN, 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, 2002***

STREET LIGHTING FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 153,002	\$ 157,502	\$ 160,480	\$ 2,978
Intergovernmental Revenues	14,598	14,598	14,598	0
Total Revenues	<u>167,600</u>	<u>172,100</u>	<u>175,078</u>	<u>2,978</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Street Lighting				
Other Expenditures	322,698	322,698	314,572	8,126
Total Security of Persons and Property	<u>322,698</u>	<u>322,698</u>	<u>314,572</u>	<u>8,126</u>
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	5,624	5,624	4,725	899
Total Expenditures	<u>368,322</u>	<u>368,322</u>	<u>359,297</u>	<u>9,025</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,722)	(196,222)	(184,219)	12,003
Other Financing Sources (Uses):				
Operating Transfers In	207,000	207,000	207,000	0
Total Other Financing Sources (Uses)	<u>207,000</u>	<u>207,000</u>	<u>207,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	6,278	10,778	22,781	12,003
Fund Balance at Beginning of Year	4,302	4,302	4,302	0
Prior Year Encumbrances	898	898	898	0
Fund Balance at End of Year	<u>\$ 11,478</u>	<u>\$ 15,978</u>	<u>\$ 27,981</u>	<u>\$ 12,003</u>

CITY OF FAIRBORN, 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, 2002***

COUNTY MOTOR VEHICLE LICENSE TAX FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 742,000	\$ 387,000	\$ 245,807	\$ (141,193)
Total Revenues	<u>742,000</u>	<u>387,000</u>	<u>245,807</u>	<u>(141,193)</u>
Expenditures:				
Current:				
Transportation:				
Street Resurfacing Projects				
Other Expenditures	0	32,000	32,000	0
Total Transportation	<u>0</u>	<u>32,000</u>	<u>32,000</u>	<u>0</u>
Capital Outlay	<u>815,406</u>	<u>178,406</u>	<u>145,128</u>	<u>33,278</u>
Total Expenditures	<u>815,406</u>	<u>210,406</u>	<u>177,128</u>	<u>33,278</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,406)	176,594	68,679	(107,915)
Fund Deficit at Beginning of Year	(1,406)	(1,406)	(62,390)	60,984
Prior Year Encumbrances	<u>1,406</u>	<u>1,406</u>	<u>1,406</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (73,406)</u>	<u>\$ 176,594</u>	<u>\$ 7,695</u>	<u>\$ (168,899)</u>

CITY OF FAIRBORN, 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, 2002**

LAW ENFORCEMENT TRUST FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 7,700	\$ 7,700	\$ 5,439	\$ (2,261)
Total Revenues	<u>7,700</u>	<u>7,700</u>	<u>5,439</u>	<u>(2,261)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement				
Other Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Security of Persons and Property	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,700	6,700	5,439	(1,261)
Other Financing Sources (Uses):				
Operating Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,700	1,700	439	(1,261)
Fund Balance at Beginning of Year	<u>768</u>	<u>768</u>	<u>768</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,468</u>	<u>\$ 2,468</u>	<u>\$ 1,207</u>	<u>\$ (1,261)</u>

CITY OF FAIRBORN, 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, 2002***

DRUG LAW ENFORCEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 1,300	\$ 4,800	\$ 6,286	\$ 1,486
Total Revenues	<u>1,300</u>	<u>4,800</u>	<u>6,286</u>	<u>1,486</u>
Expenditures:				
Security of Persons and Property:				
Drug Law Enforcement				
Other Expenditures	3,500	3,484	3,481	3
Total Security of Persons and Property	<u>3,500</u>	<u>3,484</u>	<u>3,481</u>	<u>3</u>
Capital Outlay	<u>0</u>	<u>5,236</u>	<u>5,234</u>	<u>2</u>
Total Expenditures	<u>3,500</u>	<u>8,720</u>	<u>8,715</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,200)	(3,920)	(2,429)	1,491
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	1,200	1,200	0	(1,200)
Operating Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(3,800)</u>	<u>(3,800)</u>	<u>(5,000)</u>	<u>(1,200)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,000)	(7,720)	(7,429)	291
Fund Balance at Beginning of Year	<u>7,296</u>	<u>7,296</u>	<u>7,296</u>	<u>0</u>
Fund Deficit at End of Year	<u>\$ 1,296</u>	<u>\$ (424)</u>	<u>\$ (133)</u>	<u>\$ 291</u>

CITY OF FAIRBORN, 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, 2002**

CITY MOTOR VEHICLE LICENSE TAX FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 128,000	\$ 133,400	\$ 133,632	\$ 232
Total Revenues	<u>128,000</u>	<u>133,400</u>	<u>133,632</u>	<u>232</u>
Expenditures:				
Capital Outlay	<u>122,000</u>	<u>122,000</u>	<u>116,104</u>	<u>5,896</u>
Total Expenditures	<u>122,000</u>	<u>122,000</u>	<u>116,104</u>	<u>5,896</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,000	11,400	17,528	6,128
Fund Deficit at Beginning of Year	<u>(5,583)</u>	<u>(5,583)</u>	<u>(5,583)</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 417</u>	<u>\$ 5,817</u>	<u>\$ 11,945</u>	<u>\$ 6,128</u>

CITY OF FAIRBORN, 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, 2002***

INDIGENT DRIVERS ALCOHOL TREATMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 29,000	\$ 29,000	\$ 29,171	\$ 171
Total Revenues	<u>29,000</u>	<u>29,000</u>	<u>29,171</u>	<u>171</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement				
Other Expenditures	15,000	15,000	0	15,000
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,000	14,000	29,171	15,171
Fund Balance at Beginning of Year	<u>220,370</u>	<u>220,370</u>	<u>220,370</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 234,370</u>	<u>\$ 234,370</u>	<u>\$ 249,541</u>	<u>\$ 15,171</u>

