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**CITY OF FAIRBORN, OHIO**

**Yellow Book Report**

**December 31, 2004**





**Auditor of State  
Betty Montgomery**

Mayor and City Council  
City of Fairborn  
44 West Hebble Ave.  
Fairborn, Ohio 45234

We have reviewed the *Report of Independent Accountants* of the City of Fairborn, Greene County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2004 to December 31, 2004. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

August 31, 2005

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

June 7, 2005

The Honorable Mayor and City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fairborn, Ohio (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.


Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of noncompliance as items 2004-1, 2004-2, 2004-3 and 2004-4.

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



Plattenburg & Associates, Inc.  
Certified Public Accountants

**Schedule of Findings  
December 31, 2004**

Finding Number 2004-001

Non Compliance Citation

Ohio Revised Code Section 5705.41D states that no contracts or orders involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. During the year certain expenditures were not properly encumbered prior to incurring the obligation. Failure to properly certify funds could result in overspending funds.

Finding Number 2004-002

Non Compliance Citation

Ohio Revised Code Section 5705.41B states that no subdivision or taxing unit is to expend money unless it has been appropriated. At year-end, the Issue II fund had disbursements exceeding appropriations.

Finding Number 2004-003

Non Compliance Citation

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated resources. At the end of the year the following funds had appropriations exceeding estimated resources:

Issue II Improvement Fund  
Public Safety Equipment/Facility Fund  
Buildings and Land Fund  
Tax Increment Fund  
Street Lighting Fund

Finding Number 2004-004

Non Compliance Citation

During 2004, the City had transfers out of the following funds that were not in compliance with Ohio Revised Code Section 5705.14, 5705.15, 5705.16:

Street Maintenance and Repair Fund  
Cemetery Fund  
County Motor Vehicle License Tax Fund  
Damage Repair Fund  
Issue II Improvement Fund  
Federal Emergency Management Agency Fund  
General Bond Retirement Fund  
Tax Increment Fund  
Equipment Fund

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*Greene County, Ohio*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2004





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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2004

Issued by:  
Department of Finance

Bill Kucera  
Financial Administrative Services Director



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GREENE COUNTY, OHIO

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## *INTRODUCTORY SECTION*

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# CITY OF FAIRBORN

44 West Hebble Avenue • Fairborn, Ohio 45324-4999

Finance Office

phone (937) 754-3005

fax (937)-754-3115

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June 7, 2005

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, 2004. 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 Financial Administrative Services 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 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, 2004***

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Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City of Fairborn's MD&A can be found immediately following the report of the independent accountants.

**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, 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 basic 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.

***Letter of Transmittal  
For the Year Ended December 31, 2004***

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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.

**Economic Condition and Outlook**

Fairborn's economic growth continued at a steady pace in 2004 as the City's commercial and industrial sectors rebounded.

The Fairfield Commons Mall and its surrounding area, located adjacent to the City of Fairborn, experienced continued growth during 2004. The growth resulted in additional jobs, which provided employment opportunities throughout the area, including the City of Fairborn. The Fairfield Commons Mall will continue to have a significant effect on Fairborn's economy in 2005 and future years.

The Ervin J. Nutter Center at Wright State University celebrated its 14<sup>th</sup> anniversary of presenting nationally prominent entertainers such as Cher, Kenny Chesney, George Strait, Creed, Harlem Globetrotters, Ringling Brothers Barnum and Bailey Circus, Champions on Ice, and others. Concerts by such popular entertainers attract crowds from Ohio, Indiana and Kentucky boosting the local economy. In addition, the Nutter Center is home to the Wright State Raiders Basketball team, Dayton Bombers Hockey team and the Dayton Warbirds Indoor Football team. The Nutter Center has remained among the top venues in the United States.

New housing in Fairborn remained active in 2004. Housing starts remained strong, with 129 single-family home constructed, occurring primarily in Candlelite Estates, Chaplegate, Cornerstone, Fawn Ridge, and the Meadowlands. In 2005, work will begin on a major condominium project, Misty Creek. This 192-unit project should be completed over the next two to three years. Finally, the city expects the Waterford Landing development to start construction in 2006. All told, this development will bring over 600 new housing units to the City.

Economic diversity is essential to the City of Fairborn. The community is home to Wright State University and the gateway to Wright-Patterson Air Force Base (Wright-Patt). The City remains committed to an economic development strategy that capitalizes on the assets of Wright-Patt and Wright State and encourages a balance between new construction and redevelopment opportunities. Although the City anticipates no major changes in employment at the Wright-Patterson Air Force Base with the next round of Base Realignment and Closures (BRAC) this year, the community continues to encourage a diverse economic base to protect its self-interest.

***Letter of Transmittal  
For the Year Ended December 31, 2004***

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**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 continues to be a priority.

On November 2004, the residents approved a one-quarter of one percent income tax levy for resurfacing, reconstruction and repairs of the City's thoroughfares and residential streets. The ten-year tax levy will take effect January 1, 2005 and generate approximately \$18 million dollars to finance these infrastructure improvements. The City developed a strategic plan and identified the thoroughfares and streets that will be upgraded as part of this ten-year initiative.

During the same election, residents also approved a one-quarter of one percent income tax levy for fire facilities and equipment. The ten year tax levy will generate approximately \$18 million dollars to acquire land and construct two new fire facilities, renovate two existing fire stations, and purchase equipment for these stations. In addition, the City will issue a revenue bond to finance the fire facilities improvements. The two new stations are scheduled for completion in 2007.

The City's roadways, water, sewer and storm drainage systems have expanded as a direct result of new housing and business development. While monitoring all construction projects, the City anticipates improved erosion and sediment control as the City enters the Phase II requirements of the Environmental Protection Agency.

In addition, an aggressive infiltration and inflow connection program is underway for the sewer system. These improvements will maintain the infrastructure quality of the sewer system, while the City revises ordinances and improves storm water and sediment control enforcement in the City.

**For the Future**

The City's comprehensive plan is for managed growth. 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 ensure the maintenance of existing infrastructure and the development of adequate new infrastructure to meet future demands.

As part of the City's Water Master Plan, the City in 2005, acquired 12.324 acres along the Mad River to expand its water pumping capacity. The Ohio Environment Protection Agency has approved permits for additional wells along this property. With the addition of this property and subsequent wells, the City's water resources will meet anticipated usage for at least the twenty-year planning window.

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



***Letter of Transmittal  
For the Year Ended December 31, 2004***

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In an effort to attract new business in the near future, the City will be developing a three-quarter mile extension of Commerce Boulevard in the rapidly growing Southeast section of the City. This \$2.9 million infrastructure expansion, funded by the developer and through State and local grants, will create 140 acres for business development in the rapidly growing research and defense business segments. The project is scheduled to be complete in the spring of 2006.

**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.

**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.

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.

## ***CITY OF FAIRBORN, OHIO***

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### ***Letter of Transmittal***

***For the Year Ended December 31, 2004***

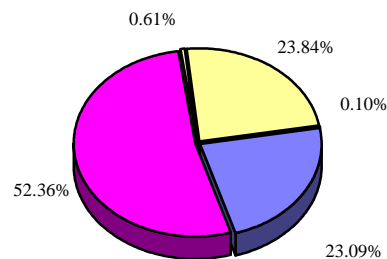
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### **Cash Management**

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 \$312,898 for the year ended December 31, 2004. 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>2004</u>	<u>%</u>
Cash	\$3,176,589	23.09
Federal Government Securities	7,205,208	52.36
Investments (City's Debt)	83,511	0.61
STAR Ohio	3,280,848	23.84
Money Market Mutual Funds	13,868	0.10
<u>Total Resources</u>	<u>\$13,760,024</u>	<u>100.00</u>



### **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.

### **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 fourth year of a five-year contract to perform this audit. The results of the audit are presented in the Independent Auditors' Report.

***Letter of Transmittal  
For the Year Ended December 31, 2004***

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**Employee Union Contracts**

City employees are members of five different bargaining groups. The American Federation of State, County and Municipal Employees (AFSCME); Fraternal Order of Police (FOP), which includes separate contracts for Police Officers, Dispatchers and Sergeants; and International Association of Firefighters (IAFF). The AFSCME and FOP – Sergeants and Dispatchers union contracts were renegotiated in 2002 and expire in 2005. The FOP – Police Officers union contract was renegotiated in 2003 and expires in 2005 and the IAFF (Fire) union contract was renegotiated in 2003 with an effective date of January 1, 2004 and expires December 31, 2006.

**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, 2003. This was the fifteenth 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 and we will be submitting it to the GFOA to determine its eligibility for another certificate for the fiscal year ended December 31, 2004.

**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. Special appreciation is expressed to Natalie Will and Annetta Williams, Finance Operations Supervisors and supporting staff for their efforts in making this comprehensive financial report readable and ensuring it conforms to the highest standards in governmental reporting. 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 planning and conducting the financial operations of the City of Fairborn in a responsible and progressive manner.

Respectfully submitted,



Bill Kucera  
Financial Administrative Services Director

*List of Principal Officials  
For the Year Ended December 31, 2004*

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**COUNCIL - MANAGER FORM OF GOVERNMENT**

**CITY COUNCIL**

Thomas H. Nagel, Mayor

Fredrick L. Pumroy, Deputy Mayor

John B. Skidmore, Council Member

Gary L. Woodward, Council Member

Joan Dautel, Council Member

Frank Cervone, Council Member

Daniel T. Lewis, Council Member

**CITY MANAGER**

Michael Cornell

**CITY SOLICITOR**

Michael Mayer

**FINANCIAL ADMINISTRATIVE SERVICES DIRECTOR**

Bill Kucera

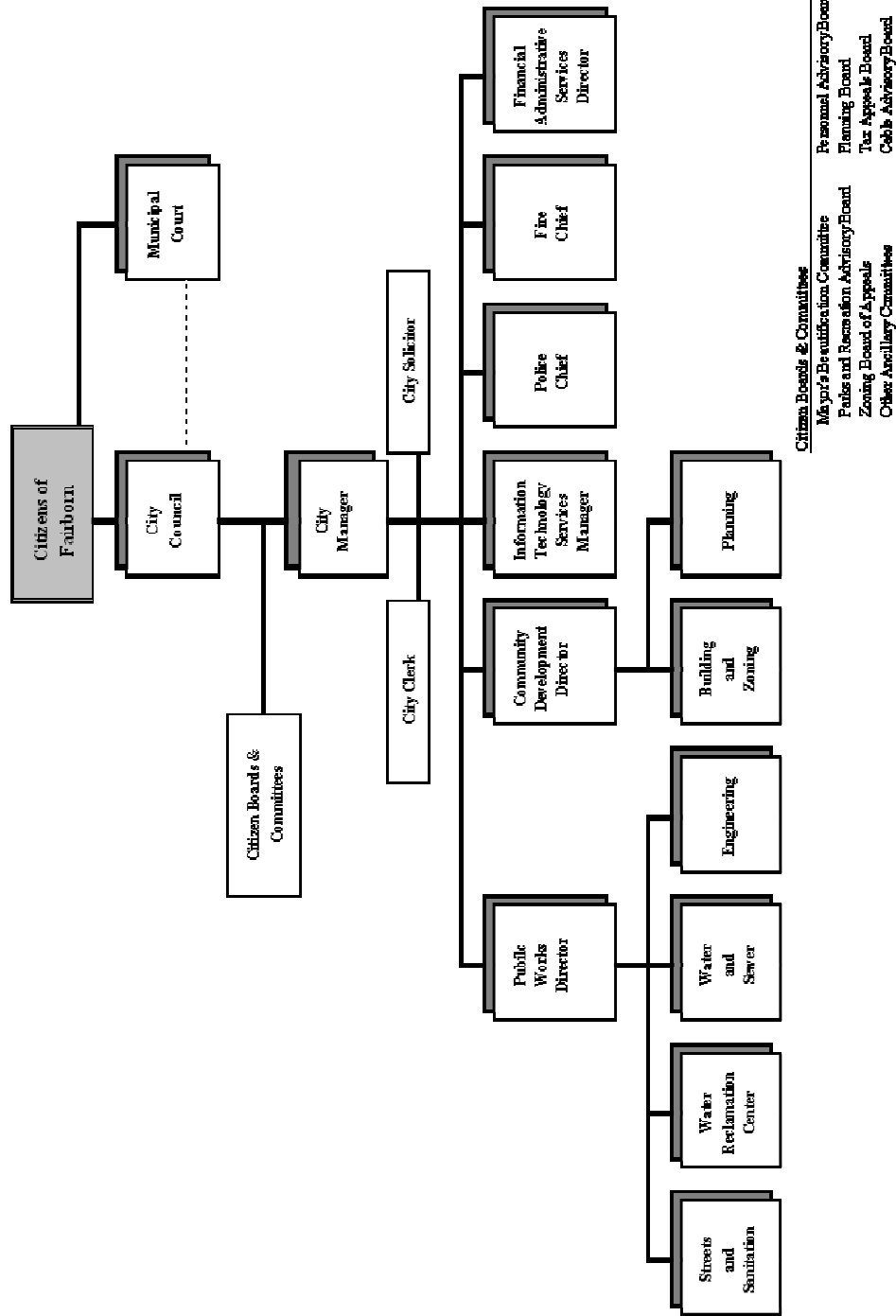
**FISCAL OFFICER**

Annetta L. Williams

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Walter W. Plattenburg & Assoc.

City Organizational Chart  
For the Year Ended December 31, 2004



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, 2003

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.



*Nancy L. Zielle*

President

*Jeffrey R. Enos*

Executive Director

## *INTRODUCTORY SECTION*

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June 7, 2005

## 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, 2004, 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, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2005 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

### **Required Supplementary Information**

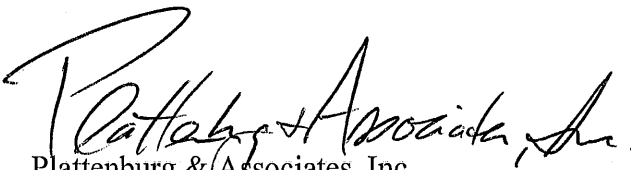
The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required 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 basic financial statements of the City, taken as a whole. The accompanying information identified in the table of contents as combining statements and individual fund schedules is presented for purposes of additional analysis 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.

### **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 been 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, 2004. 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 2004 are as follows:**

- ❑ In total, net assets increased by \$2,880,332. Net assets of governmental activities increased by \$1,311,851, which represents a 2.0% increase from 2003. Net assets of business-type activities increased by \$1,568,481, or 10.9% from 2003.
- ❑ General revenues accounted for \$12,494,042 in revenue, or 39.1% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$19,351,060, or 60.9% of total revenues of \$31,845,102.
- ❑ The City had \$21,236,101 in expenses related to governmental activities; only \$10,075,728 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,472,224 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$16,989,962 in revenues and \$16,269,020 in expenditures. The general fund's fund balance increased by \$445,697. This increase resulted from a decline in general government expenditures.
- ❑ Net assets for enterprise funds increased from \$14,243,591 in 2003 to \$15,814,788 in 2004. This increase is mainly attributable to the installation of new water and sewer lines by the City during 2004.

## **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 the City's tax base and the condition of the City's capital assets.

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 governmental programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**CITY OF FAIRBORN, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

**Unaudited**

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

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

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a comparison of the City's net assets as of December 31, 2004 and 2003:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$17,958,250	\$18,890,624	\$7,777,287	\$7,665,409	\$25,735,537	\$26,556,033
Capital assets, Net	57,286,563	55,958,260	22,496,535	20,550,969	79,783,098	76,509,229
Total assets	75,244,813	74,848,884	30,273,822	28,216,378	105,518,635	103,065,262
Long-term debt outstanding	4,582,623	4,677,027	11,765,628	9,485,132	16,348,251	14,162,159
Other liabilities	3,915,711	4,737,229	2,549,754	4,341,287	6,465,465	9,078,516
Total liabilities	8,498,334	9,414,256	14,315,382	13,826,419	22,813,716	23,240,675
Net assets						
Invested in capital assets, net of related debt	53,449,082	51,699,260	9,532,806	8,410,344	62,981,888	60,109,604
Restricted	7,825,897	8,908,087	0	0	7,825,897	8,908,087
Unrestricted	5,471,500	4,827,281	6,425,634	5,979,615	11,897,134	10,806,896
Total net assets	\$66,746,479	\$65,434,628	\$15,958,440	\$14,389,959	\$82,704,919	\$79,824,587

**CITY OF FAIRBORN, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2004 and 2003:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for Services and Sales	\$5,594,079	\$5,298,285	\$9,275,332	\$8,492,926	\$14,869,411	\$13,791,211
Operating Grants and Contributions	2,417,960	2,222,350	0	0	2,417,960	2,222,350
Capital Grants and Contributions	2,063,689	783,166	0	0	2,063,689	783,166
General revenues:						
Property Taxes	3,338,026	2,772,262	0	0	3,338,026	2,772,262
Municipal Income Taxes	6,293,807	6,534,126	0	0	6,293,807	6,534,126
Shared Revenues	1,832,128	2,114,308	0	0	1,832,128	2,114,308
Investment Earnings	241,769	240,579	0	0	241,769	240,579
Miscellaneous	788,312	479,904	0	0	788,312	479,904
Total revenues	22,569,770	20,444,980	9,275,332	8,492,926	31,845,102	28,937,906
Program Expenses						
Security of Persons and Property	10,864,285	10,411,559	0	0	10,864,285	10,411,559
Public Health and Welfare Services	161,299	161,312	0	0	161,299	161,312
Leisure Time Activities	217,412	204,881	0	0	217,412	204,881
Community Environment	895,745	924,385	0	0	895,745	924,385
Transportation	878,685	962,684	0	0	878,685	962,684
General Government	7,992,100	7,913,833	0	0	7,992,100	7,913,833
Interest and Fiscal Charges	226,575	243,382	0	0	226,575	243,382
Water	0	0	2,624,043	2,528,612	2,624,043	2,528,612
Sewer	0	0	3,158,600	3,408,437	3,158,600	3,408,437
Sanitation	0	0	1,946,026	2,025,971	1,946,026	2,025,971
Total expenses	21,236,101	20,822,036	7,728,669	7,963,020	28,964,770	28,785,056
Excess (deficiency) before Transfers and Special Items	1,333,669	(377,056)	1,546,663	529,906	2,880,332	152,850
Transfers	(21,818)	(21,136)	21,818	21,136	0	0
Total Change in Net Assets	1,311,851	(398,192)	1,568,481	551,042	2,880,332	152,850
Beginning Net Assets	65,434,628	65,832,820	14,389,959	13,838,917	79,824,587	79,671,737
Ending Net Assets	\$66,746,479	\$65,434,628	\$15,958,440	\$14,389,959	\$82,704,919	\$79,824,587

**Governmental Activities**

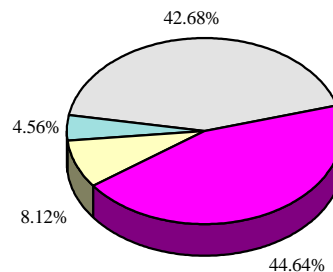
Net assets of the City's governmental activities increased by \$1,311,851. This increase was mainly due to the donation of streets and storm water pipes to the City by outside developers.

