



**Auditor of State
Betty Montgomery**

CITY OF HUBER HEIGHTS
MONTGOMERY COUNTY

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Auditor of State Betty Montgomery

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

City of Huber Heights
Montgomery County
6131 Taylorsville Road
Huber Heights, Ohio 45424

To the 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 the City of Huber Heights, Montgomery County, (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 May 23, 2005, wherein we noted the amounts presented as Investment in Joint Venture were audited by other auditors. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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City of Huber Heights
Montgomery County
Independent Accountants' Report On Internal Control Over
Financial Reporting and On Compliance and Other Matters
Required By *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the City Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 23, 2005

City of Huber Heights, Ohio

Comprehensive Annual Financial Report

For the year ended December 31, 2004

Issued by:
Department of Finance

Catherine L. Armocida, CPFO, CGFM
Director of Finance

City of Huber Heights, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004

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May 23, 2005



Citizens of the City of Huber Heights
Honorable Mayor Hensley
Members of the City Council
City Manager, Mr. James W. Pierce

City of Huber Heights
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Huber Heights, Ohio 45424

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I am pleased to present our 2004 Comprehensive Annual Financial Report (CAFR) for the City of Huber Heights. This report, for the year ended December 31, 2004, has been prepared using generally accepted accounting principles for governments, and contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Huber Heights ("the City"). Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with the management of the City.

The Comprehensive Annual Financial Report is presented in three sections:

1. The Introductory Section contains this letter of transmittal, GFOA Certificate of Achievement, a list of principal officials, and an organization chart of the City.
2. The Financial Section begins with the Independent Accountant's Report and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for non major funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents social and economic data and financial trend information, and demonstrates the fiscal capacity of the City.

CITY OVERVIEW

The City of Huber Heights is located in southwestern Ohio, within Montgomery and Miami Counties, and encompasses 22 square miles. The area, which currently includes the incorporated limits of the City of Huber Heights, was originally formed in 1810 as Wayne Township, named after Major General Anthony Wayne of the United States Army. The City occupies the northeast corner of Montgomery County, joins Miami County on the north and Clark and Greene Counties on the east with Greene County also being a part of the southern border.

In 1981 the township incorporated, and in 1983 the citizens of Huber Heights adopted a City Charter, which took effect on January 1, 1984, providing for a Council/Manager form of government. The legislative powers of the City are vested in a nine-member Council. Two council members are elected at large, while six council members are elected by ward. The Mayor is elected separately. The Council members appoint the City Manager who is the Chief Executive and Administrative Officer of the City. The City Manager appoints all Department/Division heads and employees, except the City Attorney and the Clerk of Council who are appointed by City Council.

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds and departments which comprise the legal entity of the City and which provide various services including police and fire protection, emergency medical services, parks and recreation, planning, zoning, court facilities, street maintenance and repair, community development, public health and welfare, sewer, water and stormwater. Council and the City Manager have direct responsibility for these services.

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

The City has representation on the boards of eight entities. The Tri-Cities North Regional Wastewater Authority (Wastewater Authority) and the Joint Economic Development District (JEDD) are joint ventures, while the Miami Valley Regional Planning Commission (the Commission), the Miami Valley Fire/EMS Alliance (the Alliance), the Economic Development/Government Equity Program (ED/GE), the Northern Miami Valley Local Government Association (NMVLGA), and the Regional Emergency Response Team (RERT) are jointly governed organizations. Information regarding these entities may be found in the notes to the basic financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

Situated along an extensive network of interstate and state highways, including Interstates 70 and 75, as well as U.S. Route 40 and State Routes 4, 201, 202 and 235, the City continued to experience growth and development during 2004. Historically, the City's population growth erupted in the late 1950's when Mr. Charles Huber recognized the enormous potential for residential development in the area and began building what is now the largest community of brick homes in the United States. With a population of 38,212 in 2004, Huber Heights places third among all cities within Montgomery County.

The City, located 10 minutes from downtown Dayton, Wright Patterson Air Force Base and Dayton International Airport, is primarily residential, providing housing for residents who work in the surrounding metropolitan areas including the Wright Patterson Air Force Base. Huber Heights City government continued to take active steps toward diversifying its tax base, with the strong residential growth generating greater commercial and industrial development. At the end of 2004, there were over 1,285 acres of industrial-zoned and 1,037 acres of commercial zoned land available for development.