CITY OF FAIRBORN, 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, 2002**

ALCOHOL ENFORCEMENT AND EDUCATION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 3,239	\$ (1,761)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>3,239</u>	<u>(1,761)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement				
Other Expenditures	<u>5,000</u>	<u>6,400</u>	<u>6,387</u>	<u>13</u>
Total Expenditures	<u>5,000</u>	<u>6,400</u>	<u>6,387</u>	<u>13</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(1,400)	(3,148)	(1,748)
Fund Balance at Beginning of Year	<u>9,965</u>	<u>9,965</u>	<u>9,965</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,965</u>	<u>\$ 8,565</u>	<u>\$ 6,817</u>	<u>\$ (1,748)</u>

CITY OF FAIRBORN, 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, 2002**

FEDERAL FORFEITURES FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Fines and Forfeitures	\$ 0	\$ 1,650	\$ 2,160	\$ 510
Total Revenues	<u>0</u>	<u>1,650</u>	<u>2,160</u>	<u>510</u>
Expenditures:				
Capital Outlay	<u>0</u>	<u>2,200</u>	<u>2,157</u>	<u>43</u>
Total Expenditures	<u>0</u>	<u>2,200</u>	<u>2,157</u>	<u>43</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(550)	3	553
Fund Balance at Beginning of Year	<u>2,157</u>	<u>2,157</u>	<u>2,157</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,157</u>	<u>\$ 1,607</u>	<u>\$ 2,160</u>	<u>\$ 553</u>

CITY OF FAIRBORN, 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, 2002***

MUNICIPAL PROBATION SERVICES FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 70,000	\$ 77,500	\$ 77,584	\$ 84
All Other Revenues	0	500	590	90
Total Revenues	<u>70,000</u>	<u>78,000</u>	<u>78,174</u>	<u>174</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement				
Personal Services	0	38,900	38,873	27
Other Expenditures	0	500	480	20
Total Expenditures	<u>0</u>	<u>39,400</u>	<u>39,353</u>	<u>47</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,000	38,600	38,821	221
Fund Balance at Beginning of Year	<u>150,101</u>	<u>150,101</u>	<u>150,101</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 220,101</u>	<u>\$ 188,701</u>	<u>\$ 188,922</u>	<u>\$ 221</u>

CITY OF FAIRBORN, 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, 2002***

DAMAGE REPAIR FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 141,000	\$ 158,500	\$ 159,785	\$ 1,285
Total Revenues	<u>141,000</u>	<u>158,500</u>	<u>159,785</u>	<u>1,285</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	124,418	141,068	140,895	173
Total General Government	<u>124,418</u>	<u>141,068</u>	<u>140,895</u>	<u>173</u>
Capital Outlay	0	22,250	22,211	39
Total Expenditures	<u>124,418</u>	<u>163,318</u>	<u>163,106</u>	<u>212</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,582	(4,818)	(3,321)	1,497
Other Financing Sources (Uses):				
Operating Transfers In	0	0	75,000	75,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>75,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	16,582	(4,818)	71,679	76,497
Fund Balance at Beginning of Year	185,740	185,740	185,740	0
Prior Year Encumbrances	<u>104,418</u>	<u>104,418</u>	<u>104,418</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 306,740</u>	<u>\$ 285,340</u>	<u>\$ 361,837</u>	<u>\$ 76,497</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2002***

TAX INCREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 45,000	\$ 36,000	\$ 35,972	\$ (28)
Total Revenues	<u>45,000</u>	<u>36,000</u>	<u>35,972</u>	<u>(28)</u>
Expenditures:				
General Government:				
Other Expenditures	0	500	489	11
Total General Government	<u>0</u>	<u>500</u>	<u>489</u>	<u>11</u>
Debt Service:				
Principal Retirement	10,000	9,500	0	9,500
Total Debt Service	<u>10,000</u>	<u>9,500</u>	<u>0</u>	<u>9,500</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>489</u>	<u>9,511</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	35,000	26,000	35,483	9,483
Other Financing Sources (Uses):				
Operating Transfers Out	(61,687)	(61,687)	(61,687)	0
Total Other Financing Sources (Uses)	<u>(61,687)</u>	<u>(61,687)</u>	<u>(61,687)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(26,687)	(35,687)	(26,204)	9,483
Fund Balance at Beginning of Year	32,690	32,690	32,690	0
Fund Balance at End of Year	<u>\$ 6,003</u>	<u>\$ (2,997)</u>	<u>\$ 6,486</u>	<u>\$ 9,483</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002**

ISSUE II IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 450,000	\$ 400,000	\$ 333,206	\$ (66,794)
Investment Earnings	0	1,000	2,373	1,373
Total Revenues	<u>450,000</u>	<u>401,000</u>	<u>335,579</u>	<u>(65,421)</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	0	33,950	33,950	0
Total General Government	0	33,950	33,950	0
Capital Outlay	503,471	540,726	535,712	5,014
Debt Service:				
Principal Retirement	178,000	701,795	700,000	1,795
Interest and Fiscal Charges	21,000	21,000	21,000	0
Total Expenditures	<u>702,471</u>	<u>1,297,471</u>	<u>1,290,662</u>	<u>6,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(252,471)	(896,471)	(955,083)	(58,612)
Other Financing Sources (Uses):				
Proceeds from General Obligation Notes	0	650,000	650,000	0
Operating Transfers In	121,000	121,000	71,000	(50,000)
Total Other Financing Sources (Uses)	<u>121,000</u>	<u>771,000</u>	<u>721,000</u>	<u>(50,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(131,471)	(125,471)	(234,083)	(108,612)
Fund Balance at Beginning of Year	127,214	127,214	127,214	0
Prior Year Encumbrances	3,471	3,471	3,471	0
Fund Deficit at End of Year	<u>\$ (786)</u>	<u>\$ 5,214</u>	<u>\$ (103,398)</u>	<u>\$ (108,612)</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