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 as well as salaries and wages earned by individuals that work within the City.

Property taxes and income taxes made up 14.79% and 27.89% respectively of revenues for governmental activities for the City in fiscal year 2004. The City's reliance upon tax revenues is demonstrated by the following graph indicating 42.68% of total revenues from general tax revenues:

Revenue Sources	2004	Percent of Total
General Tax Revenues	\$9,631,833	42.68%
Program Revenues	10,075,728	44.64%
Shared Revenues	1,832,128	8.12%
General Other	1,030,081	4.56%
<b>Total Revenue</b>	<b>\$22,569,770</b>	<b>100.00%</b>



**Business-Type Activities**

Net assets of the business-type activities increased by \$1,568,481. The increase was due primarily to water and sewer capital projects to upgrade and enhance their infrastructure.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$6,890,425, which is a decrease from last year's balance of \$7,153,397. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2004 and 2003:

	<u>Fund Balance December 31, 2004</u>	<u>Fund Balance December 31, 2003</u>	<u>Increase (Decrease)</u>
General	\$3,994,476	\$3,548,779	\$445,697
General Bond Retirement	572,652	549,673	22,979
Other Governmental	<u>2,323,297</u>	<u>3,054,945</u>	<u>(731,648)</u>
Total	<u><u>\$6,890,425</u></u>	<u><u>\$7,153,397</u></u>	<u><u>(\$262,972)</u></u>

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

	<u>2004 Revenues</u>	<u>2003 Revenues</u>	<u>Increase (Decrease)</u>
Property Taxes	\$2,806,297	\$2,513,266	\$293,031
Municipal Income Tax	6,200,461	6,481,150	(280,689)
Intergovernmental Revenues	2,384,548	2,709,772	(325,224)
Charges for Services	3,867,779	3,411,932	455,847
Licenses and Permits	288,295	302,624	(14,329)
Investment Earnings	205,238	212,503	(7,265)
Fines and Forfeitures	885,289	1,012,527	(127,238)
All Other Revenue	<u>352,055</u>	<u>290,075</u>	<u>61,980</u>
Total	<u><u>\$16,989,962</u></u>	<u><u>\$16,933,849</u></u>	<u><u>\$56,113</u></u>

General Fund revenues in 2004 remained relatively stable when compared to revenues in fiscal year 2003.

	<u>2004 Expenditures</u>	<u>2003 Expenditures</u>	<u>Increase (Decrease)</u>
Security of Persons and Property	\$9,865,302	\$9,949,567	(\$84,265)
Public Health and Welfare Services	73,222	71,439	1,783
Leisure Time Activities	173,757	168,543	5,214
Community Environment	578,939	587,022	(8,083)
General Government	5,447,207	5,633,830	(186,623)
Capital Outlay	130,593	446,098	(315,505)
Debt Service:			
Interest and Fiscal Charges	<u>0</u>	<u>5,383</u>	<u>(5,383)</u>
Total	<u><u>\$16,269,020</u></u>	<u><u>\$16,861,882</u></u>	<u><u>(\$592,862)</u></u>



**CITY OF FAIRBORN, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

**Unaudited**

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General Fund expenditures decreased by \$592,862 or 3.5% over the prior year mostly due to a decrease in expenditures related to the acquisitions on new capital assets.

*General Bond Retirement Fund* – The fund balance has remained relatively stable in comparison to last year. Increases in property tax receipts and principal payments helped to offset the effects of each other.

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 2004 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$17,076,954 did not change over the original budget estimates of \$17,076,954. The General Fund had an adequate fund balance to cover expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2004 the City had \$79,783,098 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$57,286,563 was related to governmental activities and \$22,496,535 to the business-type activities. The following table shows fiscal year 2004 and 2003 balances:

	Governmental Activities		Increase (Decrease)
	2004	2003	
Land	\$11,442,043	\$11,130,376	\$311,667
Construction in Progress	66,077	71,820	(5,743)
Buildings	8,342,617	7,022,912	1,319,705
Improvements Other Than Buildings	762,877	730,967	31,910
Machinery and Equipment	6,511,779	6,334,804	176,975
Vehicles	4,505,890	4,526,026	(20,136)
Infrastructure	62,378,251	60,498,456	1,879,795
Less: Accumulated Depreciation	(36,722,971)	(34,357,101)	(2,365,870)
Totals	<u>\$57,286,563</u>	<u>\$55,958,260</u>	<u>\$1,328,303</u>

**CITY OF FAIRBORN, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2004**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2004	2003	
Land	\$400,762	\$400,762	\$0
Construction in Progress	2,353,933	1,391,319	962,614
Buildings and Improvements	37,270,503	34,638,009	2,632,494
Machinery and Equipment	6,402,866	6,434,026	(31,160)
Vehicles	1,010,135	897,244	112,891
Less: Accumulated Depreciation	(24,941,664)	(23,210,391)	(1,731,273)
Totals	<u>\$22,496,535</u>	<u>\$20,550,969</u>	<u>\$1,945,566</u>

The primary increase in governmental activities' capital assets occurred in infrastructure. The increase resulted from the construction of new streets and storm sewers being dedicated to the City by Developers. Architectural and engineering services, and water and sewer plants upgrades led to the increases in construction in progress and buildings and improvements in the business-type-activities' capital assets. Additional information on the City's capital assets can be found in Note 7.

**Debt**

At December 31, 2004, the City had \$11,608,444 in bonds outstanding, \$1,213,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2004 and 2003:

	2004	2003
Governmental Activities:		
General Obligation Bonds	\$2,290,000	\$2,288,000
Special Assessment Notes	83,511	56,663
Special Assessment Bonds	1,303,000	1,501,000
Capital Leases	59,482	0
Compensated Absences	846,630	831,364
Total Governmental Activities	<u>4,582,623</u>	<u>4,677,027</u>
Business-Type Activities:		
General Obligation Bonds	\$8,015,444	\$5,475,324
Ohio Water Development Authority Loan	3,058,962	3,365,076
Ohio Public Works Commission Loan	183,540	200,225
Capital Leases	75,783	0
Compensated Absences	148,833	141,222
Landfill Closure and Postclosure Care	283,066	303,285
Total Business-Type Activities	<u>11,765,628</u>	<u>9,485,132</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, 2004, 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 remained strong in 2004. Stickleman, Schneider & Associates, Synergy Development and Hondros College, previously announced plans to relocate to Fairborn, completed construction in 2004. Detmer and Sons Heating and Cooling also completed construction in 2004. In addition, manufacturing companies such as Ali Industries, I-Supply, and Jergens Innovative Technologies made investments in the community with new equipment and/or new employees.

National defense policy is of some concern to the City of Fairborn since Wright-Patterson Air Force Base is the City's major employer. Employment at Wright-Patterson remained stable in 2004 at close to 22,000. 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, with the next round of Base Realignment and Closures, staff reductions at other bases may create the potential for the increases in some functions at Wright-Patterson Air Force Base.

**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. Bill Kucera, Financial Administrative Services Director at the City Hall Complex at 44 West Hebble Avenue, Fairborn, Ohio 45324, or call (937) 754-3005 or e-mail at [bill.kucera@ci.fairborn.oh.us](mailto:bill.kucera@ci.fairborn.oh.us).



**CITY OF FAIRBORN, OHIO**

**Statement of Net Assets  
December 31, 2004**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3,465,805	\$ 2,443,060	\$ 5,908,865
Investments	3,500,078	3,832,791	7,332,869
Receivables:			
Taxes	3,551,265	0	3,551,265
Accounts	789,738	1,048,995	1,838,733
Intergovernmental	2,274,817	0	2,274,817
Interest	42,404	2,615	45,019
Special Assessments	4,212,297	0	4,212,297
Internal Balances	(142,563)	142,563	0
Inventory of Supplies at Cost	209,958	115,841	325,799
Prepays	49,407	9,940	59,347
Restricted Assets:			
Cash and Cash Equivalents	0	173,460	173,460
Cash and Cash Equivalents with Fiscal Agent	5,044	8,022	13,066
Capital Assets:			
Capital Assets Not Being Depreciated	11,508,120	2,754,695	14,262,815
Capital Assets Being Depreciated	45,778,443	19,741,840	65,520,283
<b>Total Assets</b>	<b>75,244,813</b>	<b>30,273,822</b>	<b>105,518,635</b>
<b>Liabilities:</b>			
Accounts Payable	280,042	542,009	822,051
Accrued Wages and Benefits	440,861	67,322	508,183
Intergovernmental Payable	580,003	66,912	646,915
Claims Payable	4,460	0	4,460
Matured Bonds & Interest Payable	5,044	8,022	13,066
Refundable Deposits	0	173,460	173,460
Deferred Revenue	2,397,878	0	2,397,878
Accrued Interest Payable	22,423	62,029	84,452
General Obligation Notes Payable	185,000	1,630,000	1,815,000
Long Term Liabilities:			
Due Within One Year	1,162,482	1,112,284	2,274,766
Due in More Than One Year	3,420,141	10,653,344	14,073,485
<b>Total Liabilities</b>	<b>8,498,334</b>	<b>14,315,382</b>	<b>22,813,716</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	53,449,082	9,532,806	62,981,888
Restricted For:			
Capital Projects	1,414,573	0	1,414,573
Debt Service	4,785,517	0	4,785,517
Other Purposes	1,625,807	0	1,625,807
Unrestricted (Deficit)	5,471,500	6,425,634	11,897,134
<b>Total Net Assets</b>	<b>\$ 66,746,479</b>	<b>\$ 15,958,440</b>	<b>\$ 82,704,919</b>

See accompanying notes to the basic financial statements

**CITY OF FAIRBORN, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2004**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Current:				
Security of Persons and Property	\$ 10,864,285	\$ 1,285,022	\$ 592,100	\$ 0
Public Health and Welfare Services	161,299	28,829	0	0
Leisure Time Activities	217,412	55,506	0	375,000
Community Environment	895,745	297,960	353,793	0
Transportation	878,685	0	1,442,128	1,239,902
General Government	7,992,100	3,926,762	29,939	448,787
Interest and Fiscal Charges	226,575	0	0	0
<b>Total Governmental Activities</b>	<b>21,236,101</b>	<b>5,594,079</b>	<b>2,417,960</b>	<b>2,063,689</b>
<b>Business-Type Activities:</b>				
Water	2,624,043	2,836,439	0	0
Sewer	3,158,600	4,433,028	0	0
Sanitation	1,946,026	2,005,865	0	0
<b>Total Business-Type Activities</b>	<b>7,728,669</b>	<b>9,275,332</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 28,964,770</b>	<b>\$ 14,869,411</b>	<b>\$ 2,417,960</b>	<b>\$ 2,063,689</b>

**General Revenues**

Property Taxes  
Municipal Income Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous  
Transfers  
Total General Revenues and Transfers

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**

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Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (8,987,163)	\$ 0	\$ (8,987,163)
(132,470)	0	(132,470)
213,094	0	213,094
(243,992)	0	(243,992)
1,803,345	0	1,803,345
(3,586,612)	0	(3,586,612)
(226,575)	0	(226,575)
<u>(11,160,373)</u>	<u>0</u>	<u>(11,160,373)</u>
0	212,396	212,396
0	1,274,428	1,274,428
<u>0</u>	<u>59,839</u>	<u>59,839</u>
<u>0</u>	<u>1,546,663</u>	<u>1,546,663</u>
<u>(11,160,373)</u>	<u>1,546,663</u>	<u>(9,613,710)</u>
3,338,026	0	3,338,026
6,293,807	0	6,293,807
1,832,128	0	1,832,128
241,769	0	241,769
788,312	0	788,312
(21,818)	21,818	0
<u>12,472,224</u>	<u>21,818</u>	<u>12,494,042</u>
1,311,851	1,568,481	2,880,332
<u>65,434,628</u>	<u>14,389,959</u>	<u>79,824,587</u>
<u>\$ 66,746,479</u>	<u>\$ 15,958,440</u>	<u>\$ 82,704,919</u>

**CITY OF FAIRBORN, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2004**

	General	General Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,182,970	\$ 189,352	\$ 1,816,351	\$ 3,188,673
Investments	2,360,827	377,885	489,167	3,227,879
Receivables:				
Taxes	3,203,164	138,900	209,201	3,551,265
Accounts	568,618	0	193,526	762,144
Intergovernmental	1,349,951	8,094	916,772	2,274,817
Interest	40,121	2,014	269	42,404
Special Assessments	0	4,212,297	0	4,212,297
Interfund Loans Receivables	15,022	0	0	15,022
Inventory of Supplies, at Cost	38,594	0	96,101	134,695
Prepaid Items	45,438	0	2,779	48,217
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	5,044	0	5,044
<b>Total Assets</b>	<b>\$ 8,804,705</b>	<b>\$ 4,933,586</b>	<b>\$ 3,724,166</b>	<b>\$ 17,462,457</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 88,174	\$ 81	\$ 167,462	\$ 255,717
Accrued Wages and Benefits Payable	391,640	0	36,035	427,675
Intergovernmental Payable	551,991	0	13,127	565,118
Matured Bonds and Interest Payable	0	5,044	0	5,044
Due to Other Funds	14,581	0	122	14,703
Interfund Loans Payable	0	0	15,022	15,022
Deferred Revenue	3,763,828	4,355,809	982,837	9,102,474
Compensated Absences Payable	15	0	0	15
Accrued Interest Payable	0	0	1,264	1,264
General Obligation Notes Payable	0	0	185,000	185,000
<b>Total Liabilities</b>	<b>4,810,229</b>	<b>4,360,934</b>	<b>1,400,869</b>	<b>10,572,032</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	133,864	590	65,776	200,230
Reserved for Prepaid Items	45,438	0	2,779	48,217
Reserved for Supplies Inventory	38,594	0	96,101	134,695
Reserved for Debt Service	0	572,062	6,647	578,709
Unreserved, Undesignated in:				
General Fund	3,776,580	0	0	3,776,580
Special Revenue Funds	0	0	1,100,078	1,100,078
Capital Projects Funds	0	0	1,051,916	1,051,916
<b>Total Fund Balances</b>	<b>3,994,476</b>	<b>572,652</b>	<b>2,323,297</b>	<b>6,890,425</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,804,705</b>	<b>\$ 4,933,586</b>	<b>\$ 3,724,166</b>	<b>\$ 17,462,457</b>

See accompanying notes to the basic financial statements



***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2004***

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**Total Governmental Fund Balances** \$ 6,890,425

***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	56,932,892	
Capital Assets used in the operation of Internal Service Funds	353,671	
		57,286,563

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 6,704,596

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	923,081	
Capital Assets used in the operation of Internal Service Funds	(353,671)	
Compensated Absences Payable related to Internal Service Funds	42,904	
Allocation to Business-Type Activities	(143,652)	
		468,662

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	(2,290,000)	
Special Assessment Bonds Payable	(1,303,000)	
Special Assessment Notes Payable	(83,511)	
Capital Leases Payable	(59,482)	
Compensated Absences Payable related to Governmental Funds	(803,711)	
Compensated Absences Payable related to Internal Service Funds	(42,904)	
Accrued Interest Payable	(21,159)	
		(4,603,767)

***Net Assets of Governmental Activities*** \$ 66,746,479

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, 2004**

	General	General Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 2,806,297	\$ 151,616	\$ 272,542	\$ 3,230,455
Municipal Income Tax	6,200,461	0	0	6,200,461
Intergovernmental Revenues	2,384,548	0	2,328,928	4,713,476
Charges for Services	3,867,779	0	150,035	4,017,814
Licenses and Permits	288,295	0	63,666	351,961
Investment Earnings	205,238	25,713	4,269	235,220
Special Assessments	0	285,920	40,071	325,991
Fines and Forfeitures	885,289	0	339,015	1,224,304
All Other Revenue	352,055	71,094	350,572	773,721
<b>Total Revenue</b>	<b>16,989,962</b>	<b>534,343</b>	<b>3,549,098</b>	<b>21,073,403</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	9,865,302	0	464,310	10,329,612
Public Health and Welfare Services	73,222	0	85,750	158,972
Leisure Time Activities	173,757	0	2,539	176,296
Community Environment	578,939	0	271,578	850,517
Transportation	0	0	843,820	843,820
General Government	5,447,207	25,594	363,030	5,835,831
Capital Outlay	130,593	0	2,860,098	2,990,691
Debt Service:				
Principal Retirement	0	323,000	183,208	506,208
Interest & Fiscal Charges	0	167,301	60,079	227,380
<b>Total Expenditures</b>	<b>16,269,020</b>	<b>515,895</b>	<b>5,134,412</b>	<b>21,919,327</b>
Excess (Deficiency) of Revenues Over Expenditures	720,942	18,448	(1,585,314)	(845,924)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	11,501	0	43,950	55,451
Sale of Bonds	0	0	275,000	275,000
Sale of Notes	0	0	62,056	62,056
Transfers In	300,690	26,349	921,238	1,248,277
Transfers Out	(579,801)	(21,818)	(568,876)	(1,170,495)
Other Financing Sources - Capital Lease	0	0	107,924	107,924
<b>Total Other Financing Sources (Uses)</b>	<b>(267,610)</b>	<b>4,531</b>	<b>841,292</b>	<b>578,213</b>
Net Change in Fund Balances	453,332	22,979	(744,022)	(267,711)
<b>Fund Balances at Beginning of Year</b>	<b>3,548,779</b>	<b>549,673</b>	<b>3,054,945</b>	<b>7,153,397</b>
Increase (Decrease) in Inventory Reserve	(7,635)	0	12,374	4,739
<b>Fund Balances End of Year</b>	<b>\$ 3,994,476</b>	<b>\$ 572,652</b>	<b>\$ 2,323,297</b>	<b>\$ 6,890,425</b>

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, 2004**

**Net Change in Fund Balances - Total Governmental Funds** \$ (267,711)

*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 - governmental capital assets	4,136,422	
Capital Outlay - internal service capital assets	18,354	
Depreciation Expense - governmental capital assets	(2,717,903)	
Depreciation Expense - internal service capital assets	<u>(55,910)</u>	
		1,380,963

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets. (52,660)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 235,325

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. (444,980)

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	273,000	
Special Assessment Note Principal Payment	35,208	
Special Assessment Bond Principal Payment	198,000	
Capital Lease Principal Payment	<u>48,442</u>	
		554,650

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 805

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	(52,231)	
Change in Compensated Absences - internal service funds	(3,832)	
Change in Pension Obligation (Intergovernmental Payable)	22,817	
Change in Inventory	<u>4,739</u>	
		(28,507)

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	(110,139)	
Depreciation Expense - internal service capital assets	55,910	
Capital Asset Addition - Internal service funds	(18,354)	
Change in Compensated Absences - internal service funds	3,832	
Change in portion of internal service fund net assets allocated to Business-Type Activities	<u>2,717</u>	
		<u>(66,034)</u>