Based upon a recent survey of Huber Heights residents, it is estimated that the United States government at nearby Wright Patterson Air Force Base employs approximately 12 percent of the residents. Despite the continuing trend toward military downsizing and base closures, Wright Patterson Air Force Base has gained operations from other bases around the country in the past several years.

Economic development in the City has been a top priority of City Council and City staff. Since 1994, both commercial and industrial developments, such as the Northpark Center and Center Point 70 Commerce Park, have created over 3,164 jobs for the community.

There are over 780 businesses within the City, including:

Industrial

AIDA-DaytonTechnologies Corp
A B F Freight Systems
Catlow Industries
Coca Cola Enterprises, Inc.
Globe Products
Metokote Corporation
Paxar Corporation
Alpha Mold
Bowser Morner
Enginetics Corporation
Fukuvi USA, Inc.
LaserMike, Inc.
Hans Concrete
Trimble Navigation Limit
Millat Industries
PVS Plastics

Commercial

Aldi
Elder-Beerman
Kmart
Kroger Limited
Lowe's Home Center Incorporated
S&K Menswear
Target Corporation
Danbury Cinemas
Sofa Express
Cub Foods
Gander Mountain
Kohl's Department Stores, Inc.
Marshall's
Staples
Wal-Mart Stores Incorporated
Showcase Cinemas

During 2004, 44 new businesses opened in Huber Heights. Zoning permits processed during 2004 included the issuance of 109 single-family certificates, 33 condo/duplex permits, 5 new industrial building certificates and 8 new commercial building certificates. The 2004 valuation on all certificates issued totaled \$34,751,233.

Industrial Development

The City awarded an enterprise zone tax incentive agreement to PVS Plastics, a German-based injection mold company, who moved operations into the Executive Boulevard area. PVS leases a 13,000 square foot facility, and is expected to create 25 new full-time jobs within three years.

Center Point 70 Commerce Park, a 300-acre industrial business park site developed by the City was the focus for major new industrial development during 2004. Millat Industries, a manufacturer of precision machinery was granted an enterprise zone agreement to move its operation within the City and increase its workforce from 40 to 50. A \$250,000 Economic Development/Government Equity Improvement Fund grant awarded by Montgomery County was used to pay for a portion of the acquisition costs of a new building.

Commercial Development

Construction of a new Super Wal-Mart at State Route 201 and I-70 was completed in the fall of 2004. The 203,622 square foot facility incorporates a full service retail store with a super market and other amenities including a fast food restaurant and an optician. The store employs approximately 600 people. The old Wal-Mart site was purchased by a company in early December 2004. The company plans to lease the space to at least two retailers, Hobby Lobby and Bed, Bath, and Beyond. Both retailers expect to open in the fall of 2005.

In early 2004, the demolition of the existing Kroger grocery store, located on State Route 202, made way for a new Super Kroger prototype. Reopening in late 2004, the new store is approximately 74,000 square feet, employing 150.

A new 6,388 square foot office for Huber Heights Foot and Ankle Care was completed in 2004 with 5 new staff. A new 5,800 square foot daycare facility also opened in 2004, employing a staff of 8.

Funding to explore the potential to develop property in central Huber Heights into a town center area was provided in June of 2003. City Council, the Huber Heights Athletic Foundation, St. Peter's Church and Columbia Builders, Inc. contributed a total of \$67,500 for the development of a study to look at the revitalization of numerous properties including green space, cultural venues, shopping and living opportunities. A report including recommendations was complete in the summer of 2004.

Premier Health Partners purchased 30 undeveloped acres extending west from Brandt Pike near the Huber Centre on Chambersburg Road and plans to begin construction of the major medical facility which will be a major focal point in the new Town Center.

Gander Mountain, a sports center store, plans to open in the North Park Center in the spring of 2005. This is the first store for the company in the area. The 66,330 square foot facility, which began construction in the fall of 2004, will employ 75.

The first Huber Heights radio station began transmission in September 2004. 97.7 FM has had many positive community comments as a Christian radio station.