MUNICIPAL COURT IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 145,000	\$ 145,000	\$ 140,935	\$ (4,065)
All Other Revenues	0	0	397	397
Total Revenues	<u>145,000</u>	<u>145,000</u>	<u>141,332</u>	<u>(3,668)</u>
Expenditures:				
Current:				
General Government:				
Personal Services	0	59,000	55,258	3,742
Other Expenditures	<u>17,000</u>	<u>17,100</u>	<u>673</u>	<u>16,427</u>
Total General Government	17,000	76,100	55,931	20,169
Capital Outlay	<u>210,544</u>	<u>289,444</u>	<u>226,746</u>	<u>62,698</u>
Total Expenditures	<u>227,544</u>	<u>365,544</u>	<u>282,677</u>	<u>82,867</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(82,544)	(220,544)	(141,345)	79,199
Other Financing Sources (Uses):				
Operating Transfers Out	<u>(65,497)</u>	<u>(65,497)</u>	<u>(9,334)</u>	<u>56,163</u>
Total Other Financing Sources (Uses)	<u>(65,497)</u>	<u>(65,497)</u>	<u>(9,334)</u>	<u>56,163</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(148,041)	(286,041)	(150,679)	135,362
Fund Balance at Beginning of Year	264,078	264,078	264,078	0
Prior Year Encumbrances	<u>13,919</u>	<u>13,919</u>	<u>13,919</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 129,956</u>	<u>\$ (8,044)</u>	<u>\$ 127,318</u>	<u>\$ 135,362</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

COURT SPECIAL PROJECTS FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 125,000	\$ 131,500	\$ 127,792	\$ (3,708)
Total Revenues	<u>125,000</u>	<u>131,500</u>	<u>127,792</u>	<u>(3,708)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	125,000	131,500	127,792	(3,708)
Fund Balance at Beginning of Year	<u>350,400</u>	<u>350,400</u>	<u>350,400</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 475,400</u>	<u>\$ 481,900</u>	<u>\$ 478,192</u>	<u>\$ (3,708)</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

GENERAL CAPITAL IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 895	\$ 895
Total Revenues	<u>0</u>	<u>0</u>	<u>895</u>	<u>895</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	25,000	0	0	0
Total General Government	25,000	0	0	0
Capital Outlay	461,760	486,760	429,175	57,585
Debt Service:				
Principal Retirement	20,000	20,000	20,000	0
Interest and Fiscal Charges	10,500	10,500	10,500	0
Total Expenditures	<u>517,260</u>	<u>517,260</u>	<u>459,675</u>	<u>57,585</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(517,260)	(517,260)	(458,780)	58,480
Other Financing Sources (Uses):				
Operating Transfers In	465,700	465,700	455,700	(10,000)
Total Other Financing Sources (Uses)	<u>465,700</u>	<u>465,700</u>	<u>455,700</u>	<u>(10,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(51,560)	(51,560)	(3,080)	48,480
Fund Balance at Beginning of Year	421,098	421,098	421,098	0
Prior Year Encumbrances	61,760	61,760	61,760	0
Fund Balance at End of Year	<u>\$ 431,298</u>	<u>\$ 431,298</u>	<u>\$ 479,778</u>	<u>\$ 48,480</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

PARKS AND RECREATION IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 90,000	\$ 99,100	\$ 99,127	\$ 27
Intergovernmental Revenues	0	14,900	14,852	(48)
Charges for Services	12,000	12,000	12,000	0
All Other Revenues	5,000	6,000	7,885	1,885
Total Revenues	<u>107,000</u>	<u>132,000</u>	<u>133,864</u>	<u>1,864</u>
Expenditures:				
Current:				
Leisure time Activities:				
Other Expenditures	28,600	37,640	37,640	0
Total Leisure Time Activities	28,600	37,640	37,640	0
Capital Outlay	164,591	155,551	109,992	45,559
Total Expenditures	<u>193,191</u>	<u>193,191</u>	<u>147,632</u>	<u>45,559</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,191)	(61,191)	(13,768)	47,423
Fund Balance at Beginning of Year	41,300	41,300	41,300	0
Prior Year Encumbrances	61,760	61,760	61,760	0
Fund Balance at End of Year	<u>\$ 16,869</u>	<u>\$ 41,869</u>	<u>\$ 89,292</u>	<u>\$ 47,423</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

PUBLIC SAFETY EQUIPMENT/FACILITY FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 0	\$ 28,500	\$ 24,936	\$ (3,564)
All Other Revenues	0	1,500	1,597	97
Total Revenues	<u>0</u>	<u>30,000</u>	<u>26,533</u>	<u>(3,467)</u>
Expenditures:				
Capital Outlay	0	550,000	545,209	4,791
Total Expenditures	<u>0</u>	<u>550,000</u>	<u>545,209</u>	<u>4,791</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(520,000)	(518,676)	1,324
Other Financing Sources (Uses):				
Proceeds from General Obligation Notes	0	270,000	270,000	0
Operating Transfers In	0	250,000	250,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>520,000</u>	<u>520,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	1,324	1,324
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,324</u>	<u>\$ 1,324</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002***

BUILDINGS AND LAND FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 0	\$ 1,925	\$ 1,925
Total Revenues	<u>0</u>	<u>0</u>	<u>1,925</u>	<u>1,925</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	35,527	35,527	34,604	923
Total General Government	35,527	35,527	34,604	923
Capital Outlay	110,587	110,587	67,965	42,622
Debt Service:				
Principal Retirement	60,000	60,000	60,000	0
Interest and Fiscal Charges	18,060	18,060	18,060	0
Total Expenditures	<u>224,174</u>	<u>224,174</u>	<u>180,629</u>	<u>43,545</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(224,174)	(224,174)	(178,704)	45,470
Other Financing Sources (Uses):				
Operating Transfers In	178,800	178,800	178,800	0
Total Other Financing Sources (Uses)	<u>178,800</u>	<u>178,800</u>	<u>178,800</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(45,374)	(45,374)	96	45,470
Fund Balance at Beginning of Year	23,722	23,722	23,722	0
Prior Year Encumbrances	45,514	45,514	45,514	0
Fund Balance at End of Year	<u>\$ 23,862</u>	<u>\$ 23,862</u>	<u>\$ 69,332</u>	<u>\$ 45,470</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2002**