**Change in Net Assets of Governmental Activities** \$ 1,311,851

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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 2,666,081	\$ 2,666,081	\$ 2,814,344	\$ 148,263
Municipal Income Tax	6,443,595	6,443,595	6,378,842	(64,753)
Intergovernmental Revenue	2,237,285	2,237,285	2,446,636	209,351
Charges for Services	3,596,059	3,596,059	3,694,596	98,537
Licenses and Permits	309,643	309,643	288,295	(21,348)
Investment Earnings	365,000	365,000	209,205	(155,795)
Fines and Forfeitures	1,140,400	1,140,400	892,742	(247,658)
All Other Revenues	318,891	318,891	355,436	36,545
Total Revenues	<u>17,076,954</u>	<u>17,076,954</u>	<u>17,080,096</u>	<u>3,142</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	10,198,877	10,207,563	10,098,981	108,582
Public Health and Welfare Services	73,319	73,319	73,222	97
Leisure Time Activities	201,917	195,917	179,355	16,562
Community Environment	622,529	622,369	598,791	23,578
General Government	5,921,356	5,962,106	5,741,734	220,372
Capital Outlay	179,255	192,979	166,098	26,881
Debt Service:				
Principal Retirement	60,000	60,000	0	60,000
Interest and Fiscal Charges	6,000	6,000	0	6,000
Total Expenditures	<u>17,263,253</u>	<u>17,320,253</u>	<u>16,858,181</u>	<u>462,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(186,299)	(243,299)	221,915	465,214
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	15,000	15,000	11,501	(3,499)
Transfers In	334,690	334,690	300,690	(34,000)
Transfers Out	(637,051)	(637,051)	(579,801)	57,250
Advances Out	0	0	(15,022)	(15,022)
Total Other Financing Sources (Uses):	<u>(287,361)</u>	<u>(287,361)</u>	<u>(282,632)</u>	<u>4,729</u>
Net Changes in Fund Balance	(473,660)	(530,660)	(60,717)	469,943
Fund Balance at Beginning of Year	3,209,804	3,209,804	3,209,804	0
Prior Year Encumbrances	216,436	216,436	216,436	0
Fund Balance at End of Year	<u>\$ 2,952,580</u>	<u>\$ 2,895,580</u>	<u>\$ 3,365,523</u>	<u>\$ 469,943</u>

See accompanying notes to the basic financial statements

**CITY OF FAIRBORN, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2004**

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Sanitation	Total	
<b>Assets:</b>					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 813,294	\$ 1,108,211	\$ 521,555	\$ 2,443,060	\$ 277,132
Investments	1,622,117	2,210,674	0	3,832,791	272,199
<i>Receivables:</i>					
Accounts	326,799	489,566	232,630	1,048,995	27,594
Interest	856	1,759	0	2,615	0
Due from Other Funds	0	2,413	0	2,413	15,906
Inventory of Supplies at Cost	110,502	5,339	0	115,841	75,263
Prepaid Items	3,748	6,192	0	9,940	1,190
<i>Restricted Assets:</i>					
Cash and Cash Equivalents	57,820	57,820	57,820	173,460	0
Cash and Cash Equivalents with Fiscal Agent	8,022	0	0	8,022	0
<b>Total Current Assets</b>	<b>2,943,158</b>	<b>3,881,974</b>	<b>812,005</b>	<b>7,637,137</b>	<b>669,284</b>
<i>Non Current Assets:</i>					
<i>Capital Assets:</i>					
Capital Assets Not Being Depreciated	351,760	2,329,755	73,180	2,754,695	0
Capital Assets Being Depreciated	9,212,508	10,310,395	218,937	19,741,840	353,671
<b>Total Assets</b>	<b>12,507,426</b>	<b>16,522,124</b>	<b>1,104,122</b>	<b>30,133,672</b>	<b>1,022,955</b>
<b>Liabilities:</b>					
<i>Current Liabilities:</i>					
Accounts Payable	48,215	380,338	113,456	542,009	24,325
Accrued Wages and Benefits	27,231	37,937	2,154	67,322	13,186
Intergovernmental Payable	27,860	36,802	2,250	66,912	14,885
Claims Payable	0	0	0	0	4,460
Matured Bonds and Interest Payable	8,022	0	0	8,022	0
Refundable Deposits	57,820	57,820	57,820	173,460	0
Due to Other Funds	2,401	1,101	0	3,502	114
Accrued Interest Payable	26,161	35,868	0	62,029	0
General Obligation Notes Payable	550,000	1,080,000	0	1,630,000	0
General Obligation Bonds - Current	296,500	413,500	0	710,000	0
OWDA Loans Payable - Current	0	323,061	0	323,061	0
OPWC Loans Payable - Current	16,685	0	0	16,685	0
Landfill Closure Costs	0	0	20,219	20,219	0
Capital Lease Payable - Current	17,701	0	0	17,701	0
<b>Total Current Liabilities</b>	<b>1,078,596</b>	<b>2,366,427</b>	<b>195,899</b>	<b>3,640,922</b>	<b>56,970</b>
<i>Long Term Liabilities:</i>					
Compensated Absences Payable	62,437	85,969	427	148,833	42,904
Capital Leases Payable	58,082	0	0	58,082	0
General Obligation Bonds Payable	2,932,472	4,372,972	0	7,305,444	0
OWDA Loans Payable	0	2,735,901	0	2,735,901	0
OPWC Loans Payable	166,855	0	0	166,855	0
Landfill Postclosure Care Liability	0	0	262,847	262,847	0
<b>Total Liabilities</b>	<b>4,298,442</b>	<b>9,561,269</b>	<b>459,173</b>	<b>14,318,884</b>	<b>99,874</b>
<b>Net Assets:</b>					
Invested in Capital Assets, Net of Related Debt	5,525,973	3,714,716	292,117	9,532,806	353,671
Unrestricted	2,683,011	3,246,139	352,832	6,281,982	569,410
<b>Total Net Assets</b>	<b>\$ 8,208,984</b>	<b>\$ 6,960,855</b>	<b>\$ 644,949</b>	<b>\$ 15,814,788</b>	<b>\$ 923,081</b>
Adjustment to reflect the consolidation of internal service fund activities related to Business-Type Activities				\$ 143,652	
Net Assets of Business-Type Activities				\$ 15,958,440	

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, 2004**

	Business-Type Activities Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Sanitation	Total	
<b>Operating Revenues:</b>					
Charges for Services	\$ 2,698,981	\$ 4,338,918	\$ 2,002,208	\$ 9,040,107	\$ 1,104,870
Other Operating Revenue	109,965	50,336	3,657	163,958	0
<b>Total Operating Revenues</b>	<b>2,808,946</b>	<b>4,389,254</b>	<b>2,005,865</b>	<b>9,204,065</b>	<b>1,104,870</b>
<b>Operating Expenses:</b>					
Personal Services	952,934	1,248,122	83,539	2,284,595	516,119
Contractual Services	547,244	317,738	1,822,599	2,687,581	46,679
Materials and Supplies	114,424	270,930	15,496	400,850	441,524
Dental Insurance Claims	0	0	0	0	64,730
Depreciation	839,981	971,410	24,392	1,835,783	55,910
<b>Total Operating Expenses</b>	<b>2,454,583</b>	<b>2,808,200</b>	<b>1,946,026</b>	<b>7,208,809</b>	<b>1,124,962</b>
Operating Income (Loss)	354,363	1,581,054	59,839	1,995,256	(20,092)
<b>Nonoperating Revenue (Expenses):</b>					
Investment Earnings	27,355	43,774	0	71,129	6,549
Interest Expense	(170,051)	(348,683)	0	(518,734)	0
Loss on Disposal of Capital Assets	3,445	(1,717)	0	1,728	3,005
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(139,251)</b>	<b>(306,626)</b>	<b>0</b>	<b>(445,877)</b>	<b>9,554</b>
Income (Loss) Before Transfers	215,112	1,274,428	59,839	1,549,379	(10,538)
Transfers In	0	21,818	0	21,818	0
Transfers Out	0	0	0	0	(99,600)
Change in Net Assets	215,112	1,296,246	59,839	1,571,197	(110,138)
Net Assets Beginning of Year	7,993,872	5,664,609	585,110	14,243,591	1,033,219
Net Assets End of Year	<u>\$ 8,208,984</u>	<u>\$ 6,960,855</u>	<u>\$ 644,949</u>	<u>\$ 15,814,788</u>	<u>\$ 923,081</u>
Change in Net Assets - Total Enterprise Funds				\$ 1,571,197	
Adjustment to reflect the consolidation of internal service fund activities related to Business-Type Activities				(2,716)	
Change in Net Assets - Total Business-Type Activities				<u>\$ 1,568,481</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, 2004**

	Business-Type Activities				Governmental
	Enterprise Funds				Activities -
	Water	Sewer	Sanitation	Total	Service
				Funds	
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$2,697,112	\$4,321,347	\$1,996,531	\$9,014,990	\$0
Cash Receipts from Interfund Services Provided	0	0	0	0	1,101,810
Cash Payments for Goods and Services	(685,539)	(596,832)	(1,869,812)	(3,152,183)	(485,900)
Cash Payments to Employees	(965,160)	(1,275,331)	(98,385)	(2,338,876)	(531,561)
Cash Payments for Employee Medical/Dental Claims	0	0	0	0	(62,413)
Other Operating Receipts	110,614	51,136	3,657	165,407	0
Customer Deposits Received	26,350	26,350	26,350	79,050	0
Customer Deposits Returned	(28,068)	(28,068)	(28,068)	(84,204)	0
Net Cash Provided (Used) by Operating Activities	1,155,309	2,498,602	30,273	3,684,184	21,936
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In from Other Funds	0	21,818	0	21,818	0
Transfers Out to Other Funds	0	0	0	0	(99,600)
Net Cash Provided (Used) by Noncapital Financing Activities	0	21,818	0	21,818	(99,600)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition and Construction of Assets	(633,560)	(3,263,269)	(27,100)	(3,923,929)	(20,697)
Sale of General Obligation Notes	1,750,000	2,980,000	0	4,730,000	0
Sale of General Obligation Bonds	1,218,750	1,906,250	0	3,125,000	0
Sale of Capital Assets	3,445	3,709	0	7,154	3,005
Principal Paid on General Obligation Notes	(2,400,000)	(3,800,000)	0	(6,200,000)	0
Principal Paid on General Obligation Bonds	(247,440)	(337,440)	0	(584,880)	0
Principal Paid on Ohio Public Works Commission Loans	(16,685)	0	0	(16,685)	0
Principal Paid on Ohio Water Development Authority Loans	0	(306,114)	0	(306,114)	0
Interest Paid on All Debt	(178,103)	(349,694)	0	(527,797)	0
Net Cash Used for Capital and Related Financing Activities	(503,593)	(3,166,558)	(27,100)	(3,697,251)	(17,692)
<u>Cash Flows from Investing Activities:</u>					
Receipts of Interest	28,493	46,964	0	75,457	7,076
Purchase of Investments	(611,649)	0	0	(611,649)	(27,981)
Sale of Investments	0	54,389	0	54,389	0
Net Cash Provided by Investing Activities	(583,156)	101,353	0	(481,803)	(20,905)
Net Increase (Decrease) in Cash and Cash Equivalents	68,560	(544,785)	3,173	(473,052)	(116,261)
Cash and Cash Equivalents at Beginning of Year	810,576	1,710,816	576,202	3,097,594	393,393
Cash and Cash Equivalents at End of Year	\$879,136	\$1,166,031	\$579,375	\$2,624,542	\$277,132
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>					
Cash and Cash Equivalents	\$813,294	\$1,108,211	\$521,555	\$2,443,060	\$277,132
Restricted Cash and Cash Equivalents	57,820	57,820	57,820	173,460	0
Restricted Cash and Cash Equivalents with Fiscal Agent	8,022	0	0	8,022	0
Cash and Cash Equivalents at End of Year	\$879,136	\$1,166,031	\$579,375	\$2,624,542	\$277,132

(Continued)



**CITY OF FAIRBORN, OHIO**

	Business-Type Activities				Governmental
	Enterprise Funds				Activities -
	Water	Sewer	Sanitation	Total	Service Funds
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	\$354,363	\$1,581,054	\$59,839	\$1,995,256	(\$20,092)
Adjustments to Reconcile Operating Income (Loss) to					
Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	839,981	971,410	24,392	1,835,783	55,910
Changes in Assets and Liabilities:					
Increase in Accounts Receivable	(1,220)	(15,589)	(5,677)	(22,486)	(27,594)
(Increase) Decrease in Due From Other Funds	0	(1,182)	0	(1,182)	1,990
Decrease in Intergovernmental Receivables	0	0	0	0	22,544
(Increase) Decrease in Inventory	(10,015)	(1,263)	0	(11,278)	3,345
Increase in Prepaid Items	65	108	0	173	21
Decrease in Accounts Payable	(14,946)	(6,661)	(10,896)	(32,503)	(1,143)
Decrease in Accrued Wages and Benefits	(22,858)	(32,192)	(4,375)	(59,425)	(17,508)
Increase (Decrease) in Due to Other Funds	1,025	(364)	(602)	59	80
(Decrease) in Intergovernmental Payable	(357)	(948)	(1,146)	(2,451)	(1,766)
Decrease in Landfill Closure Costs	0	0	(20,219)	(20,219)	0
Increase (Decrease) in Compensated Absences	10,989	5,947	(9,325)	7,611	3,832
Decrease in Refundable Deposits Payable	(1,718)	(1,718)	(1,718)	(5,154)	0
Increase in Claims Payable	0	0	0	0	2,317
Total Adjustments	800,946	917,548	(29,566)	1,688,928	42,028
Net Cash Provided (Used) by Operating Activities	<u>\$1,155,309</u>	<u>\$2,498,602</u>	<u>\$30,273</u>	<u>\$3,684,184</u>	<u>\$21,936</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2004, the Water Fund, and Sewer Fund had outstanding liabilities of \$25,702, and \$333,513, respectively, for the purchase of certain capital assets.

During 2004, the fair value of investments increased by \$1,374, \$1,872, and \$231 in the Water Fund, Sewer Fund, and Self-Insurance Fund, respectively.

See accompanying notes to the basic financial statements

**CITY OF FAIRBORN, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2004***

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	<u>Agency</u>
<b>Assets:</b>	
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	\$ 331,764
<b>Total Assets</b>	<u>\$ 331,764</u>
<b>Liabilities:</b>	
Intergovernmental Payable	\$ 105,206
Undistributed Monies	226,558
<b>Total Liabilities</b>	<u>\$ 331,764</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**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, 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, 2004 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.

**B. Basis of Presentation - Fund Accounting**

The City uses funds 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

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.

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:

**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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting** (Continued)

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

Internal Service Funds - The City's internal service funds are used to account for the financing of dental insurance and equipment maintenance and repair. The insurance and repairs are provided to other departments of the City on a cost-reimbursement basis.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency 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, which is used to account for monies that flow through the clerk of courts office. 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.

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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

**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.

**D. Basis of Accounting**

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

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting** (Continued)

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, 2004 but which are not intended to finance 2004 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 and fiduciary funds. 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 enterprise 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. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process** (Continued)

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 2004, 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 2004.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**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.

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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" for the General Fund:

	Net Change in Fund Balance
	<u>General Fund</u>
GAAP Basis (as reported)	\$453,332
Increase (Decrease):	
Accrued Revenues at December 31, 2004 received during 2005	(1,415,047)
Accrued Revenues at December 31, 2003 received during 2004	1,490,159
Accrued Expenditures at December 31, 2004 paid during 2005	1,046,401
Accrued Expenditures at December 31, 2003 paid during 2004	(1,454,507)
2004 Prepays for 2005	(45,438)
2003 Prepays for 2004	40,658
Outstanding Encumbrances	<u>(176,275)</u>
Budget Basis	<u><u>(\$60,717)</u></u>

**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 financial statements.

For purposes of the statement of cash flows and the financial statements 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."

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2004. 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, 2004. 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.

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2004, 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Capital Assets and Depreciation**

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

1. Property, Plant and Equipment - Governmental Activities

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

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for infrastructure includes assets acquired prior to fiscal years ended after June 30, 1980. 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.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. 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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. 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.

**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 in the government wide statement of net assets as a liability to the extent that they will not be paid with current expendable available financial resources. Such liabilities are reported in the government wide statement of net assets in the "Due within one year" account and the "Due in more than one year" account. 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 in the government wide statement of net assets. Long-term debt and other obligations to be paid from proprietary funds are reported in those funds.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Accrued Liabilities and Long-Term Debt (Continued)**

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. Net Assets restricted for Other Purposes include programs for street and highway improvements, federal grants for security of persons and property and mandatory fines for various court programs. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. On the government-wide statement of activities, all interfund activity of the self-insurance fund is eliminated as part of consolidation

In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. The elimination of the internal service funds is based on the activity of each fund to which it provides service.

**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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. 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.

**U. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**V. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. During 2004, the City did not report either an extraordinary item or a special item.

**NOTE 2 – RESTATEMENT OF FUND BALANCE**

The fund balances of the General Fund (major governmental fund), the Indigent Drivers Alcohol Treatment Fund (nonmajor special revenue fund) and the Court Special Projects Fund (nonmajor capital projects fund) were restated to correct errors in the recognition of certain liabilities on a fund level. The corrections resulted in changes to the following fund balances reported at December 31, 2003 as follows:

	General Fund	Indigent Drivers Alcohol Treatment Fund	Court Special Projects Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund Balance at			
December 31, 2003 (as reported)	\$4,035,994	\$5,665	\$522,038
Correction of accounting error	(487,215)	269,370	(269,370)
Fund Balance at			
December 31, 2003 (as restated)	<u>\$3,548,779</u>	<u>\$275,035</u>	<u>\$252,668</u>



**CITY OF FAIRBORN, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 3 – COMPLIANCE AND ACCOUNTABILITY**

**Deficit Fund Equities** - The deficits of \$22,258 in the Community Development Fund, \$2,545 in the Victim Witness Fund, (special revenue funds), and \$168,533 in the Issue II Improvement Fund (capital projects fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the cash basis. Under the budgetary basis of accounting, these expenditures are not recognized until they are paid, therefore, deficits did not exist. The General Fund provides transfers when cash is required, not when accruals occur.

At December 31, 2004, the City had a deficit (final budget) fund balance on the budgetary basis in the following funds: Issue II Improvement, Public Safety Equipment/Facility, Buildings and Land, Tax Increment and Street Lighting Funds.

During 2004, the City had transfers out of the following funds that were not in compliance with the Ohio Revised Code: Street Maintenance and Repair Fund, Cemetery Fund, County Motor Vehicle License Tax Fund, Damage Repair Fund, Issue II Improvement Fund, Federal Emergency Management Agency Fund, General Bond Retirement Fund, Tax Increment Fund and Equipment Fund.

Ohio Revised Code states that no contracts or orders involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free any previous encumbrances. During the year certain expenditures were not properly encumbered prior to incurring the obligation.

For the year ended December 31, 2004 expenditures exceeded appropriations at the legal level of budgetary control in the Issue II Improvement Fund (capital projects fund). Ohio Revised Code requires that expenditures not exceed appropriations. The excess expenditures were funded from available fund balances.

**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:

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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

- 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.
- 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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

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.