The Greater Dayton YMCA began construction in the Spring of 2004 of an \$8 million, 65,000 square foot facility at the corner of Shull Road and State Route 201, directly across from the City's premier recreational facility-Carriage Hill Farm Metro Park. The YMCA, which opened February 25, 2005, offers a full gymnasium, 6 lane indoor and water therapy pools, indoor family play land, fitness center, indoor running/walking track, daycare program, teen center and outdoor game fields. The facility employs 65 to 75 part-time employees. As a partner in this important project, the City has committed to a 99 year land lease of the ground on which the YMCA is built and which is owned by the City; and to provide up to \$1.6 million over the next twenty years, (subject to annual appropriation by City Council) in exchange for community recreation programming and office space. This location will also be the future home to an on-site medical office for Grandview Hospital, who in turn is subleasing the area for a dialysis center. This medical facility is anticipated to be open by the summer of 2005.

Residential Development

Huber Heights continued to experience an increase in new residential development during 2004. Construction of the Villa's at Benchrock, a condominium development of 116 units in 29 ranch-style condos continued in 2004. The community offers residents exclusive, private use of a clubhouse, heated pool and exercise facility. Prices for the units start at \$130,000.

The Oakes of Huber Heights, a 236 unit single family development continued construction in 2004. Houses start at \$200,000 and offer approximately 1,600 square feet of living space. Construction of Annetta Sue Meadows, an 82 unit single family development began in 2004. When opened in 2005 it is anticipated that homes will be offered in the \$150,000 range.

On August 27, 2004, ground was broken at The Reserve at the Fairways by Anderson Resources for the construction of condominiums averaging 2,000 square feet, and starting in price from \$160,000. The development, located in an area that includes Carriage Hill Farm MetroPark and the YMCA, includes 88 luxury condos which will be complete within two years; and an additional 88 luxury homes anticipated to be available within four years. The total cost of the project is estimated to be \$30 million. The gated community will also have a 5,000 square foot community center at an estimated cost of nearly \$1 million. It will include a fiber optic pool with a water fall and an elaborate exercise facility. Also included is a billiards room, a card room, a computer room, a luxury kitchen and a covered cabana off the pool.

MAJOR INITIATIVES

For the Year

The City implemented the ninth year of an aggressive interior street improvement program and enjoyed another successful year in the area of economic development. The City also received for the eleventh consecutive year the Certificate of Achievement for Excellence in Financial Reporting, which was awarded by the Government Finance Officers Association of the United States and Canada for the Comprehensive Annual Financial Report for 2003.

Income Taxes: The City experienced growth in its income tax revenues until the fourth quarter of 2004, when collections indicated the beginning of a mild decline. Currently the City has a 1.95% income tax including: 1% permanent tax for general fund operations; .5% permanent tax for public safety operations, which includes police operations and fire capital equipment; .25% permanent tax for local street improvements; and .20% which is valid for a 5 year term for local street capital improvements.

Huber Heights citizens gave a strong vote of confidence for the future and for their city government by renewing a 5 year street improvement income tax levy on November 4, 2003. The 5 year levy, initially approved in 1999, will generate approximately \$1.2 million each year for interior roadway reconstruction, resurfacing, and curb and gutter replacement. During 2004, the City invested over \$1,200,000 toward this annual construction program. Expenditures included the repair and rebuilding of 33 segments of neighborhood streets, and miscellaneous roadway sealing and patching throughout the City. The City also updated its long-range street improvement plan to address the roadway needs of the City, enabling repair of the roadways on a perpetual 15-year cycle. The improvements enhance the City streets and promote the development of and investment in residential and commercial areas.

The income taxes dedicated for public safety services were used to pay debt due on the City's two fire stations; the purchase of a new medic unit; the loan repayments for the purchase of a 100-foot aerial ladder truck; and general police division operations and capital equipment purchases including radios and computers. The income taxes dedicated for street operations were utilized to pay for general street operations including personnel, contracts and supplies, snow removal and street cleaning, traffic signal maintenance, the purchase of various equipment, and for debt retirement on bonds issued in prior years for major street reconstruction.