SPECIAL ASSESSMENT CONSTRUCTION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 195,189	\$ 195,189	\$ 90,043	\$ (105,146)
All Other Revenues	0	0	2,835	2,835
Total Revenues	<u>195,189</u>	<u>195,189</u>	<u>92,878</u>	<u>(102,311)</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	0	1,072	1,072	0
Total General Government	0	1,072	1,072	0
Capital Outlay	217,794	175,682	143,452	32,230
Debt Service:				
Principal Retirement	17,880	17,880	17,884	(4)
Interest and Fiscal Charges	2,305	2,305	2,305	0
Total Expenditures	<u>237,979</u>	<u>196,939</u>	<u>164,713</u>	<u>32,226</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,790)	(1,750)	(71,835)	(70,085)
Other Financing Sources (Uses):				
Proceeds from Special Assessment Notes	0	0	56,444	56,444
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>56,444</u>	<u>56,444</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(42,790)	(1,750)	(15,391)	(13,641)
Fund Balance at Beginning of Year	(18,815)	(18,815)	(18,815)	0
Prior Year Encumbrances	67,794	67,794	67,794	0
Fund Balance at End of Year	<u>\$ 6,189</u>	<u>\$ 47,229</u>	<u>\$ 33,588</u>	<u>\$ (13,641)</u>

Internal Service Funds

To account for the financing of goods and services provided by one department to other departments within the City.

Equipment Fund

To account for charges to the other funds for the labor, parts, and overhead to repair and maintain the City equipment and vehicles

Self Insurance Fund

To account for the payment of non-union employees' dental insurance claims.

CITY OF FAIRBORN, OHIO

**Combining Statement of Net Assets
Internal Service Funds
December 31, 2002**

	<u>Equipment</u>	<u>Self-Insurance</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 193,662	\$ 161,217	\$ 354,879
Investments	0	334,144	334,144
Investments - Mark to Market	0	2,034	2,034
Accounts	414	0	414
Intergovernmental	10,440	0	10,440
Interest	0	383	383
Due from Other Funds	7,320	0	7,320
Inventory of Supplies at Cost	76,593	0	76,593
Prepaid Items	1,070	0	1,070
<i>Total Current Assets</i>	<u>289,499</u>	<u>497,778</u>	<u>787,277</u>
Capital Assets, Net	443,824	0	443,824
Total Assets	<u>733,323</u>	<u>497,778</u>	<u>1,231,101</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	23,026	0	23,026
Accrued Wages and Benefits	23,302	0	23,302
Intergovernmental Payable	16,818	0	16,818
Claims Payable	0	1,283	1,283
Due to Other Funds	34	0	34
<i>Total Current Liabilities</i>	<u>63,180</u>	<u>1,283</u>	<u>64,463</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	25,862	0	25,862
Total Liabilities	<u>89,042</u>	<u>1,283</u>	<u>90,325</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	443,824	0	443,824
Unrestricted	200,457	496,495	696,952
Total Net Assets	<u>\$ 644,281</u>	<u>\$ 496,495</u>	<u>\$ 1,140,776</u>

CITY OF FAIRBORN, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2002**

	<u>Equipment</u>	<u>Self-Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 958,690	\$ 43,001	\$ 1,001,691
Total Operating Revenues	<u>958,690</u>	<u>43,001</u>	<u>1,001,691</u>
Operating Expenses:			
Personal Services	529,073	84,642	613,715
Materials and Supplies	358,068	0	358,068
Contractual Services	41,784	0	41,784
Dental Insurance Claims	0	57,466	57,466
Depreciation	57,088	0	57,088
Total Operating Expenses	<u>986,013</u>	<u>142,108</u>	<u>1,128,121</u>
Operating Loss	(27,323)	(99,107)	(126,430)
Nonoperating Revenue (Expenses):			
Gain on Sale of Stock	0	559,980	559,980
Investment Earnings	0	10,910	10,910
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>570,890</u>	<u>570,890</u>
Income (Loss) Before Operating Transfers	(27,323)	471,783	444,460
Operating Transfers Out	0	(98,235)	(98,235)
Change in Net Assets	(27,323)	373,548	346,225
Net Assets Beginning of Year	671,604	122,947	794,551
Net Assets End of Year	<u>\$ 644,281</u>	<u>\$ 496,495</u>	<u>\$ 1,140,776</u>