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 \$3,176,589 and the bank balance was \$3,876,582. Of the bank balance, \$300,000 was covered by federal deposit insurance. The remaining deposits of \$3,576,582 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 \$3,465 undeposited cash on hand which is included on the balance sheet of the City as part of "Cash and Cash Equivalents".

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004**

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

**B. Investments**

The City's investments at December 31, 2004 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	\$1,559,588	\$1,559,588
Federal Home Loan Bank Notes	0	4,908,254	4,908,254
Federal National Mortgage Association Notes	0	737,366	737,366
City's Debt	83,511	0	83,511
<b>Total Categorized Investments</b>	<b>83,511</b>	<b>7,205,208</b>	<b>7,288,719</b>
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	3,280,848
Money Market Mutual Funds	N/A	N/A	13,868
<b>Total Non-Categorized Investments</b>	<b>N/A</b>	<b>N/A</b>	<b>3,294,716</b>
<b>Total Investments</b>	<b>\$83,511</b>	<b>\$7,205,208</b>	<b>\$10,583,435</b>

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 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.

A reconciliation between classifications of cash and investments on the 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 Financial Statements	\$6,427,155	\$7,332,869
Certificates of Deposit (with maturities of more than 3 months)	44,150	(44,150)
Investments:		
STAR Ohio	(3,280,848)	3,280,848
Money Market Mutual Funds	(13,868)	13,868
<b>Per GASB Statement No. 3</b>	<b>\$3,176,589</b>	<b>\$10,583,435</b>

\* Includes Cash with Fiscal Agent.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**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 2004. 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.

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, 2004, was \$9.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which the 2003 property tax levy, collected in 2004, were based are as follows:

Real Property Assessed Valuation	\$591,637,070
Public Utility Real Property Assessed Valuation	15,059,190
Tangible Personal Property Assessed Valuation	28,546,698
Less: Exemptions	<u>(133,790,350)</u>
Total	<u><u>\$501,452,608</u></u>

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004. 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 2004 operations. The receivable is therefore offset by a credit to deferred revenue.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 5 – TAXES (Continued)**

**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 2004, the proceeds were allocated to the General Fund.

**NOTE 6 – RECEIVABLES**

Receivables at December 31, 2004, 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 \$263,124, will be paid to the City by the State of Ohio in the latter part of 2004.

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004**

**NOTE 7 – CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2004:

**Historical Cost:**

Class	December 31, 2003	Additions	Deletions	December 31, 2004
<b>Capital assets not being depreciated:</b>				
Land	\$11,130,376	\$311,667	\$0	\$11,442,043
Construction in Progress	71,820	66,077	(71,820)	66,077
<b>Capital assets being depreciated:</b>				
Buildings	7,022,912	1,324,700	(4,995)	8,342,617
Improvements Other than Buildings	730,967	31,910	0	762,877
Machinery and Equipment	6,334,804	312,328	(135,353)	6,511,779
Vehicles	4,526,026	82,573	(102,709)	4,505,890
Infrastructure	60,498,456	2,097,341	(217,546)	62,378,251
Total Cost	\$90,315,361	\$4,226,596	(\$532,423)	\$94,009,534

**Accumulated Depreciation:**

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Buildings	(\$3,838,678)	(\$317,365)	\$3,330	(\$4,152,713)
Improvements Other than Buildings	(384,700)	(40,216)	0	(424,916)
Machinery and Equipment	(4,733,387)	(374,494)	134,490	(4,973,391)
Vehicles	(2,421,700)	(294,087)	102,709	(2,613,078)
Infrastructure	(22,978,636)	(1,747,651)	167,414	(24,558,873)
Total Depreciation	(\$34,357,101)	(\$2,773,813) *	\$407,943	(\$36,722,971)

**Net Value:**

\$55,958,260	\$57,286,563
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\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$476,969
Public Health and Welfare Services	3,783
Leisure Time Activities	40,851
Community Environment	45,391
Transportation	56,935
General Government	2,149,884
Total Depreciation Expense	\$2,773,813

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004**

**NOTE 7 – CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2004:

**Historical Cost:**

Class	December 31, 2003	Additions	Deletions	December 31, 2004
<b>Capital assets not being depreciated:</b>				
Land	\$400,762	\$0	\$0	\$400,762
Construction In Progress	1,391,319	2,353,933	(1,391,319)	2,353,933
<b>Capital assets being depreciated:</b>				
Buildings and Improvements	34,638,009	2,632,494	0	37,270,503
Machinery and Equipment	6,434,026	78,777	(109,937)	6,402,866
Vehicles	897,244	112,891	0	1,010,135
Total Cost	\$43,761,360	\$5,178,095	(\$1,501,256)	\$47,438,199

**Accumulated Depreciation:**

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Buildings and Improvements	(\$18,203,370)	(\$1,384,433)	\$0	(\$19,587,803)
Machinery and Equipment	(4,206,198)	(410,319)	104,511	(4,512,006)
Vehicles	(800,823)	(41,032)	0	(841,855)
Total Depreciation	(\$23,210,391)	(\$1,835,784)	\$104,511	(\$24,941,664)
<b>Net Value:</b>	\$20,550,969	\$3,342,311	(\$1,396,745)	\$22,496,535



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. 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. For 2004, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2004 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2004, 2003 and 2002 were \$905,381, \$900,360 and \$866,392, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2004 employer contribution rate (identified above) that was used to fund health care for the year 2004 was 4.0% of covered payroll which amounted to \$267,271.

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, 2003. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 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 369,885. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2003 is \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**

**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, 2004, 2003 and 2002 were \$517,248, \$500,994 and \$479,828 for police and \$720,953, \$694,204 and \$679,086 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.

The portion of the 2004 covered payroll that was used to fund postemployment health care benefits was \$205,573 representing 7.75% of covered payroll for police and \$232,808 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. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2003, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,662 for police and 10,474 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, 2003 were \$150,853,148, which was net of member contributions of \$17,207,506.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004**

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**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.

At December 31, 2004, 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	28,638	\$220,594
Vacation and Compensatory Time	28,172	626,036
Total	<u>56,810</u>	<u>\$846,630</u>

***Business-Type Activities:***

	<u>Hours</u>	<u>Amount</u>
Sick Leave	5,874	\$60,399
Vacation and Compensatory Time	4,673	88,434
Total	<u>10,547</u>	<u>\$148,833</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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004**

**NOTE 9 – OTHER EMPLOYEE BENEFITS (Continued)**

**B. Medical, Dental and Life Insurance Benefits (Continued)**

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.

**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, 2003	Issued	(Retired)	Balance December 31, 2004
<b>General Obligation Notes:</b>				
Capital Projects Funds:				
1.50% Yellow Springs Improvement	\$245,000	\$0	(\$245,000)	\$0
2.05% Yellow Springs Improvement	0	185,000	0	185,000
1.52% Fire Truck Purchase	225,000	0	(225,000)	0
2.05% Municipal Building	0	100,000	(100,000)	0
Enterprise Funds:				
1.30% Biosolids Improvement	600,000	0	(600,000)	0
1.30% Biosolids Improvement	0	600,000	(600,000)	0
2.25% Water Improvement	0	550,000	0	550,000
1.30% Water Plant Improvement	600,000	0	(600,000)	0
1.30% Water Plant Improvement	0	600,000	(600,000)	0
1.30% WRC Improvement	1,900,000	0	(1,900,000)	0
1.30% WRC Improvement	0	1,900,000	(1,900,000)	0
2.25% Sewer Improvement	0	1,080,000	0	1,080,000
Total Notes Payable	<u>\$3,570,000</u>	<u>\$5,015,000</u>	<u>(\$6,770,000)</u>	<u>\$1,815,000</u>

**CITY OF FAIRBORN, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004**

**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, 2004 is as follows:

Date Purchased	Interest Rate	Description	Balance December 31, 2003	Issued	(Retired)	Balance December 31, 2004	Amount Due Within One Year
<b>Business-Type Activities:</b>							
General Obligation Bonds:							
2001	3.00 - 4.20%	Utility Improvement - Water Unamortized Charge	\$1,485,162	\$0	(\$162,440)	\$1,322,722	\$170,000
2001	3.00 - 4.20%	Utility Improvement - Sewer Unamortized Charge	1,485,162	0	(162,440)	1,322,722	170,000
2001	3.50 - 4.20%	Various Purpose - Water	772,500	0	(85,000)	687,500	87,500
2001	3.50 - 4.20%	Various Purpose - Sewer	772,500	0	(85,000)	687,500	87,500
2003	2.25 - 5.00%	Various Purpose - Sewer	960,000	0	(90,000)	870,000	95,000
2004	2.00 - 4.38%	Various Purpose - Water	0	1,218,750	0	1,218,750	39,000
2004	2.00 - 4.38%	Various Purpose - Sewer	0	1,906,250	0	1,906,250	61,000
Total General Obligation Bonds			5,475,324	3,125,000	(584,880)	8,015,444	710,000
Ohio Water Development Authority Loans (OWDA):							
1986	8.970%	OWDA Loan	582,414	0	(63,363)	519,051	69,046
1992	5.200%	OWDA Loan	1,452,483	0	(130,281)	1,322,202	137,144
1993	3.540%	OWDA Loan	111,458	0	(10,718)	100,740	11,101
1996	3.910%	OWDA Loan	1,218,721	0	(101,752)	1,116,969	105,770
Total Ohio Water Development Authority Loans			3,365,076	0	(306,114)	3,058,962	323,061
Ohio Public Works Commission Loan			200,225	0	(16,685)	183,540	16,685
Capital Leases			0	96,932	(21,149)	75,783	17,701
Compensated Absences			141,222	18,646	(11,035)	148,833	24,618
Landfill Closure and Postclosure Care Costs			303,285	0	(20,219)	283,066	20,219
Total Business-Type Activities			\$9,485,132	\$3,240,578	(\$960,082)	\$11,765,628	\$1,112,284

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**CITY OF FAIRBORN, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004**

**NOTE 11 – LONG-TERM OBLIGATIONS (Continued)**

**Governmental Activities:**

General Obligation Bonds:

2001	3.00 - 4.20%	Fairborn Library	\$1,040,000	\$0	(\$115,000)	\$925,000	\$120,000
1998	Various	Police/Fire Dispatch	280,000	0	(65,000)	215,000	70,000
1999	Various	Downtown Revitalization	43,000	0	(43,000)	0	0
1999	Various	Street Improvement	165,000	0	(25,000)	140,000	25,000
2003	Various	Dayton-Yellow Springs Improvement	305,000	0	(10,000)	295,000	10,000
2003	Various	Municipal Court Building Renovation	455,000	0	(15,000)	440,000	15,000
2004	Various	Municipal Building Bond	0	100,000	0	100,000	10,000
2004	Various	Fire Truck Bonds	0	175,000	0	175,000	55,000
Total General Obligation Bonds			<u>2,288,000</u>	<u>275,000</u>	<u>(273,000)</u>	<u>2,290,000</u>	<u>305,000</u>

Special Assessment Notes:

1999	5.000%	Curb and Sidewalk	11,508	0	(11,508)	0	0
2002	4.000%	Curb and Sidewalk	45,155	0	(11,289)	33,866	11,289
2003	4.000%	Curb and Sidewalk	0	62,056	(12,411)	49,645	12,411
Total Special Assessment Notes (with Governmental Commitment)			<u>56,663</u>	<u>62,056</u>	<u>(35,208)</u>	<u>83,511</u>	<u>23,700</u>

Special Assessment Bonds:

1981	9.250%	Water and Sewer Improvement	150,000	0	(75,000)	75,000	75,000
1986	8.750%	Water System Improvement	6,000	0	(3,000)	3,000	3,000
1988	7.190%	Street Improvement	375,000	0	(75,000)	300,000	75,000
1998	5.150%	Commerce Center/Channingway Drive	970,000	0	(45,000)	925,000	45,000
Total Special Assessment Bonds (with Governmental Commitment)			<u>1,501,000</u>	<u>0</u>	<u>(198,000)</u>	<u>1,303,000</u>	<u>198,000</u>

Capital Leases

Compensated Absences

Total Other Long-Term Liabilities

Total Governmental Activities

Capital Leases	<u>0</u>	<u>107,924</u>	<u>(48,442)</u>	<u>59,482</u>	<u>46,003</u>
Compensated Absences	<u>831,364</u>	<u>125,110</u>	<u>(109,844)</u>	<u>846,630</u>	<u>589,779</u>
Total Other Long-Term Liabilities	<u>831,364</u>	<u>233,034</u>	<u>(158,286)</u>	<u>906,112</u>	<u>635,782</u>
Total Governmental Activities	<u>\$4,677,027</u>	<u>\$570,090</u>	<u>(\$664,494)</u>	<u>\$4,582,623</u>	<u>\$1,162,482</u>

The principal amount of the City's special assessment bonds outstanding at December 31, 2004, \$1,303,000, 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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004**

**NOTE 11 – LONG-TERM OBLIGATIONS (Continued)**

**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, 2004 follows:

Years	Governmental Activities					
	General Obligation Bonds		Special Assessment Bonds		Special Assessment Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$305,000	\$96,198	\$198,000	\$77,638	\$23,700	\$3,340
2006	310,000	83,267	125,000	62,420	23,700	2,393
2007	330,000	71,932	125,000	54,145	23,700	1,444
2008	200,000	59,225	130,000	45,870	12,411	496
2009	206,000	50,599	55,000	37,338	0	0
2010-2014	575,000	147,086	330,000	140,595	0	0
2015-2019	284,000	44,208	340,000	45,835	0	0
2020-2024	80,000	9,000	0	0	0	0
Totals	<u>\$2,290,000</u>	<u>\$561,515</u>	<u>\$1,303,000</u>	<u>\$463,841</u>	<u>\$83,511</u>	<u>\$7,673</u>

Years	Business-Type Activities					
	General Obligation Bonds		OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$710,000	\$188,880	\$323,060	\$159,672	\$16,686	\$0
2006	750,000	280,126	341,050	141,682	16,685	0
2007	785,000	254,831	360,154	122,577	16,686	0
2008	815,000	228,969	380,453	102,279	16,685	0
2009	830,000	199,909	402,025	80,707	16,686	0
2010-2014	2,220,000	594,860	1,252,220	113,177	83,427	0
2015-2019	870,000	363,886	0	0	16,685	0
2020-2024	1,070,000	143,002	0	0	0	0
Totals	<u>\$8,050,000</u>	<u>\$2,254,463</u>	<u>\$3,058,962</u>	<u>\$720,094</u>	<u>\$183,540</u>	<u>\$0</u>

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**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, 2004, there was one series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$1,567,083. The original issue amount totaled \$2,500,000. As of December 31, 2004, there was one series of Mortgage Revenue Bonds outstanding with an aggregate principal amount payable of \$3,020,000. 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 \$2,605,000 at December 31, 2004, and the Library Improvement Bonds, which have an outstanding balance of \$900,000 at December 31, 2004, 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, 2004***

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**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 \$283,066 reported as landfill postclosure care liability in the Sanitation Enterprise Fund at December 31, 2004, 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 - CAPITAL LEASE COMMITMENTS**

Under capital leases the City leases four police cruisers, a truck, and a case loader. The original cost of the assets under capital lease is \$204,856. The original costs for the cruisers and the truck are accounted for in the Governmental Activities Capital Assets and the related Liability in the Governmental Activities Other Long-Term Obligations. The original costs of these assets were \$107,294. The original cost and liability for the case loader is accounted for in the Water Fund. The original cost of this assets is \$97,562.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2004:

Year Ending December 31,	Governmental Capital Leases	Business-Type Capital Leases
2005	\$48,446	\$21,149
2006	7,156	21,149
2007	7,156	21,149
2008	0	21,149
Minimum Lease Payments	62,758	84,595
Less: Amount representing interest at the City's incremental borrowing rate of interest	(3,276)	(8,812)
Present value of minimum lease payments	\$59,482	\$75,783

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 14 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2004:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$300,690	\$579,801
General Bond Retirement	26,349	21,818
Sewer	21,818	0
Nonmajor Governmental Funds:		
Street Maintenance and Repair	0	8,500
Cemetery	61,000	3,000
Street Lighting	175,000	0
County Motor Vehicle License Tax	0	166,672
Fairborn School Tax Sharing	21,878	0
Damage Repair	0	300,000
Tax Increment	0	63,665
Issue II Improvement	230,337	26,349
General Capital Improvement	239,869	0
Federal Emergency Management Agency	0	690
Buildings and Land	193,154	0
Total Nonmajor Governmental Funds	921,238	568,876
Internal Service Fund:		
Equipment	0	99,600
Totals	<u>\$1,270,095</u>	<u>\$1,270,095</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 15 – INTERFUND ASSETS AND LIABILITIES**

Individual fund interfund receivable and payable balances at December 31, 2004, were as follows:

	Interfund Receivables	Due From Other Funds	Interfund Payables	Due To Other Funds
General	\$15,022	\$0	\$0	\$14,581
Water	0	0	0	2,401
Sewer	0	2,413	0	1,101
Nonmajor Governmental Funds:				
Street Maintenance and Repair	0	0	0	48
Cemetery	0	0	0	63
Community Development	0	0	15,022	11
Total Nonmajor Governmental Funds	0	0	15,022	122
Internal Service Fund:				
Equipment	0	15,906	0	114
Total All Funds	<u>\$15,022</u>	<u>\$18,319</u>	<u>\$15,022</u>	<u>\$18,319</u>

On the Statement of Net Assets, the Business-Type Activities reported an internal balance at December 31, 2004 of \$142,563, which was offset in the Governmental Activities by the same amount. The Due to Other Funds is a reimbursement of expenditures made by the funds. The Interfund Receivable is a short-term loan to cover a temporary cash deficit.

**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 2004, 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004***

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**NOTE 16 – RISK MANAGEMENT (Continued)**

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>
Legal Liability for Third Party Claims	\$9,000,000	N/A
Automobile Liability	9,000,000	N/A
Law Enforcement Operations	9,000,000	3,000
Wrongful Acts (Public Officials)	9,000,000	3,000
Real and Personal Property Blanket	27,010,100	1,000
Emergency Vehicles	3,345,000	1,000
Miscellaneous Property	6,429,116	500
Electronic Data Processing	1,901,905	500
Dishonesty	500,000	N/A

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 \$4,460 reported at December 31, 2004, 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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2004**

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**NOTE 16 – RISK MANAGEMENT (Continued)**

Changes in the fund’s claims liability amount in 2004 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>
2003	\$1,283	\$55,145	(\$54,285)	\$2,143
2004	2,143	67,047	(64,730)	4,460

**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.

**B. Federal and State Grants**

For the period January 1, 2004, to December 31, 2004, 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, 2004, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
SE Force Main Design	17,130	September-05
Sanitary System Rehabilitation	208,000	December-05
Filter Backwash Design	6,030	September-05
Kauffman Booster Station Generator	28,260	May-05
Filter Backwash Construction	252,924	August-05
Wellfield Design & Development	1,598,100	December-05
Aeration Construction	619,567	December-05
Aeration Design & Engineering	8,856	December-05
WRC Screening Building Design	51,400	December-05
N-Viro Storage Engineering and Construction	10,895	December-05
Total	<u>\$2,801,162</u>	

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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





***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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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)

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**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.