In October 2001, the City established its own income tax collection division, a function which had been previously performed by independent contract. Since creating the tax function internally, the City has been able to tailor specific compliance programs to more aggressively target the collection of delinquent accounts. Efforts to date have generated over \$750,000 in taxes not previously collected.

In June of 2001, the City Council authorized the collection of Emergency Medical Service fees. During 2004, over \$850,000 was collected. These funds were used to fund six fire fighter/paramedics, a lead fire inspector, a training lieutenant and a data entry technician for the Fire Division. These monies were also used to purchase equipment for the division. The Fire Department also received notification in 2004 of a FEMA grant totaling \$98,780, with the City's local share being 10 percent or \$10,977. The monies are to be used for the health and wellness of the firefighters. Exercise equipment was purchased along with individualized and group training.

The U.S. E.P.A. mandated that governmental agencies with a population over 10,000 be in compliance with the Clean Water Act of 1972, including the development and implementation of a Stormwater Management Plan no later than March 10, 2003. During 2004, the City entered the third year of operations of its Stormwater Management Program. The monies generated fully supported the operating costs as well as stormwater related capital improvements.

After a two-year review by City staff and consultants of the City's water and sewer utility rate structure and future infrastructure requirements, City Council authorized rate increases annually over 5 years beginning in late 2002. The rates, which increase annually through 2006 continue to insure the utilities self-sufficient ongoing operations, and provides for many improvements to the system including a planned \$9 million expansion to the water treatment plant to begin in spring 2005, ongoing funding for the annual repair and replacement of water and sewer mains throughout the City, rebuilding of pumps and manhole rehabilitation, and for GIS mapping of the utility system.

Capital Improvements:

City Council approved a plan in October 2003 to build an entrance portal at the City's southern border on State Route 202. The portal, completed in the summer of 2004, includes landscaped median islands, monument-style signage and wide landscaped areas along both sides of the roadway. A \$120,000 federal Transportation Enhancement grant was awarded to the City to complete the project.

The Ohio Public Works Commission awarded the City a number of grants ("Issue II") to finance various projects. Construction for the sixth phase of the widening of State Route 201 was completed in 2004 which widened and improved State Route 201 north of Interstate 70. The total project cost was \$1,646,000 of which the City was awarded \$750,000 in Issue II grant funding and \$155,000 in County Motor Vehicle Permissive Tax revenues. The City anticipates assessing approximately \$52,000 to benefited property owners.

Construction of Benchrock Parkway, extending from State Route 201 to State Route 202 continued during 2004. The \$8 million, 2.3 mile roadway is the center spine of the Benchrock Community. The parkway consists of underground water mains and sanitary sewer utilities together with a storm drainage system including pipes, catch basins, and off-site detention ponds. This project will be paid with special assessments to future homeowners and businesses within the development area.

State, county, and city officials broke ground for major construction of the I-70/State Route 202 interchange on May 12, 2004. The \$10 million project, which is expected to be completed in late 2005 will change the current partial cloverleaf interchange, providing straight ramps at all four corners and standard deceleration lanes, helping to improve safety and reduce accidents at the interchange. Financing for the project involves over \$8 million in grants from various federal, state and local transportation agencies. The remaining City share totaling \$2 million is funded by a loan from the State of Ohio Infrastructure Bank. The loan allows the City to make draws as needed with a zero percent interest rate for the first year, and three percent interest thereafter over the succeeding nine years using tax increment financing (TIF) revenues.

During 2004, the City also continued the annual sidewalk improvement assessment program, widening of Chambersburg Road, extended trunk water and sewer services along State Routes 201 and 202, installed new traffic signals at the exit ramp from I-70 at State Route 201, and completed miscellaneous drainage projects paid from the stormwater fund.

The City continued to update its Website www.huber-heights.oh.us during the year. The site features the City's current year budget, hot topics, economic development information, updated meeting agendas, a brief history of the City and other general information.

Department/Division Major Accomplishments

The City underwent a strategic planning process in 2004 that resulted in adoption of a resolution by City Council of city-wide strategic and operational goals and targeted actions for 2004/2005. The statement of direction for the City of Huber Heights is to become the Community of Choice in Ohio, by providing outstanding services and a good quality of life for its residential and business citizens. This statement included two strategic goals and one operating goal:

Strategic Goal No. 1 – Develop a comprehensive economic development philosophy, direction, and planning process.