CITY OF FAIRBORN, OHIO

**Combining Statement of Cash Flows
Internal Service Funds
December 31, 2002**

	Equipment	Self- Insurance	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Receipts from Quasi-External Operating Transactions with Other Funds	\$954,762	\$43,001	\$997,763
Cash Payments for Goods and Services	(417,397)	0	(417,397)
Cash Payments to Employees	(529,810)	(84,642)	(614,452)
Cash Payments for Employee Medical/Dental Claims	0	(55,795)	(55,795)
Net Cash Provided (Used) by Operating Activities	<u>7,555</u>	<u>(97,436)</u>	<u>(89,881)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	0	(98,235)	(98,235)
Net Cash Used for Noncapital Financing Activities	<u>0</u>	<u>(98,235)</u>	<u>(98,235)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(8,443)	0	(8,443)
Net Cash Used for Capital and Related Financing Activities	<u>(8,443)</u>	<u>0</u>	<u>(8,443)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	0	9,090	9,090
Purchase of Investments	0	(230,154)	(230,154)
Sale of Investments	0	559,980	559,980
Net Cash Provided by Investing Activities	<u>0</u>	<u>338,916</u>	<u>338,916</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(888)	143,245	142,357
Cash and Cash Equivalents at Beginning of Year	194,550	17,972	212,522
Cash and Cash Equivalents at End of Year	<u>\$193,662</u>	<u>\$161,217</u>	<u>\$354,879</u>
<u>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Loss	(\$27,323)	(\$99,107)	(\$126,430)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	57,088	0	57,088
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(414)	0	(414)
Increase in Due from Other Funds	(301)	0	(301)
Increase in Intergovernmental Receivables	(3,213)	0	(3,213)
Increase in Inventory	(9,194)	0	(9,194)
Decrease in Prepaid Items	232	2,718	2,950
Decrease in Accounts Payable	(8,432)	(5)	(8,437)
Increase in Accrued Wages and Benefits	1,854	0	1,854
Decrease in Due to Other Funds	(103)	0	(103)
Increase in Intergovernmental Payables	13	0	13
Decrease in Compensated Absences Payable	(2,652)	0	(2,652)
Decrease in Claims Payable	0	(1,042)	(1,042)
Total Adjustments	<u>34,878</u>	<u>1,671</u>	<u>36,549</u>
Net Cash Provided (Used) by Operating Activities	<u>\$7,555</u>	<u>(\$97,436)</u>	<u>(\$89,881)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2002, the Equipment Fund had an outstanding liability of \$1,915 for the purchase of certain capital assets.

During 2002, the fair value of investments increased by \$2,034 in the Self-Insurance Fund.

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

Municipal Court Fund

To account for monies that flow through the Clerk of Courts office.

CITY OF FAIRBORN, OHIO

***Statement Of Changes In Assets And Liabilities
Agency Fund
For the Year Ended December 31, 2002***

	Restated Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
<u>Municipal Court</u>				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$240,063	\$2,278,282	(\$2,294,338)	\$224,007
Total Assets	<u>\$240,063</u>	<u>\$2,278,282</u>	<u>(\$2,294,338)</u>	<u>\$224,007</u>
Liabilities:				
Intergovernmental Payable	\$102,003	\$968,043	(\$974,865)	\$95,181
Undistributed Monies	138,060	1,310,239	(1,319,473)	128,826
Total Liabilities	<u>\$240,063</u>	<u>\$2,278,282</u>	<u>(\$2,294,338)</u>	<u>\$224,007</u>

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*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

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CITY OF FAIRBORN, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2002***

<u>Capital Assets:</u>	
Land	\$11,130,376
Buildings	7,061,976
Improvements Other than Buildings	674,267
Machinery and Equipment	5,694,560
Vehicles	4,557,947
Infrastructure	<u>59,429,620</u>
Total Capital Assets	<u><u>\$88,548,746</u></u>

<u>Investment in Capital Assets:</u>	
General Fund	\$5,866,063
Special Revenue Funds	1,643,819
Capital Project Funds	8,268,997
Enterprise Funds	177,380
Internal Service Funds	845,162
Acquired prior to January 1, 1989	5,590,897
Infrastructure and related Land acquired prior to January 1, 1989	<u>66,156,428</u>
Total Investment in Capital Assets	<u><u>\$88,548,746</u></u>

CITY OF FAIRBORN, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2002***

Function and Activity	Land	Buildings	Improvements Other than Buildings
<u>Security of Persons and Property:</u>			
Police	\$0	\$271,056	\$3,982
Fire	45,711	488,829	9,422
Total	45,711	759,885	13,404
<u>Public Health and Welfare Services:</u>			
Cemetery	0	22,681	3,584
<u>Leisure Time Activities:</u>			
Parks	1,006,836	105,706	39,182
Parks and Recreation	70,910	68,545	249,959
Total	1,077,746	174,251	289,141
<u>Community Environment:</u>			
Building Inspection	0	0	0
Community Development	0	54,746	26,874
Total	0	54,746	26,874
<u>Transportation:</u>			
Street	380,250	281,295	23,543
State Highway	0	0	0
Total	380,250	281,295	23,543
<u>General Government:</u>			
City Manager	0	20,952	0
Audio Visual	0	0	0
Council	0	0	0
Municipal Court	0	47,243	0
Finance	0	0	0
Legal	0	0	0
Personnel	0	0	0
Engineering/Draft	9,322,520	0	101,392
Plant Maintenance	304,149	5,700,923	214,560
Electronic Maintenance	0	0	0
Library	0	0	1,769
Total	9,626,669	5,769,118	317,721
Total Capital Assets	\$11,130,376	\$7,061,976	\$674,267

CITY OF FAIRBORN, OHIO

Machinery and Equipment	Vehicles	Infrastructure	Total
\$1,679,047	\$904,924	\$0	\$2,859,009
513,209	2,572,491	0	3,629,662
<u>2,192,256</u>	<u>3,477,415</u>	<u>0</u>	<u>6,488,671</u>
<u>23,806</u>	<u>23,890</u>	<u>0</u>	<u>73,961</u>
43,751	0	0	1,195,475
38,963	0	0	428,377
<u>82,714</u>	<u>0</u>	<u>0</u>	<u>1,623,852</u>
43,265	26,114	0	69,379
100,833	13,259	404,703	600,415
<u>144,098</u>	<u>39,373</u>	<u>404,703</u>	<u>669,794</u>
218,552	530,209	319,615	1,753,464
34,567	40,970	0	75,537
<u>253,119</u>	<u>571,179</u>	<u>319,615</u>	<u>1,829,001</u>
43,982	11,762	0	76,696
118,715	0	0	118,715
43,276	0	0	43,276
1,348,404	35,148	0	1,430,795
320,936	0	0	320,936
2,208	0	0	2,208
11,016	0	0	11,016
111,933	74,873	58,705,302	68,316,020
679,523	324,307	0	7,223,462
99,257	0	0	99,257
219,317	0	0	221,086
<u>2,998,567</u>	<u>446,090</u>	<u>58,705,302</u>	<u>77,863,467</u>
<u>\$5,694,560</u>	<u>\$4,557,947</u>	<u>\$59,429,620</u>	<u>\$88,548,746</u>