**Fairborn School Tax Sharing Fund**

To account for funds collected per the requirements of the tax sharing agreement between the City of Fairborn and the Fairborn City School District. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Damage Repair Fund**

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

***Debt Service Fund***

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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***

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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.

**Federal Emergency Management Agency (FEMA) Fund**

To account for grant monies received from the Federal Emergency Management Agency for the purchase of 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, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,055,756	\$ 753,948	\$ 6,647	\$ 1,816,351
Investments	0	489,167	0	489,167
Receivables (net of allowance for doubtful accounts):				
Taxes	168,015	41,186	0	209,201
Accounts	29,021	164,505	0	193,526
Intergovernmental	626,108	290,664	0	916,772
Interest	84	185	0	269
Inventory of Supplies, at Cost	96,101	0	0	96,101
Prepaid Items	2,779	0	0	2,779
<b>Total Assets</b>	<b>\$ 1,977,864</b>	<b>\$ 1,739,655</b>	<b>\$ 6,647</b>	<b>\$ 3,724,166</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 19,176	\$ 148,286	\$ 0	\$ 167,462
Accrued Wages and Benefits Payable	36,035	0	0	36,035
Intergovernmental Payable	11,058	2,069	0	13,127
Due to Other Funds	122	0	0	122
Interfund Loans Payable	15,022	0	0	15,022
Deferred Revenue	690,897	291,940	0	982,837
Accrued Interest Payable	0	1,264	0	1,264
General Obligation Notes Payable	0	185,000	0	185,000
<b>Total Liabilities</b>	<b>772,310</b>	<b>628,559</b>	<b>0</b>	<b>1,400,869</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	6,596	59,180	0	65,776
Reserved for Prepaid Items	2,779	0	0	2,779
Reserved for Supplies Inventory	96,101	0	0	96,101
Reserved for Debt Service	0	0	6,647	6,647
Unreserved, Undesignated in:				
Special Revenue Funds	1,100,078	0	0	1,100,078
Capital Projects Funds	0	1,051,916	0	1,051,916
<b>Total Fund Balances</b>	<b>1,205,554</b>	<b>1,111,096</b>	<b>6,647</b>	<b>2,323,297</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,977,864</b>	<b>\$ 1,739,655</b>	<b>\$ 6,647</b>	<b>\$ 3,724,166</b>

**CITY OF FAIRBORN, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 180,544	\$ 91,998	\$ 0	\$ 272,542
Intergovernmental Revenues	1,789,653	539,275	0	2,328,928
Charges for Services	28,829	121,206	0	150,035
Licenses and Permits	0	0	63,666	63,666
Investment Earnings	84	4,185	0	4,269
Special Assessments	0	40,071	0	40,071
Fines and Forfeitures	142,922	196,093	0	339,015
All Other Revenue	87,613	262,959	0	350,572
<b>Total Revenue</b>	<b>2,229,645</b>	<b>1,255,787</b>	<b>63,666</b>	<b>3,549,098</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	464,310	0	0	464,310
Public Health and Welfare Services	85,750	0	0	85,750
Leisure Time Activities	0	2,539	0	2,539
Community Environment	271,578	0	0	271,578
Transportation	843,820	0	0	843,820
General Government	45,447	315,699	1,884	363,030
Capital Outlay	545,320	2,314,778	0	2,860,098
Debt Service:				
Principal Retirement	43,000	140,208	0	183,208
Interest & Fiscal Charges	968	59,111	0	60,079
<b>Total Expenditures</b>	<b>2,300,193</b>	<b>2,832,335</b>	<b>1,884</b>	<b>5,134,412</b>
Excess (Deficiency) of Revenues Over Expenditures	(70,548)	(1,576,548)	61,782	(1,585,314)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	43,950	0	43,950
Sale of Bonds	0	275,000	0	275,000
Sale of Notes	0	62,056	0	62,056
Transfers In	257,878	663,360	0	921,238
Transfers Out	(478,172)	(27,039)	(63,665)	(568,876)
Other Financing Sources - Capital Leases	0	107,924	0	107,924
<b>Total Other Financing Sources (Uses)</b>	<b>(220,294)</b>	<b>1,125,251</b>	<b>(63,665)</b>	<b>841,292</b>
Net Change in Fund Balances	(290,842)	(451,297)	(1,883)	(744,022)
<b>Fund Balances at Beginning of Year</b>	<b>1,484,022</b>	<b>1,562,393</b>	<b>8,530</b>	<b>3,054,945</b>
Increase (Decrease) in Inventory Reserve	12,374	0	0	12,374
<b>Fund Balances End of Year</b>	<b>\$ 1,205,554</b>	<b>\$ 1,111,096</b>	<b>\$ 6,647</b>	<b>\$ 2,323,297</b>

**CITY OF FAIRBORN, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2004**

	Street Maintenance and Repair Fund	State Highway Fund	Cemetery Fund	Community Development Fund
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 262,931	\$ 28,316	\$ 13,526	\$ 0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	1,851	0	0	0
Intergovernmental	477,917	38,497	0	0
Interest	0	0	0	0
Inventory of Supplies, at Cost	96,101	0	0	0
Prepaid Items	2,203	206	370	0
<b>Total Assets</b>	<b>\$ 841,003</b>	<b>\$ 67,019</b>	<b>\$ 13,896</b>	<b>\$ 0</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 10,980	\$ 84	\$ 363	\$ 1,846
Accrued Wages and Benefits Payable	27,512	1,404	1,666	2,557
Intergovernmental Payable	1,111	586	2,397	2,822
Due to Other Funds	48	0	63	11
Interfund Loans Payable	0	0	0	15,022
Deferred Revenue	400,197	32,279	0	0
<b>Total Liabilities</b>	<b>439,848</b>	<b>34,353</b>	<b>4,489</b>	<b>22,258</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	5,537	488	43	229
Reserved for Prepaid Items	2,203	206	370	0
Reserved for Supplies Inventory	96,101	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds (Deficit)	297,314	31,972	8,994	(22,487)
<b>Total Fund Balances</b>	<b>401,155</b>	<b>32,666</b>	<b>9,407</b>	<b>(22,258)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 841,003</b>	<b>\$ 67,019</b>	<b>\$ 13,896</b>	<b>\$ 0</b>

**CITY OF FAIRBORN, OHIO**

<u>Victim Witness Fund</u>	<u>Street Lighting Fund</u>	<u>County Motor Vehicle License Tax Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Drug Law Enforcement Fund</u>	<u>City Motor Vehicle License Tax Fund</u>	<u>Indigent Drivers Alcohol Treatment Fund</u>
\$ 372	\$ 27,560	\$ 36,506	\$ 4,731	\$ 2,088	\$ 32,062	\$ 298,339
0	168,015	0	0	0	0	0
1,010	0	1,422	0	0	0	519
15,402	7,544	28,914	0	0	57,834	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 16,784</u>	<u>\$ 203,119</u>	<u>\$ 66,842</u>	<u>\$ 4,731</u>	<u>\$ 2,088</u>	<u>\$ 89,896</u>	<u>\$ 298,858</u>
\$ 115	\$ 873	\$ 0	\$ 3,196	\$ 0	\$ 0	\$ 325
2,896	0	0	0	0	0	0
2,841	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
13,477	172,090	24,283	0	0	48,571	0
<u>19,329</u>	<u>172,963</u>	<u>24,283</u>	<u>3,196</u>	<u>0</u>	<u>48,571</u>	<u>325</u>
49	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>(2,594)</u>	<u>30,156</u>	<u>42,559</u>	<u>1,535</u>	<u>2,088</u>	<u>41,325</u>	<u>298,533</u>
<u>(2,545)</u>	<u>30,156</u>	<u>42,559</u>	<u>1,535</u>	<u>2,088</u>	<u>41,325</u>	<u>298,533</u>
<u>\$ 16,784</u>	<u>\$ 203,119</u>	<u>\$ 66,842</u>	<u>\$ 4,731</u>	<u>\$ 2,088</u>	<u>\$ 89,896</u>	<u>\$ 298,858</u>

(Continued)

**CITY OF FAIRBORN, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2004**

	Alcohol Enforcement and Education Fund	Federal Forfeitures Fund	Municipal Probation Services Fund	Damage Repair Fund	Total Nonmajor Special Revenue Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 10,126	\$ 17,436	\$ 222,742	\$ 99,021	\$ 1,055,756
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	168,015
Accounts	168	0	5,958	18,093	29,021
Intergovernmental	0	0	0	0	626,108
Interest	0	0	0	84	84
Inventory of Supplies, at Cost	0	0	0	0	96,101
Prepaid Items	0	0	0	0	2,779
<b>Total Assets</b>	<b>\$ 10,294</b>	<b>\$ 17,436</b>	<b>\$ 228,700</b>	<b>\$ 117,198</b>	<b>\$ 1,977,864</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 0	\$ 0	\$ 199	\$ 1,195	\$ 19,176
Accrued Wages and Benefits Payable	0	0	0	0	36,035
Intergovernmental Payable	0	0	1,301	0	11,058
Due to Other Funds	0	0	0	0	122
Interfund Loans Payable	0	0	0	0	15,022
Deferred Revenue	0	0	0	0	690,897
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>1,500</b>	<b>1,195</b>	<b>772,310</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	0	0	0	250	6,596
Reserved for Prepaid Items	0	0	0	0	2,779
Reserved for Supplies Inventory	0	0	0	0	96,101
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	10,294	17,436	227,200	115,753	1,100,078
<b>Total Fund Balances</b>	<b>10,294</b>	<b>17,436</b>	<b>227,200</b>	<b>116,003</b>	<b>1,205,554</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,294</b>	<b>\$ 17,436</b>	<b>\$ 228,700</b>	<b>\$ 117,198</b>	<b>\$ 1,977,864</b>



**CITY OF FAIRBORN, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2004***

	Street Maintenance and Repair Fund	State Highway Fund	Cemetery Fund	Community Development Fund	Victim Witness Fund
<b>Revenues:</b>					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	919,323	74,456	0	353,793	67,579
Charges for Services	0	0	28,829	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	14,151
All Other Revenue	10,794	121	1,867	8,801	669
<b>Total Revenue</b>	<b>930,117</b>	<b>74,577</b>	<b>30,696</b>	<b>362,594</b>	<b>82,399</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	96,250
Public Health and Welfare Services	0	0	85,750	0	0
Community Environment	0	0	0	271,578	0
Transportation	782,241	61,579	0	0	0
General Government	0	0	0	0	0
Capital Outlay	15,279	0	1,762	203,382	3,561
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0
<b>Total Expenditures</b>	<b>797,520</b>	<b>61,579</b>	<b>87,512</b>	<b>474,960</b>	<b>99,811</b>
Excess (Deficiency) of Revenues					
Over Expenditures	132,597	12,998	(56,816)	(112,366)	(17,412)
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	61,000	0	0
Transfers Out	(8,500)	0	(3,000)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(8,500)</b>	<b>0</b>	<b>58,000</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	124,097	12,998	1,184	(112,366)	(17,412)
<b>Fund Balances (Deficits) at Beginning of Year</b>	<b>264,684</b>	<b>19,668</b>	<b>8,223</b>	<b>90,108</b>	<b>14,867</b>
Increase (Decrease) in Inventory Reserve	12,374	0	0	0	0
<b>Fund Balances (Deficits) End of Year</b>	<b>\$ 401,155</b>	<b>\$ 32,666</b>	<b>\$ 9,407</b>	<b>\$ (22,258)</b>	<b>\$ (2,545)</b>

(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, 2004**

	Street Lighting Fund	County Motor Vehicle License Tax Fund	Law Enforcement Trust Fund	Drug Law Enforcement Fund	City Motor Vehicle License Tax Fund
<b>Revenues:</b>					
Property Taxes	\$ 180,544	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	243,476	0	0	131,026
Charges for Services	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	25,158	4,733	6,174	1,436	0
<b>Total Revenue</b>	<b>205,702</b>	<b>248,209</b>	<b>6,174</b>	<b>1,436</b>	<b>131,026</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	335,086	0	4,846	0	0
Public Health and Welfare Services	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	0	0	0	0	0
Capital Outlay	0	170,100	0	0	134,000
Debt Service:					
Principal Retirement	43,000	0	0	0	0
Interest & Fiscal Charges	968	0	0	0	0
<b>Total Expenditures</b>	<b>379,054</b>	<b>170,100</b>	<b>4,846</b>	<b>0</b>	<b>134,000</b>
Excess (Deficiency) of Revenues					
Over Expenditures	(173,352)	78,109	1,328	1,436	(2,974)
<b>Other Financing Sources (Uses):</b>					
Transfers In	175,000	0	0	0	0
Transfers Out	0	(166,672)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>175,000</b>	<b>(166,672)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	1,648	(88,563)	1,328	1,436	(2,974)
<b>Fund Balances (Deficits) at Beginning of Year</b>	<b>28,508</b>	<b>131,122</b>	<b>207</b>	<b>652</b>	<b>44,299</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
<b>Fund Balances (Deficits) End of Year</b>	<b>\$ 30,156</b>	<b>\$ 42,559</b>	<b>\$ 1,535</b>	<b>\$ 2,088</b>	<b>\$ 41,325</b>

**CITY OF FAIRBORN, OHIO**

Indigent Drivers Alcohol Treatment Fund	Alcohol Enforcement and Education Fund	Federal Forfeitures Fund	Municipal Probation Services Fund	Fairborn School Tax Sharing Fund	Damage Repair Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,544
0	0	0	0	0	0	1,789,653
0	0	0	0	0	0	28,829
0	0	0	0	0	84	84
24,473	2,593	14,248	87,457	0	0	142,922
0	0	0	51	0	27,809	87,613
<u>24,473</u>	<u>2,593</u>	<u>14,248</u>	<u>87,508</u>	<u>0</u>	<u>27,893</u>	<u>2,229,645</u>
975	1,876	0	25,277	0	0	464,310
0	0	0	0	0	0	85,750
0	0	0	0	0	0	271,578
0	0	0	0	0	0	843,820
0	0	0	0	21,878	23,569	45,447
0	0	0	5,228	0	12,008	545,320
0	0	0	0	0	0	43,000
0	0	0	0	0	0	968
<u>975</u>	<u>1,876</u>	<u>0</u>	<u>30,505</u>	<u>21,878</u>	<u>35,577</u>	<u>2,300,193</u>
23,498	717	14,248	57,003	(21,878)	(7,684)	(70,548)
0	0	0	0	21,878	0	257,878
0	0	0	0	0	(300,000)	(478,172)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,878</u>	<u>(300,000)</u>	<u>(220,294)</u>
23,498	717	14,248	57,003	0	(307,684)	(290,842)
275,035	9,577	3,188	170,197	0	423,687	1,484,022
0	0	0	0	0	0	12,374
<u>\$ 298,533</u>	<u>\$ 10,294</u>	<u>\$ 17,436</u>	<u>\$ 227,200</u>	<u>\$ 0</u>	<u>\$ 116,003</u>	<u>\$ 1,205,554</u>

**CITY OF FAIRBORN, OHIO**

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2004**

	Issue II Improvement Fund	Municipal Court Improvement Fund	Court Special Projects Fund	General Capital Improvement Fund
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 17,731	\$ 37,300	\$ 70,178	\$ 209,137
Investments	0	0	0	417,370
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	8,772	6,849	0
Intergovernmental	0	0	0	0
Interest	0	0	0	185
<b>Total Assets</b>	<b>\$ 17,731</b>	<b>\$ 46,072</b>	<b>\$ 77,027</b>	<b>\$ 626,692</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 1,813	\$ 0	\$ 9,102
Intergovernmental Payable	0	2,069	0	0
Deferred Revenue	0	0	0	0
Accrued Interest Payable	1,264	0	0	0
General Obligation Notes Payable	185,000	0	0	0
<b>Total Liabilities</b>	<b>186,264</b>	<b>3,882</b>	<b>0</b>	<b>9,102</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	30,051	6,427	703
Unreserved, Undesignated in:				
Capital Projects Funds (Deficits)	(168,533)	12,139	70,600	616,887
<b>Total Fund Balances</b>	<b>(168,533)</b>	<b>42,190</b>	<b>77,027</b>	<b>617,590</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 17,731</b>	<b>\$ 46,072</b>	<b>\$ 77,027</b>	<b>\$ 626,692</b>

**CITY OF FAIRBORN, OHIO**

Parks and Recreation Improvement Fund	Public Safety Equipment/Facility Fund	Federal Emergency Management Agency Fund	Buildings and Land Fund	Special Assessment Construction Fund	Total Nonmajor Capital Projects Funds
\$ 169,724	\$ 31,655	\$ 12,970	\$ 35,976	\$ 169,277	\$ 753,948
0	0	0	71,797	0	489,167
29,509	0	0	11,677	0	41,186
0	139,699	0	0	9,185	164,505
290,664	0	0	0	0	290,664
0	0	0	0	0	185
<u>\$ 489,897</u>	<u>\$ 171,354</u>	<u>\$ 12,970</u>	<u>\$ 119,450</u>	<u>\$ 178,462</u>	<u>\$ 1,739,655</u>
\$ 126,756	\$ 561	\$ 0	\$ 10,054	\$ 0	\$ 148,286
0	0	0	0	0	2,069
291,940	0	0	0	0	291,940
0	0	0	0	0	1,264
0	0	0	0	0	185,000
<u>418,696</u>	<u>561</u>	<u>0</u>	<u>10,054</u>	<u>0</u>	<u>628,559</u>
7,688	0	12,430	1,881	0	59,180
63,513	170,793	540	107,515	178,462	1,051,916
71,201	170,793	12,970	109,396	178,462	1,111,096
<u>\$ 489,897</u>	<u>\$ 171,354</u>	<u>\$ 12,970</u>	<u>\$ 119,450</u>	<u>\$ 178,462</u>	<u>\$ 1,739,655</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, 2004**

	Issue II Improvement Fund	Municipal Court Improvement Fund	Court Special Projects Fund	General Capital Improvement Fund
<b>Revenues:</b>				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	425,000	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	0	0	0	1,065
Special Assessments	0	0	0	0
Fines and Forfeitures	0	101,151	94,942	0
All Other Revenue	85,000	329	0	0
<b>Total Revenue</b>	<b>510,000</b>	<b>101,480</b>	<b>94,942</b>	<b>1,065</b>
<b>Expenditures:</b>				
Current:				
Leisure Time Activities	0	0	0	0
General Government	1,000	84,309	82,734	54,574
Capital Outlay	651,138	164,620	187,849	218,898
Debt Service:				
Principal Retirement	0	0	0	25,000
Interest & Fiscal Charges	3,704	0	0	8,250
<b>Total Expenditures</b>	<b>655,842</b>	<b>248,929</b>	<b>270,583</b>	<b>306,722</b>
Excess (Deficiency) of Revenues				
Over Expenditures	(145,842)	(147,449)	(175,641)	(305,657)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	42,600
Sale of Bonds	0	0	0	0
Sale of Notes	0	0	0	0
Transfers In	230,337	0	0	239,869
Transfers Out	(26,349)	0	0	0
Other Financing Sources - Capital Leases	0	0	0	107,924
<b>Total Other Financing Sources (Uses)</b>	<b>203,988</b>	<b>0</b>	<b>0</b>	<b>390,393</b>
Net Change in Fund Balances	58,146	(147,449)	(175,641)	84,736
<b>Fund Balances (Deficits) at Beginning of Year</b>	<b>(226,679)</b>	<b>189,639</b>	<b>252,668</b>	<b>532,854</b>
<b>Fund Balances (Deficits) End of Year</b>	<b>\$ (168,533)</b>	<b>\$ 42,190</b>	<b>\$ 77,027</b>	<b>\$ 617,590</b>