Strategic Goal No. 2 – Develop and sustain a positive image for the City of Huber Heights – both internally and externally.

Operating Goal No. 1 – Manage daily operations so as to maintain current levels of service within budget parameters.

Each Department/Division prepared goals individually which were implemented to achieve the city-wide strategic and operational goals. As of the end of 2004, numerous project goals had been achieved.

The **Public Safety Department - Division of Fire** implemented enhanced EMS procedures, providing state-of-the-art medical assistance to residents. They secured a Bureau of Workers Compensation Safety Grant with the assistance of the Human Resources Department providing over \$30,000 in new safety equipment in an effort to reduce injuries. The Division received the FEMA Health/Wellness grant totaling \$98,780 to provide complete medical evaluation of all Fire Division employees. The *Division of Police* implemented field reporting by having the officers input 70% of their reports directly to the Mobile Data Terminals located within each City vehicle, enabling reports to be available to the public within 24 hours.

The **Human Resources Department** facilitated the creation and implementation of a non-bargaining employee performance compensation plan, which will eliminate internal pay inequities, allowing the City to attract and retain qualified staff.

The **Deputy City Manager/Department of Public Services** duties were reassigned to the **Director of Finance** in 2004, saving the City \$125,000 per year in personnel costs. The *Division of Public Works* provided oversight of the I-70/State Route 202 interchange construction project, containing the City's cost, insuring a quality product for public use and future development. The *Division of Engineering* completed numerous projects during 2004 including the annual street improvement program, the annual sidewalk repair program, the entrance portal at Troy Pike, the Brandt Pike Phase VI roadway construction, and the Chambersburg Road widening. The *Division of Water and Wastewater*, along with the *Division of Engineering* completed the design of a new seven million gallon per day water treatment plant and extended trunk water and sewer services along State Routes 201 and 202.

The **Department of Planning and Development** completed the enterprise zone agreement with PVS Plastics, and the relocation of Millat Industries, both which will increase the City tax base with additional payroll and property taxes.

The **Department of Finance**, *Director's office* finalized negotiations for the construction of the YMCA, providing much needed recreational opportunities to the City residents; negotiated the renewal of the Water and Wastewater operations contract, providing quality utility service to the City residents and system customers, saving the City over \$181,000 in utility operating costs; and lead a team of City staff who negotiated a development agreement with Premier Health Partners, which will provide quality health care for Huber Heights residents, and will generate future income tax revenue. The *Division of Accounting* received the Certificate of Achievement for Excellence in Financial Reporting for the eleventh consecutive year, and hired its first Deputy Director to assume supervisory duties for the division. The *Information Technology Division (IT)* negotiated the franchise fee agreement with the local cable provider, increasing revenues to the City over \$120,000 per year; and worked with the Police Division to implement a new GIS mapping system, providing improved location tracking and public safety response. The *Division of Taxation* implemented various compliance programs during the year including extensive field auditing and implemented payment plans improving the rapport with taxpayers by allowing payments toward tax liability.

For The Future

The City continues to work with the State and local transportation authorities to design major modifications to the Interstate 70 and State Route 201 interchange. Design for this improvement project was begun in 2003, contract bidding is scheduled for the fall of 2005 with construction planned to begin in early 2006. The total estimated cost is projected to be \$50 million, of which the City local share has been determined to be no more than \$500,000 which will be funded through the State Infrastructure Bank similar to the improvements currently underway at the State Route 202 interchange. The design includes new lanes on I-70 increasing the total lanes to six.

Various utility projects totaling over \$9.2 million will begin in 2005 including the expansion of the City's water treatment plant located on Rip Rap Road from a 1.7 to a 7 million gallon per day facility. The project will include installation of new production wells and replacement of the existing SCADA computer system module and installation of computer-aided telemetry systems. Funding for the plant improvements will be from the sale of utility revenue bonds, which will be repaid from utility fees. Other utility improvements planned during 2005 include installing booster pumps, water main extensions, mapping of the water and sewer distribution systems, various sanitary sewer pipe replacement and manhole rehabilitation, replacement of gravity sewers, and updating the sanitary sewer master plan.