CITY OF FAIRBORN, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2002***

Function and Activity	Restated December 31, 2001	Additions	Deletions	December 31, 2002
<u>Security of Persons and Property:</u>				
Police	\$2,728,960	\$130,049	\$0	\$2,859,009
Fire	3,077,508	713,689	(161,535)	3,629,662
Total	5,806,468	843,738	(161,535)	6,488,671
<u>Public Health and Welfare Services:</u>				
Cemetery	73,961	0	0	73,961
<u>Leisure Time Activities:</u>				
Parks	1,195,475	0	0	1,195,475
Parks and Recreation	306,315	122,062	0	428,377
Total	1,501,790	122,062	0	1,623,852
<u>Community Environment:</u>				
Building Inspection	63,979	5,400	0	69,379
Community Development	187,405	413,010	0	600,415
Total	251,384	418,410	0	669,794
<u>Transportation:</u>				
Street	1,412,974	340,490	0	1,753,464
State Highway	70,917	4,620	0	75,537
Total	1,483,891	345,110	0	1,829,001
<u>General Government:</u>				
City Manager	62,109	14,587	0	76,696
Audio Visual	118,715	0	0	118,715
Council	43,276	0	0	43,276
Municipal Court	1,337,358	93,437	0	1,430,795
Finance	316,259	4,677	0	320,936
Legal	2,208	0	0	2,208
Personnel	11,016	0	0	11,016
Engineering/Draft	66,741,150	1,574,870	0	68,316,020
Plant Maintenance	7,228,876	6,144	(11,558)	7,223,462
Electronic Maintenance	93,232	6,025	0	99,257
Library	221,086	0	0	221,086
Total	76,175,285	1,699,740	(11,558)	77,863,467
Total Capital Assets	\$85,292,779	\$3,429,060	(\$173,093)	\$88,548,746

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 FAIRBORN, OHIO

**GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS**

<u>Year</u>	<u>Security of Persons and Property</u>	<u>Public Health Services</u>	<u>Leisure Time Activities</u>	<u>Community Environment</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
1993	\$6,080,510	\$58,776	\$116,945	\$337,612	\$3,717,044	\$254,779	\$38,641	\$10,604,307
1994	6,179,444	65,195	123,014	370,689	4,174,180	505,880	11,940	11,430,342
1995	6,677,504	68,489	147,512	395,233	4,162,483	477,860	8,157	11,937,238
1996	7,116,947	71,153	155,852	387,947	4,261,869	212,708	1,264	12,207,740
1997	7,575,202	70,017	155,675	417,378	4,209,186	247,566	7,501	12,682,525
1998	7,697,492	73,050	176,781	437,740	4,454,711	462,750	2,146	13,304,670
1999	7,962,947	67,886	171,794	477,321	4,914,849	385,490	180	13,980,467
2000	8,415,019	72,023	174,572	522,914	5,255,363	603,793	0	15,043,684
2001	9,257,665	73,873	171,151	384,818	5,178,492	388,839	0	15,454,838
2002	9,418,101	74,624	124,315	477,969	5,445,508	450,082	301	15,990,900

SOURCE: Finance Office, City of Fairborn

CITY OF FAIRBORN, OHIO

**GENERAL FUND REVENUES BY SOURCE
LAST TEN YEARS**

<u>Year</u>	<u>Property Taxes</u>	<u>Municipal Income Taxes</u>	<u>Inter-Governmental</u>	<u>Charges For Services</u>	<u>Licenses, Permits and Inspections</u>	<u>Investment Earnings</u>	<u>Fines and Forfeitures</u>	<u>All Other Revenues</u>	<u>Total</u>
1993	\$1,771,742	\$4,237,353	\$1,692,691	\$1,772,211	\$102,368	\$166,376	\$857,660	\$113,784	\$10,714,185
1994	1,862,299	4,875,417	1,589,552	1,880,373	123,707	269,778	864,349	132,620	11,598,095
1995	1,947,597	5,016,181	1,693,485	1,876,208	197,761	396,923	1,099,363	163,166	12,390,684
1996	1,908,867	4,972,990	2,244,408	1,998,890	150,375	408,274	1,072,148	105,884	12,861,836
1997	2,130,308	4,953,189	2,735,826	1,939,160	287,460	510,156	1,091,511	211,986	13,859,596
1998	2,183,432	5,197,699	2,522,807	2,092,009	305,522	541,442	1,091,726	417,117	14,351,754
1999	2,173,588	5,532,125	2,526,711	2,550,169	321,738	457,760	1,187,002	190,684	14,939,777
2000	2,332,918	5,964,964	3,049,305	2,489,030	305,606	764,261	1,179,021	167,010	16,252,115
2001	2,317,030	5,993,509	3,042,854	3,100,331	268,937	598,566	1,056,012	357,486	16,734,725
2002	2,432,365	6,150,816	2,648,924	3,247,570	245,372	336,062	1,105,497	349,275	16,515,881

SOURCE: Finance Office, City of Fairborn

CITY OF FAIRBORN, OHIO

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

Collection Year	Total Tax Levy	Total Tax Collections (1)	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy (1)
1993	\$2,018,887	\$1,951,995	96.7%	\$33,909	1.7%
1994	2,045,036	2,002,226	97.9%	49,848	2.4%
1995	2,132,923	2,036,927	95.5%	66,044	3.1%
1996	2,073,854	1,937,412	93.4%	116,916	5.6%
1997	2,219,353	2,144,459	96.6%	75,700	3.4%
1998	2,232,743	1,965,008	88.0%	76,862	3.4%
1999	2,267,425	1,906,485	84.1%	104,351	4.6%
2000	2,644,251	2,443,725	92.4%	154,434	5.8%
2001	2,378,075	2,283,316	96.0%	100,850	4.2%
2002	2,312,652	2,236,001	96.7%	86,813	3.8%

SOURCE: County Auditor; Green County, Ohio

(1) County Auditor cannot split tax collections between current and delinquent.