**CITY OF FAIRBORN, OHIO**

Parks and Recreation Improvement Fund	Public Safety Equipment/Facility Fund	Federal Emergency Management Agency Fund	Buildings and Land Fund	Special Assessment Construction Fund	Total Nonmajor Capital Project Funds
\$ 91,998	\$ 0	\$ 0	\$ 0	\$ 0	\$ 91,998
84,336	0	29,939	0	0	539,275
11,000	110,206	0	0	0	121,206
0	2,516	0	604	0	4,185
0	0	0	0	40,071	40,071
0	0	0	0	0	196,093
70,401	12,280	3,270	76,808	14,871	262,959
<u>257,735</u>	<u>125,002</u>	<u>33,209</u>	<u>77,412</u>	<u>54,942</u>	<u>1,255,787</u>
2,539	0	0	0	0	2,539
0	5,157	19,431	55,919	12,575	315,699
328,230	10,970	808	752,184	81	2,314,778
0	0	0	80,000	35,208	140,208
0	6,550	0	35,942	4,665	59,111
<u>330,769</u>	<u>22,677</u>	<u>20,239</u>	<u>924,045</u>	<u>52,529</u>	<u>2,832,335</u>
(73,034)	102,325	12,970	(846,633)	2,413	(1,576,548)
0	1,350	0	0	0	43,950
0	175,000	0	100,000	0	275,000
0	0	0	0	62,056	62,056
0	0	0	193,154	0	663,360
0	0	(690)	0	0	(27,039)
0	0	0	0	0	107,924
0	176,350	(690)	293,154	62,056	1,125,251
(73,034)	278,675	12,280	(553,479)	64,469	(451,297)
144,235	(107,882)	690	662,875	113,993	1,562,393
<u>\$ 71,201</u>	<u>\$ 170,793</u>	<u>\$ 12,970</u>	<u>\$ 109,396</u>	<u>\$ 178,462</u>	<u>\$ 1,111,096</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Property Taxes	\$ 2,666,081	\$ 2,666,081	\$ 2,814,344	\$ 148,263
Municipal Income Taxes	6,443,595	6,443,595	6,378,842	(64,753)
Intergovernmental Revenues	2,237,285	2,237,285	2,446,636	209,351
Charges for Services	3,596,059	3,596,059	3,694,596	98,537
Licenses and Permits	309,643	309,643	288,295	(21,348)
Investment Earnings	365,000	365,000	209,205	(155,795)
Fines and Forfeitures	1,140,400	1,140,400	892,742	(247,658)
All Other Revenues	<u>318,891</u>	<u>318,891</u>	<u>355,436</u>	<u>36,545</u>
Total Revenues	<u>17,076,954</u>	<u>17,076,954</u>	<u>17,080,096</u>	<u>3,142</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Police Law Enforcement				
Personal Services	4,681,551	4,726,151	4,699,065	27,086
Other Expenditures	568,387	532,523	508,458	24,065
Fire Prevention and Control				
Personal Services	4,524,543	4,541,643	4,522,756	18,887
Other Expenditures	<u>424,396</u>	<u>407,246</u>	<u>368,702</u>	<u>38,544</u>
Total Security of Persons and Property	<u>10,198,877</u>	<u>10,207,563</u>	<u>10,098,981</u>	<u>108,582</u>
Public Health and Welfare Services:				
Other Expenditures	<u>73,319</u>	<u>73,319</u>	<u>73,222</u>	<u>97</u>
Total Public Health and Welfare Services	<u>73,319</u>	<u>73,319</u>	<u>73,222</u>	<u>97</u>
Leisure Time Activities:				
Recreation Programs				
Personal Services	88,524	88,524	83,859	4,665
Other Expenditures	<u>113,393</u>	<u>107,393</u>	<u>95,496</u>	<u>11,897</u>
Total Leisure Time Activities	<u>201,917</u>	<u>195,917</u>	<u>179,355</u>	<u>16,562</u>
Community Environment:				
Urban Planner				
Personal Services	220,470	220,470	217,699	2,771
Other Expenditures	7,625	7,465	6,598	867
Building Inspection				
Personal Services	340,877	340,877	335,763	5,114
Other Expenditures	<u>53,557</u>	<u>53,557</u>	<u>38,731</u>	<u>14,826</u>
Total Community Environment	<u>622,529</u>	<u>622,369</u>	<u>598,791</u>	<u>23,578</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government:				
City Manager				
Personal Services	363,155	357,155	329,286	27,869
Other Expenditures	12,727	18,727	17,539	1,188
Council				
Personal Services	43,140	45,190	45,114	76
Other Expenditures	37,863	45,763	45,617	146
Municipal Court				
Personal Services	1,335,781	1,335,081	1,316,249	18,832
Other Expenditures	297,767	298,467	284,327	14,140
Finance				
Personal Services	910,317	907,217	829,857	77,360
Other Expenditures	286,899	284,499	247,893	36,606
Solicitor				
Personal Services	146,340	163,553	163,552	1
Other Expenditures	89,905	102,597	100,902	1,695
Personnel				
Personal Services	140,963	137,763	129,414	8,349
Other Expenditures	31,728	34,928	31,444	3,484
Risk Management				
Engineering and Drafting				
Personal Services	289,242	291,342	291,106	236
Other Expenditures	56,358	60,758	58,357	2,401
Public Works Director				
Other Expenditures	10	10	10	0
Plant Maintenance				
Personal Services	351,243	364,243	363,572	671
Other Expenditures	155,300	142,300	128,678	13,622
Audio Visual				
Personal Services	58,813	58,730	58,050	680
Other Expenditures	12,338	12,316	11,915	401
Other General Government				
Personal Services	8,000	8,000	7,530	470
Other Expenditures	1,293,467	1,293,467	1,281,322	12,145
Total General Government	<u>5,921,356</u>	<u>5,962,106</u>	<u>5,741,734</u>	<u>220,372</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Capital Outlay	179,255	192,979	166,098	26,881
Debt Service:				
Principal Retirement	60,000	60,000	0	60,000
Interest and Fiscal Charges	6,000	6,000	0	6,000
Total Expenditures	<u>17,263,253</u>	<u>17,320,253</u>	<u>16,858,181</u>	<u>462,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(186,299)	(243,299)	221,915	465,214
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	15,000	15,000	11,501	(3,499)
Transfers In	334,690	334,690	300,690	(34,000)
Transfers Out	(637,051)	(637,051)	(579,801)	57,250
Advances Out	0	0	(15,022)	(15,022)
Total Other Financing Sources (Uses)	<u>(287,361)</u>	<u>(287,361)</u>	<u>(282,632)</u>	<u>4,729</u>
Net Changes in Fund Balance	(473,660)	(530,660)	(60,717)	469,943
Fund Balance at Beginning of Year	3,209,804	3,209,804	3,209,804	0
Prior Year Encumbrances	216,436	216,436	216,436	0
Fund Balance at End of Year	<u>\$ 2,952,580</u>	<u>\$ 2,895,580</u>	<u>\$ 3,365,523</u>	<u>\$ 469,943</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, 2004**

	GENERAL BOND RETIREMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 160,000	\$ 160,000	\$ 152,128	\$ (7,872)
Investment Earnings	15,000	15,000	24,828	9,828
Special Assessments	340,000	340,000	285,920	(54,080)
All Other Revenues	20,000	20,000	71,094	51,094
Total Revenues	<u>535,000</u>	<u>535,000</u>	<u>533,970</u>	<u>(1,030)</u>
<b>Expenditures:</b>				
General Government:				
Other Expenditures	<u>30,805</u>	<u>27,305</u>	<u>26,634</u>	<u>671</u>
Total General Government	<u>30,805</u>	<u>27,305</u>	<u>26,634</u>	<u>671</u>
Debt Service:				
Principal Retirement	363,726	363,726	323,000	40,726
Interest and Fiscal Charges	<u>142,917</u>	<u>162,417</u>	<u>161,703</u>	<u>714</u>
Total Debt Service	<u>506,643</u>	<u>526,143</u>	<u>484,703</u>	<u>41,440</u>
Total Expenditures	<u>537,448</u>	<u>553,448</u>	<u>511,337</u>	<u>42,111</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,448)	(18,448)	22,633	41,081
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	26,349	26,349
Transfers Out	<u>0</u>	<u>0</u>	<u>(21,818)</u>	<u>(21,818)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>4,531</u>	<u>4,531</u>
Net Change in Fund Balance	(2,448)	(18,448)	27,164	45,612
Fund Balance at Beginning of Year	543,956	543,956	543,956	0
Prior Year Encumbrances	<u>805</u>	<u>805</u>	<u>805</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 542,313</u>	<u>\$ 526,313</u>	<u>\$ 571,925</u>	<u>\$ 45,612</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, 2004***

	<b>STREET MAINTENANCE AND REPAIR FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 856,000	\$ 856,000	\$ 908,588	\$ 52,588
All Other Revenues	14,769	14,769	10,794	(3,975)
Total Revenues	<u>870,769</u>	<u>870,769</u>	<u>919,382</u>	<u>48,613</u>
<b>Expenditures:</b>				
Transportation:				
General Administration				
Personal Services	76,200	76,200	75,259	941
Other Expenditures	114,345	112,455	111,781	674
Total General Administration	<u>190,545</u>	<u>188,655</u>	<u>187,040</u>	<u>1,615</u>
Street Resurfacing Projects				
Personal Services	275,174	298,174	295,013	3,161
Other Expenditures	81,252	65,491	58,881	6,610
Total Street Resurfacing Projects	<u>356,426</u>	<u>363,665</u>	<u>353,894</u>	<u>9,771</u>
Ice and Snow Removal				
Other Expenditures	62,000	62,174	61,954	220
Traffic Signs and Signals				
Personal Services	120,346	114,946	114,384	562
Other Expenditures	84,143	83,199	81,557	1,642
Total Traffic Signs and Signals	<u>204,489</u>	<u>198,145</u>	<u>195,941</u>	<u>2,204</u>
Total Transportation	<u>813,460</u>	<u>812,639</u>	<u>798,829</u>	<u>13,810</u>
Capital Outlay				
Capital Outlay	14,500	15,321	15,318	3
Total Expenditures	<u>827,960</u>	<u>827,960</u>	<u>814,147</u>	<u>13,813</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	42,809	42,809	105,235	62,426
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	500	500	0	(500)
Transfers Out	(8,500)	(8,500)	(8,500)	0
Total Other Financing Sources (Uses)	<u>(8,000)</u>	<u>(8,000)</u>	<u>(8,500)</u>	<u>(500)</u>
Net Change in Fund Balance	34,809	34,809	96,735	61,926
Fund Balance at Beginning of Year	145,701	145,701	145,701	0
Prior Year Encumbrances	10,168	10,168	10,168	0
Fund Balance at End of Year	<u>\$ 190,678</u>	<u>\$ 190,678</u>	<u>\$ 252,604</u>	<u>\$ 61,926</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, 2004***

	STATE HIGHWAY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 70,622	\$ 70,622	\$ 73,669	\$ 3,047
All Other Revenues	0	0	121	121
Total Revenues	70,622	70,622	73,790	3,168
<b>Expenditures:</b>				
Transportation:				
State Highway Maintenance:				
Personal Services	45,512	45,312	40,176	5,136
Other Expenditures	21,735	21,935	21,059	876
Total Transportation	67,247	67,247	61,235	6,012
Total Expenditures	67,247	67,247	61,235	6,012
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,375	3,375	12,555	9,180
Fund Balance at Beginning of Year	14,591	14,591	14,591	0
Prior Year Encumbrances	597	597	597	0
Fund Balance at End of Year	\$ 18,563	\$ 18,563	\$ 27,743	\$ 9,180

**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, 2004***

	<b>CEMETERY FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for Services	\$ 30,000	\$ 30,000	\$ 28,829	\$ (1,171)
All Other Revenues	1,911	1,911	1,867	(44)
Total Revenues	<u>31,911</u>	<u>31,911</u>	<u>30,696</u>	<u>(1,215)</u>
<b>Expenditures:</b>				
Current:				
Public Health and Welfare Services:				
Cemetery:				
Personal Services	67,100	67,100	63,110	3,990
Other Expenditures	25,269	25,391	22,092	3,299
Total Public Health and Welfare Services	<u>92,369</u>	<u>92,491</u>	<u>85,202</u>	<u>7,289</u>
Capital Outlay	2,956	2,834	2,218	616
Total Expenditures	<u>95,325</u>	<u>95,325</u>	<u>87,420</u>	<u>7,905</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,414)	(63,414)	(56,724)	6,690
<b>Other Financing Sources (Uses):</b>				
Transfers In	61,000	61,000	61,000	0
Transfers Out	(3,000)	(3,000)	(3,000)	0
Total Other Financing Sources (Uses)	<u>58,000</u>	<u>58,000</u>	<u>58,000</u>	<u>0</u>
Net Change in Fund Balance	(5,414)	(5,414)	1,276	6,690
Fund Balance at Beginning of Year	11,661	11,661	11,661	0
Prior Year Encumbrances	546	546	546	0
Fund Balance at End of Year	<u>\$ 6,793</u>	<u>\$ 6,793</u>	<u>\$ 13,483</u>	<u>\$ 6,690</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, 2004**

COMMUNITY DEVELOPMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 445,521	\$ 445,521	\$ 353,793	\$ (91,728)
All Other Revenues	110,803	110,803	8,801	(102,002)
Total Revenues	<u>556,324</u>	<u>556,324</u>	<u>362,594</u>	<u>(193,730)</u>
<b>Expenditures:</b>				
Current:				
Community Environment:				
Entitlement Administration				
Personal Services	42,019	42,019	31,463	10,556
Other Expenditures	52,713	51,413	22,600	28,813
Total Entitlement Administration	<u>94,732</u>	<u>93,432</u>	<u>54,063</u>	<u>39,369</u>
Entitlement Rehabilitation				
Personal Services	10,440	14,440	18,982	(4,542)
Other Expenditures	146,360	142,260	63,195	79,065
Total Entitlement Rehabilitation	<u>156,800</u>	<u>156,700</u>	<u>82,177</u>	<u>74,523</u>
Emergency Rehabilitation				
Other Expenditures	10,000	10,000	4,065	5,935
Total Emergency Rehabilitation	<u>10,000</u>	<u>10,000</u>	<u>4,065</u>	<u>5,935</u>
Public/Private Rehabilitation				
Personal Services	8,071	8,171	7,337	834
Other Expenditures	8,050	7,950	627	7,323
Total Public/Private Rehabilitation	<u>16,121</u>	<u>16,121</u>	<u>7,964</u>	<u>8,157</u>
Code Enforcement				
Personal Services	52,250	52,400	37,798	14,602
Other Expenditures	17,319	15,169	5,805	9,364
Total Code Enforcement	<u>69,569</u>	<u>67,569</u>	<u>43,603</u>	<u>23,966</u>
Greene Bucs Handicap Ramp				
Other Expenditures	3,000	3,100	1,328	1,772
Total Greene Bucs Handicap Ramp	<u>3,000</u>	<u>3,100</u>	<u>1,328</u>	<u>1,772</u>
Community Action Partnership				
Other Expenditures	10,000	10,000	10,000	0
Total Community Action Partnership	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</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, 2004***

COMMUNITY DEVELOPMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
CHIP				
Other Expenditures	67,397	67,397	67,396	1
Total CHIP	67,397	67,397	67,396	1
Total Community Environment	427,619	424,319	270,596	153,723
Capital Outlay	202,700	206,000	203,893	2,107
Total Expenditures	630,319	630,319	474,489	155,830
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,995)	(73,995)	(111,895)	(37,900)
<b>Other Financing Sources (Uses):</b>				
Advances In	0	0	15,022	15,022
Total Other Financing Sources (Uses)	0	0	15,022	15,022
Net Change in Fund Balance	(73,995)	(73,995)	(96,873)	(22,878)
Fund Balance at Beginning of Year	96,040	96,040	96,040	0
Prior Year Encumbrances	158	158	158	0
Fund Balance at End of Year	<u>\$ 22,203</u>	<u>\$ 22,203</u>	<u>\$ (675)</u>	<u>\$ (22,878)</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, 2004***

VICTIM WITNESS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 68,104	\$ 68,104	\$ 67,579	\$ (525)
Fines and Forfeitures	18,000	18,000	14,252	(3,748)
All Other Revenues	2,258	2,258	669	(1,589)
Total Revenues	<u>88,362</u>	<u>88,362</u>	<u>82,500</u>	<u>(5,862)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Law Enforcement				
Personal Services	94,990	92,390	90,288	2,102
Other Expenditures	8,676	8,676	6,270	2,406
Total Security of Persons and Property	<u>103,666</u>	<u>101,066</u>	<u>96,558</u>	<u>4,508</u>
Capital Outlay	1,000	3,600	3,588	12
Total Expenditures	<u>104,666</u>	<u>104,666</u>	<u>100,146</u>	<u>4,520</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,304)	(16,304)	(17,646)	(1,342)
Fund Balance at Beginning of Year	16,340	16,340	16,340	0
Prior Year Encumbrances	1,514	1,514	1,514	0
Fund Balance at End of Year	<u>\$ 1,550</u>	<u>\$ 1,550</u>	<u>\$ 208</u>	<u>\$ (1,342)</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, 2004***

	<b>STREET LIGHTING FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property Taxes	\$ 163,000	\$ 163,000	\$ 181,177	\$ 18,177
All Other Revenues	0	0	25,158	25,158
Total Revenues	<u>163,000</u>	<u>163,000</u>	<u>206,335</u>	<u>43,335</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Street Lighting				
Other Expenditures	308,800	337,800	335,972	1,828
Total Security of Persons and Property	<u>308,800</u>	<u>337,800</u>	<u>335,972</u>	<u>1,828</u>
Debt Service:				
Principal Retirement	43,000	43,000	43,000	0
Interest and Fiscal Charges	968	968	968	0
Total Expenditures	<u>352,768</u>	<u>381,768</u>	<u>379,940</u>	<u>1,828</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(189,768)	(218,768)	(173,605)	45,163
<b>Other Financing Sources (Uses):</b>				
Transfers In	175,000	175,000	175,000	0
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>0</u>
Net Change in Fund Balance	(14,768)	(43,768)	1,395	45,163
Fund Balance at Beginning of Year	26,165	26,165	26,165	0
Fund Balance at End of Year	<u>\$ 11,397</u>	<u>\$ (17,603)</u>	<u>\$ 27,560</u>	<u>\$ 45,163</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 621,000	\$ 725,650	\$ 243,941	\$ (481,709)
All Other Revenues	24,218	24,218	3,311	(20,907)
Total Revenues	<u>645,218</u>	<u>749,868</u>	<u>247,252</u>	<u>(502,616)</u>
<b>Expenditures:</b>				
Capital Outlay	592,747	696,997	170,100	526,897
Total Expenditures	<u>592,747</u>	<u>696,997</u>	<u>170,100</u>	<u>526,897</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	52,471	52,871	77,152	24,281
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(141,349)	(166,749)	(166,672)	77
Total Other Financing Sources (Uses)	<u>(141,349)</u>	<u>(166,749)</u>	<u>(166,672)</u>	<u>77</u>
Net Change in Fund Balance	(88,878)	(113,878)	(89,520)	24,358
Fund Balance at Beginning of Year	126,026	126,026	126,026	0
Fund Balance at End of Year	<u>\$ 37,148</u>	<u>\$ 12,148</u>	<u>\$ 36,506</u>	<u>\$ 24,358</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, 2004**

<b>LAW ENFORCEMENT TRUST FUND</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
All Other Revenues	\$ 4,500	\$ 4,500	\$ 6,174	\$ 1,674
Total Revenues	<u>4,500</u>	<u>4,500</u>	<u>6,174</u>	<u>1,674</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Law Enforcement				
Other Expenditures	6,940	6,940	6,787	153
Total Security of Persons and Property	<u>6,940</u>	<u>6,940</u>	<u>6,787</u>	<u>153</u>
Total Expenditures	<u>6,940</u>	<u>6,940</u>	<u>6,787</u>	<u>153</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,440)	(2,440)	(613)	1,827
Fund Balance at Beginning of Year	7	7	7	0
Prior Year Encumbrances	2,440	2,440	2,440	0
Fund Balance at End of Year	<u>\$ 7</u>	<u>\$ 7</u>	<u>\$ 1,834</u>	<u>\$ 1,827</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, 2004***

	<b>DRUG LAW ENFORCEMENT FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
All Other Revenues	\$ 2,000	\$ 2,000	\$ 1,556	\$ (444)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,556</u>	<u>(444)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Drug Law Enforcement				
Other Expenditures	2,000	2,000	0	2,000
Total Security of Persons and Property	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,556	1,556
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	500	500	0	(500)
Total Other Financing Sources (Uses)	<u>500</u>	<u>500</u>	<u>0</u>	<u>(500)</u>
Net Change in Fund Balance	500	500	1,556	1,056
Fund Balance at Beginning of Year	532	532	532	0
Fund Balance at End of Year	<u>\$ 1,032</u>	<u>\$ 1,032</u>	<u>\$ 2,088</u>	<u>\$ 1,056</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, 2004***

	CITY MOTOR VEHICLE LICENSE TAX FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 134,000	\$ 134,000	\$ 131,956	\$ (2,044)
Total Revenues	<u>134,000</u>	<u>134,000</u>	<u>131,956</u>	<u>(2,044)</u>
<b>Expenditures:</b>				
Capital Outlay	134,000	134,000	134,000	0
Total Expenditures	<u>134,000</u>	<u>134,000</u>	<u>134,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(2,044)	(2,044)
Fund Balance at Beginning of Year	34,106	34,106	34,106	0
Fund Balance at End of Year	<u>\$ 34,106</u>	<u>\$ 34,106</u>	<u>\$ 32,062</u>	<u>\$ (2,044)</u>

**CITY OF FAIRBORN, OHIO**

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***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, 2004***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 24,786</u>	<u>\$ (5,214)</u>
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>24,786</u>	<u>(5,214)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Law Enforcement				
Other Expenditures	<u>15,000</u>	<u>15,000</u>	<u>975</u>	<u>14,025</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>975</u>	<u>14,025</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	15,000	15,000	23,811	8,811
Fund Balance at Beginning of Year	<u>274,528</u>	<u>274,528</u>	<u>274,528</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 289,528</u>	<u>\$ 289,528</u>	<u>\$ 298,339</u>	<u>\$ 8,811</u>

**CITY OF FAIRBORN, OHIO**

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**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, 2004**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 3,200	\$ 3,200	\$ 2,546	\$ (654)
Total Revenues	<u>3,200</u>	<u>3,200</u>	<u>2,546</u>	<u>(654)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Law Enforcement				
Other Expenditures	5,000	5,000	1,876	3,124
Total Security of Persons and Property	<u>5,000</u>	<u>5,000</u>	<u>1,876</u>	<u>3,124</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>1,876</u>	<u>3,124</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,800)	(1,800)	670	2,470
Fund Balance at Beginning of Year	9,456	9,456	9,456	0
Fund Balance at End of Year	<u>\$ 7,656</u>	<u>\$ 7,656</u>	<u>\$ 10,126</u>	<u>\$ 2,470</u>



**CITY OF FAIRBORN, OHIO**

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***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, 2004***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 500	\$ 500	\$ 14,248	\$ 13,748
Total Revenues	<u>500</u>	<u>500</u>	<u>14,248</u>	<u>13,748</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	500	500	14,248	13,748
Fund Balance at Beginning of Year	<u>3,188</u>	<u>3,188</u>	<u>3,188</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,688</u>	<u>\$ 3,688</u>	<u>\$ 17,436</u>	<u>\$ 13,748</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, 2004**

MUNICIPAL PROBATION SERVICES FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 84,000	\$ 84,000	\$ 88,500	\$ 4,500
All Other Revenues	0	0	51	51
Total Revenues	<u>84,000</u>	<u>84,000</u>	<u>88,551</u>	<u>4,551</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property:				
Law Enforcement				
Personal Services	45,717	45,687	23,749	21,938
Other Expenditures	0	30	28	2
Total Security of Persons and Property	<u>45,717</u>	<u>45,717</u>	<u>23,777</u>	<u>21,940</u>
Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>5,427</u>	<u>4,573</u>
Total Expenditures	<u>55,717</u>	<u>55,717</u>	<u>29,204</u>	<u>26,513</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,283	28,283	59,347	31,064
Fund Balance at Beginning of Year	<u>163,196</u>	<u>163,196</u>	<u>163,196</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 191,479</u>	<u>\$ 191,479</u>	<u>\$ 222,543</u>	<u>\$ 31,064</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, 2004**

FAIRBORN SCHOOL TAX SHARING FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Current:				
General Government:				
Other Expenditures	40,000	40,000	21,878	18,122
Total General Government	40,000	40,000	21,878	18,122
Total Expenditures	40,000	40,000	21,878	18,122
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	(40,000)	(21,878)	18,122
<b>Other Financing Sources (Uses):</b>				
Transfers In	40,000	40,000	21,878	(18,122)
Total Other Financing Sources (Uses)	40,000	40,000	21,878	(18,122)
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

**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, 2004***

	<b>DAMAGE REPAIR FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
All Other Revenues	\$ 20,000	\$ 20,000	\$ 18,036	\$ (1,964)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>18,036</u>	<u>(1,964)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Other Expenditures	25,000	23,960	23,819	141
Total General Government	<u>25,000</u>	<u>23,960</u>	<u>23,819</u>	<u>141</u>
Capital Outlay	0	12,040	12,008	32
Total Expenditures	<u>25,000</u>	<u>36,000</u>	<u>35,827</u>	<u>173</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(16,000)	(17,791)	(1,791)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(300,000)	(300,000)	(300,000)	0
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>0</u>
Net Change in Fund Balance	(305,000)	(316,000)	(317,791)	(1,791)
Fund Balance at Beginning of Year	415,367	415,367	415,367	0
Fund Balance at End of Year	<u>\$ 110,367</u>	<u>\$ 99,367</u>	<u>\$ 97,576</u>	<u>\$ (1,791)</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, 2004**

	TAX INCREMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Licenses and Permits	\$ 50,000	\$ 50,000	\$ 63,666	\$ 13,666
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>63,666</u>	<u>13,666</u>
<b>Expenditures:</b>				
General Government:				
Other Expenditures	0	1,900	1,884	16
Total General Government	<u>0</u>	<u>1,900</u>	<u>1,884</u>	<u>16</u>
Debt Service:				
Principal Retirement	50,000	245,000	0	245,000
Interest and Fiscal Charges	5,720	3,820	0	3,820
Total Debt Service	<u>55,720</u>	<u>248,820</u>	<u>0</u>	<u>248,820</u>
Total Expenditures	<u>55,720</u>	<u>250,720</u>	<u>1,884</u>	<u>248,836</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,720)	(200,720)	61,782	262,502
<b>Other Financing Sources (Uses):</b>				
Transfers Out	0	0	(63,665)	(63,665)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(63,665)</u>	<u>(63,665)</u>
Net Change in Fund Balances	(5,720)	(200,720)	(1,883)	198,837
Fund Balance at Beginning of Year	8,530	8,530	8,530	0
Fund Balance at End of Year	<u>\$ 2,810</u>	<u>\$ (192,190)</u>	<u>\$ 6,647</u>	<u>\$ 198,837</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, 2004***

	ISSUE II IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 425,000	\$ 425,000	\$ 425,000	\$ 0
All Other Revenues	85,000	85,000	85,000	0
Total Revenues	<u>510,000</u>	<u>510,000</u>	<u>510,000</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Other Expenditures	1,000	1,000	1,000	0
Total General Government	1,000	1,000	1,000	0
Capital Outlay	625,000	651,500	651,138	362
Debt Service:				
Principal Retirement	10,000	10,000	245,000	(235,000)
Interest and Fiscal Charges	16,349	16,349	3,665	12,684
Total Expenditures	<u>652,349</u>	<u>678,849</u>	<u>900,803</u>	<u>(221,954)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(142,349)	(168,849)	(390,803)	(221,954)
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	0	0	185,000	185,000
Transfers In	141,349	141,349	230,337	88,988
Transfers Out	0	0	(26,349)	(26,349)
Total Other Financing Sources (Uses)	<u>141,349</u>	<u>141,349</u>	<u>388,988</u>	<u>247,639</u>
Net Change in Fund Balance	(1,000)	(27,500)	(1,815)	25,685
Fund Balance at Beginning of Year	18,546	18,546	18,546	0
Prior Year Encumbrances	1,000	1,000	1,000	0
Fund Balance at End of Year	<u>\$ 18,546</u>	<u>\$ (7,954)</u>	<u>\$ 17,731</u>	<u>\$ 25,685</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, 2004***

	<b>MUNICIPAL COURT IMPROVEMENT FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 120,000	\$ 120,000	\$ 100,169	\$ (19,831)
All Other Revenues	0	0	329	329
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>100,498</u>	<u>(19,502)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Personal Services	67,756	69,756	69,614	142
Other Expenditures	17,648	20,648	16,326	4,322
Total General Government	<u>85,404</u>	<u>90,404</u>	<u>85,940</u>	<u>4,464</u>
Capital Outlay	229,079	224,079	203,591	20,488
Total Expenditures	<u>314,483</u>	<u>314,483</u>	<u>289,531</u>	<u>24,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(194,483)	(194,483)	(189,033)	5,450
Fund Balance at Beginning of Year	137,068	137,068	137,068	0
Prior Year Encumbrances	57,475	57,475	57,475	0
Fund Balance at End of Year	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ 5,510</u>	<u>\$ 5,450</u>

**CITY OF FAIRBORN, OHIO**

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**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, 2004**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 110,000	\$ 110,000	\$ 95,575	\$ (14,425)
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>95,575</u>	<u>(14,425)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Other Expenditures	89,161	89,161	89,161	0
Total General Government	<u>89,161</u>	<u>89,161</u>	<u>89,161</u>	<u>0</u>
Capital Outlay	<u>457,219</u>	<u>457,219</u>	<u>457,219</u>	<u>0</u>
Total Expenditures	<u>546,380</u>	<u>546,380</u>	<u>546,380</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(436,380)	(436,380)	(450,805)	(14,425)
Fund Balance at Beginning of Year	78,176	78,176	78,176	0
Prior Year Encumbrances	<u>436,380</u>	<u>436,380</u>	<u>436,380</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 78,176</u>	<u>\$ 78,176</u>	<u>\$ 63,751</u>	<u>\$ (14,425)</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, 2004***

<b>GENERAL CAPITAL IMPROVEMENT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Municipal Income Taxes	\$ 125,385	\$ 125,385	\$ 0	\$ (125,385)
Investment Earnings	0	0	1,349	1,349
Total Revenues	<u>125,385</u>	<u>125,385</u>	<u>1,349</u>	<u>(124,036)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Other Expenditures	0	55,000	54,574	426
Total General Government	<u>0</u>	<u>55,000</u>	<u>54,574</u>	<u>426</u>
Capital Outlay	<u>199,465</u>	<u>194,465</u>	<u>113,939</u>	<u>80,526</u>
Debt Service:				
Principal Retirement	25,000	25,000	25,000	0
Interest and Fiscal Charges	<u>4,125</u>	<u>9,125</u>	<u>8,250</u>	<u>875</u>
Total Expenditures	<u>228,590</u>	<u>283,590</u>	<u>201,763</u>	<u>81,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103,205)	(158,205)	(200,414)	(42,209)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	42,600	42,600
Transfers In	<u>11,500</u>	<u>111,100</u>	<u>239,869</u>	<u>128,769</u>
Total Other Financing Sources (Uses)	<u>11,500</u>	<u>111,100</u>	<u>282,469</u>	<u>171,369</u>
Net Change in Fund Balance	(91,705)	(47,105)	82,055	129,160
Fund Balance at Beginning of Year	493,380	493,380	493,380	0
Prior Year Encumbrances	<u>41,465</u>	<u>41,465</u>	<u>41,465</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 443,140</u>	<u>\$ 487,740</u>	<u>\$ 616,900</u>	<u>\$ 129,160</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, 2004***

**PARKS AND RECREATION IMPROVEMENT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Property Taxes	\$ 95,000	\$ 95,000	\$ 92,104	\$ (2,896)
Intergovernmental Revenues	445,000	445,000	84,336	(360,664)
Charges for Services	12,000	12,000	11,000	(1,000)
All Other Revenues	5,000	5,000	70,401	65,401
Total Revenues	<u>557,000</u>	<u>557,000</u>	<u>257,841</u>	<u>(299,159)</u>
<b>Expenditures:</b>				
Current:				
Leisure time Activities:				
Other Expenditures	0	3,000	2,539	461
Total Leisure Time Activities	<u>0</u>	<u>3,000</u>	<u>2,539</u>	<u>461</u>
Capital Outlay	627,852	624,852	337,737	287,115
Total Expenditures	<u>627,852</u>	<u>627,852</u>	<u>340,276</u>	<u>287,576</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,852)	(70,852)	(82,435)	(11,583)
Fund Balance at Beginning of Year	114,801	114,801	114,801	0
Prior Year Encumbrances	2,914	2,914	2,914	0
Fund Balance at End of Year	<u>\$ 46,863</u>	<u>\$ 46,863</u>	<u>\$ 35,280</u>	<u>\$ (11,583)</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, 2004***

	<b>PUBLIC SAFETY EQUIPMENT/FACILITY FUND</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for Services	\$ 50,000	\$ 50,000	\$ 61,533	\$ 11,533
All Other Revenues	10,000	10,000	14,796	4,796
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>76,329</u>	<u>16,329</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Other Expenditures	0	5,600	5,547	53
Total General Government	<u>0</u>	<u>5,600</u>	<u>5,547</u>	<u>53</u>
Capital Outlay	10,000	11,000	10,970	30
Debt Service:				
Principal Retirement	55,000	227,400	225,000	2,400
Interest and Fiscal Charges	4,973	4,973	7,348	(2,375)
Total Expenditures	<u>69,973</u>	<u>248,973</u>	<u>248,865</u>	<u>108</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,973)	(188,973)	(172,536)	16,437
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	1,350	1,350
General Obligation Bonds Issued	0	0	175,000	175,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>176,350</u>	<u>176,350</u>
Net Changes in Fund Balance	(9,973)	(188,973)	3,814	192,787
Fund Balance at Beginning of Year	27,841	27,841	27,841	0
Fund Balance at End of Year	<u>\$ 17,868</u>	<u>\$ (161,132)</u>	<u>\$ 31,655</u>	<u>\$ 192,787</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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FUND</b>				
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 29,939	\$ 29,939	\$ 29,939	\$ 0
All Other Revenues	3,326	3,326	3,270	(56)
Total Revenues	<u>33,265</u>	<u>33,265</u>	<u>33,209</u>	<u>(56)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Other Expenditures	32,265	29,965	29,414	551
Total General Government	<u>32,265</u>	<u>29,965</u>	<u>29,414</u>	<u>551</u>
Capital Outlay	1,000	3,300	3,255	45
Total Expenditures	<u>33,265</u>	<u>33,265</u>	<u>32,669</u>	<u>596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	540	540
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(690)	(690)	(690)	0
Total Other Financing Sources (Uses)	<u>(690)</u>	<u>(690)</u>	<u>(690)</u>	<u>0</u>
Net Changes in Fund Balance	(690)	(690)	(150)	540
Fund Balance at Beginning of Year	690	690	690	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 540</u>	<u>\$ 540</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, 2004***

	<b>BUILDINGS AND LAND FUND</b>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
All Other Revenues	\$ 0	\$ 0	\$ 76,808	\$ 76,808
Total Revenues	<u>0</u>	<u>0</u>	<u>76,808</u>	<u>76,808</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Other Expenditures	27,164	78,849	78,070	779
Total General Government	<u>27,164</u>	<u>78,849</u>	<u>78,070</u>	<u>779</u>
Capital Outlay	709,671	798,986	796,190	2,796
Debt Service:				
Principal Retirement	80,000	183,000	180,000	3,000
Interest and Fiscal Charges	<u>33,236</u>	<u>33,236</u>	<u>35,942</u>	<u>(2,706)</u>
Total Expenditures	<u>850,071</u>	<u>1,094,071</u>	<u>1,090,202</u>	<u>3,869</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(850,071)	(1,094,071)	(1,013,394)	80,677
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
General Obligation Bonds Issued	0	0	101,510	101,510
General Obligation Notes Issued	0	100,000	100,000	0
Transfers In	<u>188,078</u>	<u>188,078</u>	<u>193,154</u>	<u>5,076</u>
Total Other Financing Sources (Uses)	<u>188,078</u>	<u>288,078</u>	<u>394,664</u>	<u>106,586</u>
Net Change in Fund Balance	(661,993)	(805,993)	(618,730)	187,263
Fund Balance at Beginning of Year	53,826	53,826	53,826	0
Prior Year Encumbrances	<u>660,835</u>	<u>660,835</u>	<u>660,835</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 52,668</u>	<u>\$ (91,332)</u>	<u>\$ 95,931</u>	<u>\$ 187,263</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, 2004***