CITY OF FAIRBORN, OHIO

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

Year	Assessed Real	Assessed Public Utility Real	* Assessed Tangible Personal	Exemptions (1)	Total Assessed Value	Estimated True Value	Percentage of Assessed Value To Estimated True Value
1993	\$366,085,210	\$17,986,870	\$26,002,271	(\$81,960,910)	\$328,113,441	\$967,183,855	33.92%
1994	373,593,840	18,207,770	26,247,197	(85,794,370)	332,254,437	979,267,645	33.93%
1995	380,053,050	18,231,870	26,233,097	(85,922,180)	338,595,837	967,388,110	35.00%
1996	413,973,720	19,089,980	29,346,396	(84,655,070)	377,755,026	1,112,554,092	33.95%
1997	422,618,920	19,908,590	29,748,447	(88,125,310)	384,150,647	1,097,573,277	35.00%
1998	429,132,780	21,750,640	28,479,115	(89,344,780)	390,017,755	1,114,336,443	35.00%
1999	455,514,920	22,875,640	28,685,873	(91,143,620)	415,932,813	1,188,379,466	35.00%
2000	469,317,930	19,736,500	34,479,275	(91,540,420)	431,993,285	1,170,233,589	36.92%
2001	484,894,510	15,055,150	29,381,672	(95,739,760)	433,591,572	1,184,267,100	36.61%
2002	584,467,950	15,803,490	29,402,399	(133,469,880)	496,203,959	1,363,121,142	36.40%

SOURCE: County Auditor; Greene County, Ohio

* Includes Assessed Tangible Public Utility

(1) Exemptions include property utilized by the local and federal governments and nonprofit organizations.

CITY OF FAIRBORN, OHIO

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

Collection Year	City of Fairborn			Total City (1)	Fairborn City Schools (2)	Greene County (2)	Joint Vocational School (2)	General Health District (2)	Bath Township (2)	Fairborn Library (2)
	General Fund	Bond Retirement Fund	Street Lighting Fund							
1993	8.30	1.00	0.90	10.20	41.80	8.78	3.45	0.30	0.30	0.35
1994	8.30	1.00	0.90	10.20	41.80	8.78	3.45	0.30	0.30	0.35
1995	8.30	0.90	0.90	10.10	41.80	8.78	3.45	0.30	0.30	0.35
1996	8.30	0.80	0.90	10.00	41.80	8.78	3.45	0.30	0.30	0.35
1997	8.30	0.80	0.90	10.00	43.00	8.78	3.45	0.30	0.30	0.35
1998	8.30	0.80	0.90	10.00	41.80	8.78	3.45	0.30	0.30	0.35
1999	8.30	0.70	0.90	9.90	41.80	8.78	3.45	0.30	0.40	0.35
2000	8.30	0.51	0.90	9.71	44.70	8.73	3.45	0.30	0.40	0.35
2001	8.30	0.53	0.90	9.73	44.64	9.98	3.45	0.30	0.40	0.35
2002	8.30	0.40	0.90	9.60	44.70	9.98	3.45	0.30	0.40	0.35

SOURCE: (1) City of Fairborn's Operating Budget
(2) County Auditor; Greene County, Ohio

CITY OF FAIRBORN, OHIO

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS LAST TEN YEARS

<u>Collection Year</u>	<u>Billed (1)</u>	<u>Amount Collected (2)</u>	<u>Percent Collected</u>
1993	\$484,266	\$431,256	89.05%
1994	476,528	448,867	94.20%
1995	460,954	437,147	94.84%
1996	408,048	280,982	68.86%
1997	494,384	315,111	63.74%
1998	489,248	430,341	87.96%
1999	468,385	414,418	88.48%
2000	525,638	354,667	67.47%
2001	533,882	516,937	96.83%
2002	390,140	359,756	92.21%

SOURCE: (1) County Auditor; Greene County, Ohio
(2) City's Tax Settlement Sheets

This table reflects only those special assessments collected through the County Auditor's office. It does not reflect lump sum payments received by the City.

CITY OF FAIRBORN, OHIO

COMPUTATION OF LEGAL DEBT MARGIN DECEMBER 31, 2002

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$496,203,959	\$496,203,959
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	52,101,416	27,291,218
Applicable City Debt Outstanding (2)	1,770,000	1,770,000
Less: Applicable Debt Service Fund Amounts	<u>(629,634)</u>	<u>(629,634)</u>
Net Indebtedness Subject to Limitation	<u>1,140,366</u>	<u>1,140,366</u>
Legal Debt Margin	<u><u>\$50,961,050</u></u>	<u><u>\$26,150,852</u></u>

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

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Bonds
Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin

CITY OF FAIRBORN, OHIO

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

Year	Population (1)	Assessed Value	Gross Bonded Debt (2)	Debt Service Funds Available	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1993	a 31,469	\$328,113,441	\$8,195,000	\$310,589	\$5,835,000	\$2,049,411	0.62%	\$65.12
1994	a 31,469	332,254,437	7,770,000	477,297	5,565,000	1,727,703	0.52%	54.90
1995	a 31,469	338,585,837	7,335,000	572,139	5,285,000	1,477,861	0.44%	46.96
1996	a 31,469	377,755,026	6,885,000	515,802	4,995,000	1,374,198	0.36%	43.67
1997	a 31,469	384,150,647	6,415,000	501,844	4,690,000	1,223,156	0.32%	38.87
1998	a 31,469	390,017,755	6,505,000	655,099	4,370,000	1,479,901	0.38%	47.03
1999	a 33,260	415,932,813	6,400,000	600,376	4,040,000	1,759,624	0.42%	52.91
2000	b 32,054	431,993,285	5,833,000	679,335	3,695,000	1,458,665	0.34%	45.51
2001	b 32,054	433,591,572	7,485,000	769,706	5,485,000	1,230,294	0.28%	38.38
2002	b 32,054	496,203,959	6,800,000	629,634	5,030,000	1,140,366	0.23%	35.58

SOURCE: (1) a - Miami Valley Regional Planning Commission
b - U.S. Department of Commerce, Bureau of Census - 2000 Census.
(2) Excludes special assessment general obligation debt.