	SPECIAL ASSESSMENT CONSTRUCTION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Special Assessments	\$ 110,000	\$ 110,000	\$ 40,071	\$ (69,929)
All Other Revenues	0	0	7,133	7,133
Total Revenues	<u>110,000</u>	<u>110,000</u>	<u>47,204</u>	<u>(62,796)</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Other Expenditures	0	13,000	12,575	425
Total General Government	0	13,000	12,575	425
Capital Outlay	110,000	97,000	81	96,919
Debt Service:				
Principal Retirement	0	0	35,208	(35,208)
Total Expenditures	<u>110,000</u>	<u>110,000</u>	<u>47,864</u>	<u>62,136</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(660)	(660)
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	0	0	62,056	62,056
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>62,056</u>	<u>62,056</u>
Net Change in Fund Balance	0	0	61,396	61,396
Fund Balance at Beginning of Year	112,744	112,744	112,744	0
Fund Balance at End of Year	<u>\$ 112,744</u>	<u>\$ 112,744</u>	<u>\$ 174,140</u>	<u>\$ 61,396</u>

***Internal Service Funds***

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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**

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***Combining Statement of Net Assets  
Internal Service Funds  
December 31, 2004***

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	<u>Equipment</u>	<u>Self-Insurance</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 140,738	\$ 136,394	\$ 277,132
Investments	0	272,199	272,199
Accounts	27,594	0	27,594
Due from Other Funds	15,906	0	15,906
Inventory of Supplies at Cost	75,263	0	75,263
Prepaid Items	1,190	0	1,190
<i>Total Current Assets</i>	<u>260,691</u>	<u>408,593</u>	<u>669,284</u>
Capital Assets, Net	<u>353,671</u>	<u>0</u>	<u>353,671</u>
<b>Total Assets</b>	<u>614,362</u>	<u>408,593</u>	<u>1,022,955</u>
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	24,325	0	24,325
Accrued Wages and Benefits	13,186	0	13,186
Intergovernmental Payable	14,885	0	14,885
Claims Payable	0	4,460	4,460
Due to Other Funds	114	0	114
<i>Total Current Liabilities</i>	<u>52,510</u>	<u>4,460</u>	<u>56,970</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	<u>42,904</u>	<u>0</u>	<u>42,904</u>
<b>Total Liabilities</b>	<u>95,414</u>	<u>4,460</u>	<u>99,874</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	353,671	0	353,671
Unrestricted	<u>165,277</u>	<u>404,133</u>	<u>569,410</u>
<b>Total Net Assets</b>	<u>\$ 518,948</u>	<u>\$ 404,133</u>	<u>\$ 923,081</u>



**CITY OF FAIRBORN, OHIO**

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**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended December 31, 2004**

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	<u>Equipment</u>	<u>Self-Insurance</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for Services	\$ 1,063,264	\$ 41,606	\$ 1,104,870
<b>Total Operating Revenues</b>	<u>1,063,264</u>	<u>41,606</u>	<u>1,104,870</u>
<b>Operating Expenses:</b>			
Personal Services	516,119	0	516,119
Materials and Supplies	441,524	0	441,524
Contractual Services	46,679	0	46,679
Dental Insurance Claims	0	64,730	64,730
Depreciation	55,910	0	55,910
<b>Total Operating Expenses</b>	<u>1,060,232</u>	<u>64,730</u>	<u>1,124,962</u>
Operating Income (Loss)	3,032	(23,124)	(20,092)
<b>Nonoperating Revenue (Expenses):</b>			
Investment Earnings	0	6,549	6,549
Loss on Disposal of Capital Assets	3,005	0	3,005
<b>Total Nonoperating Revenues (Expenses)</b>	<u>3,005</u>	<u>6,549</u>	<u>9,554</u>
Income (Loss) Before Transfers	6,037	(16,575)	(10,538)
Transfers Out	(99,600)	0	(99,600)
Change in Net Assets	(93,563)	(16,575)	(110,138)
Net Assets Beginning of Year	612,511	420,708	1,033,219
Net Assets End of Year	<u>\$ 518,948</u>	<u>\$ 404,133</u>	<u>\$ 923,081</u>

**CITY OF FAIRBORN, OHIO**

***Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2004***

	<u>Equipment</u>	<u>Self-Insurance</u>	<u>Totals</u>
<u>Cash Flows from Operating Activities:</u>			
Cash Receipts from Interfund Services Provided	\$1,060,204	\$41,606	\$1,101,810
Cash Payments for Goods and Services	(485,900)	0	(485,900)
Cash Payments to Employees	(531,561)	0	(531,561)
Cash Payments for Employee Medical/Dental Claims	0	(62,413)	(62,413)
Net Cash Provided (Used) by Operating Activities	<u>42,743</u>	<u>(20,807)</u>	<u>21,936</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	(99,600)	0	(99,600)
Net Cash Used for Noncapital Financing Activities	<u>(99,600)</u>	<u>0</u>	<u>(99,600)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(20,697)	0	(20,697)
Sale of Capital Assets	3,005	0	3,005
Net Cash Used for Capital and Related Financing Activities	<u>(17,692)</u>	<u>0</u>	<u>(17,692)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	0	7,076	7,076
Purchase of Investments	0	(27,981)	(27,981)
Sale of Investments	0	0	0
Net Cash Provided by Investing Activities	<u>0</u>	<u>(20,905)</u>	<u>(20,905)</u>
Net Increase in Cash and Cash Equivalents	(74,549)	(41,712)	(116,261)
Cash and Cash Equivalents at Beginning of Year	<u>215,287</u>	<u>178,106</u>	<u>393,393</u>
Cash and Cash Equivalents at End of Year	<u>\$140,738</u>	<u>\$136,394</u>	<u>\$277,132</u>
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Loss	\$3,032	(\$23,124)	(\$20,092)
Adjustments to Reconcile Operating Loss to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	55,910	0	55,910
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(27,594)	0	(27,594)
Decrease in Due from Other Funds	1,990	0	1,990
Decrease in Intergovernmental Receivables	22,544	0	22,544
Decrease in Inventory	3,345	0	3,345
Decrease in Prepaid Items	21	0	21
Decrease in Accounts Payable	(1,143)	0	(1,143)
Decrease in Accrued Wages and Benefits	(17,508)	0	(17,508)
Increase in Due to Other Funds	80	0	80
Decrease in Intergovernmental Payables	(1,766)	0	(1,766)
Increase in Compensated Absences Payable	3,832	0	3,832
Increase in Claims Payable	0	2,317	2,317
Total Adjustments	<u>39,711</u>	<u>2,317</u>	<u>42,028</u>
Net Cash Provided (Used) by Operating Activities	<u>\$42,743</u>	<u>(\$20,807)</u>	<u>\$21,936</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2004, the fair value of investments increased by \$231 in the Self-Insurance Fund.

***Fiduciary Funds***

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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***

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**Municipal Court Fund**

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

**CITY OF FAIRBORN, OHIO**

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***Statement Of Changes In Assets And Liabilities  
Agency Fund  
For the Year Ended December 31, 2004***

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	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<u>Municipal Court</u>				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$363,783	\$3,094,169	(\$3,126,188)	\$331,764
Total Assets	<u>\$363,783</u>	<u>\$3,094,169</u>	<u>(\$3,126,188)</u>	<u>\$331,764</u>
Liabilities:				
Intergovernmental Payable	\$115,057	\$853,040	(\$862,891)	\$105,206
Undistributed Monies	248,726	2,241,129	(2,263,297)	226,558
Total Liabilities	<u>\$363,783</u>	<u>\$3,094,169</u>	<u>(\$3,126,188)</u>	<u>\$331,764</u>

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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***CITY OF FAIRBORN, OHIO***

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2004***

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Capital Assets:

Land	\$11,442,043
Buildings	8,342,617
Improvements Other than Buildings	762,877
Machinery and Equipment	6,511,779
Vehicles	4,505,890
Infrastructure	62,378,251
Construction in Progress	66,077
	<hr/>
Total Capital Assets	<u>\$94,009,534</u>

Investment in Capital Assets:

General Fund	\$6,290,671
Special Revenue Funds	1,825,837
Capital Project Funds	12,231,766
Enterprise Funds	176,465
Internal Service Funds	833,691
Donated Capital Assets	1,239,902
Acquired prior to January 1, 1989	5,472,319
Infrastructure and related Land acquired prior to January 1, 1989	65,938,883
	<hr/>
Total Investment in Capital Assets	<u>\$94,009,534</u>

**CITY OF FAIRBORN, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2004**

Function and Activity	Land	Construction in Progress	Buildings
<u>Security of Persons and Property:</u>			
Police	\$0	\$0	\$266,061
Fire	45,711	0	488,829
Total	45,711	0	754,890
<u>Public Health and Welfare Services:</u>			
Cemetery	0	0	22,681
<u>Leisure Time Activities:</u>			
Parks	1,006,836	66,077	111,806
Parks and Recreation	70,910	0	68,545
Total	1,077,746	66,077	180,351
<u>Community Environment:</u>			
Building Inspection	0	0	0
Community Development	0	0	15,682
Total	0	0	15,682
<u>Transportation:</u>			
Street	380,250	0	281,295
State Highway	0	0	0
Total	380,250	0	281,295
<u>General Government:</u>			
City Manager	0	0	20,952
Audio Visual	0	0	0
Council	0	0	0
Municipal Court	0	0	1,365,843
Finance	0	0	0
Legal	0	0	0
Personnel	0	0	0
Engineering/Draft	9,634,187	0	0
Plant Maintenance	304,149	0	5,392,574
Electronic Maintenance	0	0	0
Library	0	0	0
Total	9,938,336	0	6,779,369
<u>Governmental Internal Service:</u>			
Equipment	0	0	308,349
Total Capital Assets	\$11,442,043	\$66,077	\$8,342,617



**CITY OF FAIRBORN, OHIO**

<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Total</u>
\$14,332	\$2,225,332	\$887,609	\$0	\$3,393,334
9,422	531,587	2,412,785	0	3,488,334
<u>23,754</u>	<u>2,756,919</u>	<u>3,300,394</u>	<u>0</u>	<u>6,881,668</u>
3,584	30,569	23,890	0	80,724
99,949	154,514	0	0	1,439,182
249,959	40,063	0	0	429,477
<u>349,908</u>	<u>194,577</u>	<u>0</u>	<u>0</u>	<u>1,868,659</u>
0	44,452	26,114	0	70,566
26,874	104,549	13,259	210,000	370,364
<u>26,874</u>	<u>149,001</u>	<u>39,373</u>	<u>210,000</u>	<u>440,930</u>
29,993	230,752	638,225	0	1,560,515
0	34,567	40,970	0	75,537
<u>29,993</u>	<u>265,319</u>	<u>679,195</u>	<u>0</u>	<u>1,636,052</u>
0	46,223	11,762	0	78,937
0	110,072	0	0	110,072
0	47,500	0	0	47,500
0	1,460,160	35,148	0	2,861,151
0	310,710	0	0	310,710
0	2,208	0	0	2,208
0	11,016	0	0	11,016
106,657	103,038	74,873	62,168,251	72,087,006
219,072	362,920	137,667	0	6,416,382
0	121,941	0	0	121,941
1,769	219,318	0	0	221,087
<u>327,498</u>	<u>2,795,106</u>	<u>259,450</u>	<u>62,168,251</u>	<u>82,268,010</u>
1,266	320,288	203,588	0	833,491
<u>\$762,877</u>	<u>\$6,511,779</u>	<u>\$4,505,890</u>	<u>\$62,378,251</u>	<u>\$94,009,534</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, 2004***

Function and Activity	December 31, 2003	Additions	Deletions	December 31, 2004
<b><u>Security of Persons and Property:</u></b>				
Police	\$3,352,633	\$126,690	(\$85,990)	\$3,393,333
Fire	3,479,977	23,743	(15,386)	3,488,334
Total	6,832,610	150,433	(101,376)	6,881,667
<b><u>Public Health and Welfare Services:</u></b>				
Cemetery	80,724	0	0	80,724
<b><u>Leisure Time Activities:</u></b>				
Parks	1,296,247	142,935	0	1,439,182
Parks and Recreation	429,477	0	0	429,477
Total	1,725,724	142,935	0	1,868,659
<b><u>Community Environment:</u></b>				
Building Inspection	70,566	0	0	70,566
Community Development	366,648	3,716	0	370,364
Total	437,214	3,716	0	440,930
<b><u>Transportation:</u></b>				
Street	1,571,024	6,450	(16,959)	1,560,515
State Highway	75,537	0	0	75,537
Total	1,646,561	6,450	(16,959)	1,636,052
<b><u>General Government:</u></b>				
City Manager	76,696	6,149	(3,907)	78,938
Audio Visual	127,614	0	(17,542)	110,072
Council	43,276	4,224	0	47,500
Municipal Court	1,529,717	1,426,428	(94,993)	2,861,152
Finance	329,520	27,860	(46,670)	310,710
Legal	2,208	0	0	2,208
Personnel	11,016	0	0	11,016
Engineering/Draft	69,900,506	2,414,274	(227,774)	72,087,006
Plant Maintenance	6,430,051	4,512	(18,181)	6,416,382
Electronic Maintenance	100,680	21,261	0	121,941
Library	221,086	0	0	221,086
Total	78,772,370	3,904,708	(409,067)	82,268,011
<b><u>Governmental Internal Service:</u></b>				
Equipment	820,158	18,354	(5,021)	833,491
Total Capital Assets	\$90,315,361	\$4,226,596	(\$532,423)	\$94,009,534

# *STATISTICAL SECTION*

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*STATISTICAL TABLES*

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***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

Year	Security of Persons and Property	Public Health Services	Leisure Time Activities	Community Environment	General Government	Capital Outlay	Debt Service	Total
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
2003	9,571,121	71,439	166,251	572,434	5,541,941	446,098	5,383	16,374,667
2004	9,865,302	73,222	173,757	578,939	5,447,207	130,593	0	16,269,020

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 and Permits</u>	<u>Investment Earnings</u>	<u>Fines and Forfeitures</u>	<u>All Other Revenues</u>	<u>Total</u>
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
2003	2,513,266	6,481,150	2,709,772	3,411,932	302,624	212,503	1,012,527	290,075	16,933,849
2004	2,806,297	6,200,461	2,384,548	3,867,779	288,295	205,238	885,289	352,055	16,989,962

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)
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%
2003	2,391,232	2,295,337	96.0%	76,827	3.2%
2004	2,525,070	2,436,033	96.5%	117,142	4.6%

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
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%
2003	591,637,070	15,059,190	28,546,698	(133,790,350)	501,452,608	1,379,706,441	36.34%
2004	599,579,410	14,726,390	28,562,585	(133,948,720)	508,919,665	1,401,011,385	36.33%

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							
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
2003	8.30	0.20	0.90	9.40	44.70	9.98	3.45	0.55	0.40	0.30
2004	8.30	0.30	0.90	9.50	44.40	9.72	3.45	0.50	0.40	0.35

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

## **CITY OF FAIRBORN, OHIO**

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### **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>
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%
2003	334,105	332,774	99.60%
2004	424,269	393,506	92.75%

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, 2004

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$508,919,665	\$508,919,665
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	53,436,565	27,990,582
Applicable City Debt Outstanding (2)	2,290,000	2,290,000
Less: Applicable Debt Service Fund Amounts	<u>(572,652)</u>	<u>(572,652)</u>
Net Indebtedness Subject to Limitation	<u>1,717,348</u>	<u>1,717,348</u>
Legal Debt Margin	<u><u>\$51,719,217</u></u>	<u><u>\$26,273,234</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
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
2003	b 32,054	501,452,608	7,803,000	549,673	5,515,000	1,738,327	0.35%	54.23
2004	b 32,054	508,919,665	10,340,000	572,652	8,050,000	1,717,348	0.34%	53.58

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*

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**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>
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%
2003	323,344	16,374,667	2.0%
2004	372,620	16,269,020	2.3%

SOURCE: Finance Office, City of Fairborn

## *CITY OF FAIRBORN, OHIO*

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### COMPUTATION OF ALL DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2004

Jurisdiction	Net Debt Outstanding	Percentage Applicable to the City of Fairborn	Amount Applicable to the City of Fairborn
Direct:			
City of Fairborn	\$2,290,000	100.00%	\$2,290,000
Overlapping:			
Greene County	20,310,000	16.05%	3,259,755
		Total	\$5,549,755

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*

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### DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Year</u>		<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Greene County (3)</u>
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 %
2003	b	32,054	5,429	5.00 %
2004	b	32,054	4,952	5.30 %

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*

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### PROPERTY VALUES AND CONSTRUCTION PERMITS LAST TEN YEARS

Year	Residential Construction (1)		Commercial Construction (1)	
	Number of Permits	Value	Number of Permits	Value
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
2003	130	14,000,205	5	3,819,000
2004	131	13,749,915	5	3,189,859

SOURCE: (1) City of Fairborn Building Department

**CITY OF FAIRBORN, OHIO**

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**PRINCIPAL TAXPAYERS  
DECEMBER 31, 2004**

<u>Taxpayer</u>	<u>2004 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1. Presidential Drive, LLC	\$7,669,440	1.51%
2. Paramount Place, LLC	5,929,630	1.17%
3. Peppertree Associates	5,900,160	1.16%
4. Wright Pat Credit	5,121,690	1.01%
5. Cemex Inc.	4,874,090	0.96%
6. Trebein Limited	4,736,880	0.93%
7. Sandelman Sanford Trustee	3,818,490	0.75%
8. Brown, Grover Jr.	3,667,780	0.72%
9. CK Arlington Village, LLC	3,040,520	0.60%
10. Fairborn Senior Apartments Limited	3,003,530	0.58%
Subtotal	<u>47,762,210</u>	<u>9.39%</u>
All Others	<u>461,157,455</u>	<u>90.61%</u>
Total	<u><u>\$508,919,665</u></u>	<u><u>100.00%</u></u>

Based on valuation of property taxes levied in 2003.  
Source: County Auditor; Greene County, Ohio

## CITY OF FAIRBORN, OHIO

### MISCELLANEOUS STATISTICS DECEMBER 31, 2004

Year of Incorporation	1950	Area - square miles	13.41
Form of Government	Council-Manager	Miles of Streets	288.81
		Number of Street Lights	1,995
Number of Employees (excluding police and fire)		Sewers:	
Classified	67	Miles of Sanitary Sewers	133.84
Unclassified	63	Miles of Storm Sewers	109.09
Exempt	27	Number of Treatment Plants	1
		Number of Service Connections	12,275
Recreation and Culture:		Daily Average Treatment in Gallons	3,958,000
Number of Parks	18	Maximum Daily Capacity of Plant in Gallons	12,200,000
Park Acreage	652		
Bikeway	1	Water:	
Number of Tennis Courts	14	Miles of Water Mains	145.95
		Number of Service Connections	12,015
Fire Protection:		Number of Fire Hydrants	1,408
Number of Stations	3	Daily average consumption in gallons	3,760,000
Number of Fire Personnel and Officers	49	Maximum Daily Capacity of Plant in Gallons	5,000,000
Number of Calls Answered	5,495		
Number of Inspections Conducted	1,121	Education:	
		Number of Elementary Schools	3
Police Protection:		Number of Elementary School Instructors	178
Number of Stations	1	Number of Secondary Schools	2
Number of Policemen and Officers	42	Number of Secondary School Instructors	135
Number of Patrol Units	33	Number of Universities	1
Number of Citations Issued:			
Criminal Arrests	3,018		
Traffic	3,504		
Parking Citations	995		

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  
SEPTEMBER 13, 2005**