CITY OF FAIRBORN, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL
GENERAL FUND EXPENDITURES
LAST TEN YEARS**

<u>Year</u>	<u>Debt Principal and Interest</u>	<u>General Fund Expenditures</u>	<u>Ratio of Debt Principal and Interest to General Fund Expenditures</u>
1993	\$319,217	\$10,604,307	3.0%
1994	314,890	11,430,342	2.8%
1995	305,222	11,937,238	2.6%
1996	300,503	12,207,740	2.5%
1997	295,426	12,682,525	2.3%
1998	344,900	13,304,670	2.6%
1999	360,009	13,980,467	2.6%
2000	364,342	15,043,684	2.4%
2001	355,176	15,454,838	2.3%
2002	311,803	15,990,900	1.9%

SOURCE: Finance Office, City of Fairborn

CITY OF FAIRBORN, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2002**

Jurisdiction	Net Debt Outstanding	Percentage Applicable to the City of Fairborn	Amount Applicable to the City of Fairborn
Direct:			
City of Fairborn	\$590,366	100.00%	\$590,366
Overlapping:			
Greene County	22,225,795	16.20%	3,600,579
Total			\$4,190,945

NOTE: The percentage of net indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed value within the City by the subdivision's total assessed valuation.

CITY OF FAIRBORN, OHIO

DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Year</u>		<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Greene County (3)</u>
1993	a	31,469	6,578	4.70 %
1994	a	31,469	6,361	4.10 %
1995	a	31,469	6,287	3.80 %
1996	a	31,469	6,251	3.80 %
1997	a	31,469	5,935	3.70 %
1998	a	31,469	5,640	3.30 %
1999	a	33,260	5,825	3.30 %
2000	b	32,054	5,765	3.20 %
2001	b	32,054	5,742	3.40 %
2002	b	32,054	5,546	4.50 %

SOURCE: (1) a - Miami Valley Regional Planning Commission
b - U.S. Department of Commerce, Bureau of Census - 2000 Census.
(2) Fairborn Board of Education
(3) Ohio Bureau of Employment Services

CITY OF FAIRBORN, OHIO

PROPERTY VALUES AND CONSTRUCTION PERMITS LAST TEN YEARS

Year	Residential Construction (1)		Commercial Construction (1)	
	Number of Permits	Value	Number of Permits	Value
1993	64	\$69,514,258	6	\$4,843,661
1994	57	6,320,000	8	1,264,000
1995	50	9,914,410	9	7,330,803
1996	60	8,922,200	8	3,089,000
1997	134	20,279,810	10	1,536,986
1998	124	15,738,746	7	4,292,500
1999	112	19,325,451	14	8,491,620
2000	90	16,986,720	15	11,269,491
2001	80	12,870,250	20	4,260,177
2002	150	14,536,247	1	54,000

SOURCE: (1) City of Fairborn Building Department

CITY OF FAIRBORN, OHIO

**PRINCIPAL TAXPAYERS
DECEMBER 31, 2002**

<u>Taxpayer</u>	<u>2002 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1. Wright Executive Center Partners	\$11,309,610	2.28%
2. Dayton Power and Light Company	7,474,370	1.51%
3. MG-Mapleview LTD	5,503,290	1.11%
4. Charter Woods LLC	4,905,310	0.99%
5. Wright Executive Hotel	4,874,080	0.98%
6. Trebein Limited	4,867,170	0.98%
7. IDS Life Insurance Company	3,818,490	0.77%
8. Ohio Bell Telephone	3,618,320	0.73%
9. Fairborn Investment LLC	3,093,910	0.62%
10. Property Associates LLC	3,040,520	0.61%
Subtotal	52,505,070	10.58%
All Others	443,698,889	89.42%
Total	\$496,203,959	100.00%

Based on valuation of property taxes levied in 2002.
Source: County Auditor; Greene County, Ohio

CITY OF FAIRBORN, OHIO

MISCELLANEOUS STATISTICS DECEMBER 31, 2002

Year of Incorporation	1950	Area - square miles	13.40
Form of Government	Council-Manager	Miles of Streets	124.46
		Number of Street Lights	1,900
Number of Employees (excluding police and fire)		Sewers:	
Classified	70	Miles of Sanitary Sewers	129.13
Unclassified	58	Miles of Storm Sewers	102.29
Exempt	27	Number of Treatment Plants	1
		Number of Service Connections	11,800
Recreation and Culture:		Daily Average Treatment in Gallons	3,782,000
Number of Parks	16	Maximum Daily Capacity of Plant in Gallons	5,500,000
Park Acreage	351		
Bikeway	1	Water:	
Number of Tennis Courts	14	Miles of Water Mains	142.00
		Number of Service Connections	12,150
Fire Protection:		Number of Fire Hydrants	1,339
Number of Stations	3	Daily average consumption in gallons	3,600,000
Number of Fire Personnel and Officers	56	Maximum Daily Capacity of Plant in Gallons	4,600,000
Number of Calls Answered	5,010		
Number of Inspections Conducted	1,590	Education:	
		Number of Elementary Schools	6
Police Protection:		Number of Elementary School Instructors	203
Number of Stations	1	Number of Secondary Schools	2
Number of Policemen and Officers	45	Number of Secondary School Instructors	150
Number of Patrol Units	31	Number of Universities	1
Number of Citations Issued:			
Criminal Arrests	2,954		
Traffic	5,705		

SOURCE: Finance Office, City of Fairborn





**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF FAIRBORN

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 6, 2003**