The City will continue its annual interior street improvement program in 2005 with a \$1.2 million program, to be funded solely from dedicated local income tax proceeds. Also scheduled for 2005 is the annual sidewalk repair and replacement program, totaling \$150,000 which cost will be shared by the affected property owners and the City.

The City continues to work with key leaders in the community to assess the feasibility of constructing a mixed use Town Center which would incorporate green space, cultural venues and shopping. During 2004 the City, its consultants, and residents of City neighborhoods and businesses worked to shape and plan this future downtown concept. Work on this plan is continuing during 2005 with a full report and recommendation anticipated in the summer of 2005.

The City contracted with the Greater Dayton YMCA to manage the municipal pool beginning in the spring of 2005 which will save the City over \$10,000 annually in operating costs. The City entered in to an agreement with Camp Fire USA, a coeducational nonprofit youth development organization to operate the City's South East Neighborhood Center during 2005, providing youth programming consisting of after-school programs, along with family activities and summer camps. The City was awarded a \$102,000 grant through the Montgomery County Department of Jobs and Family Services which will fully support the program costs. Sinclair Community College is currently researching the feasibility of co-locating on the site of the new YMCA. The College would like to offer core general classes for approximately 2,000 to 2,300 students.

Other projects planned for 2005 include: widening of New Carlisle Pike to accommodate truck traffic associated with future industrial development of the area; rebuilding of the Powell Road bridge which will provide enhanced traffic flow and reduce the risk of accidents in the area; beginning the engineering design for widening of the seventh section of Brandt Pike from two to five lanes; and improving Taylorsville Road by widening driving lanes and shoulders.

Residential developments including Windbrooke, Heathermere, Callamere Farms, The Oaks of Huber Heights, Elysian Fields, Lexington Place, and Artisan Way are expected to expand in 2005.

Continuing Disclosure

The City is required to provide certain continuing disclosure information in conjunction with various debt offerings. Updated data is provided in the Statistical Section of this report.

FINANCIAL INFORMATION

Internal Control Structure and Budgetary Controls

Development of the City's accounting system includes consideration of internal accounting controls. Internal accounting 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 their implementation. This evaluation involves estimates and judgment by the City administration and Department of Finance. 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 amount of the purchase. Each Department/Division head is furnished a weekly report showing the week's transactions and summarizing the balances available to be spent from the appropriations for goods and services.

Financial Condition

The City has prepared financial statements following GASB Statement 34, "Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments." GASB 34 creates new basic financial statements for reports as follows:

Government-wide financial statements - These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements - These statements present information for individual major funds rather than by fund type. Non major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary funds use the accrual basis of accounting.

Statements of budgetary comparisons - These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transaction on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows the Independent Accountant's Report, providing an assessment of the City finances for 2004.

CASH MANAGEMENT

The City pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash. The total interest earned by the City's governmental and enterprise funds was \$414,201 for the year ended December 31, 2004, which represents an annual interest yield of 1.39 percent of the average invested bank balance for the year. A portion of the City's deposits are collateralized by pooled collateral. By law, financial institutions must establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of the public funds on deposit. Trustees, including the Federal Reserve and designated third party trustees, hold the collateral 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.

The City analyzes its fund balances closely for cash flow purposes. The City is committed to having at least eight weeks cash flow at any given time. While neighboring cities have had to cut services, the City has kept services constant through ever-improving efficiency.

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 disaster. In 2004, the City purchased property, liability and public officials insurance from a traditional carrier.

The City offers employees the choice between an HMO and a PPO. The City also provided employee dental and optical insurance benefits. Each Department/Division receives appropriations to cover the annual premiums and administrative fees.

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

OTHER INFORMATION

Independent Audit

An audit team from the Office of the Auditor of State Betty Montgomery has performed this year's audit. The results of the audit are presented in the Independent Accountant's Report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huber Heights, Ohio, for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2003. This was the eleventh consecutive year that the City of Huber Heights has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

Appreciation is extended to the City Council, City Manager, Department/Division heads, and City employees responsible for contributing to the sound financial position of the City of Huber Heights. My sincere gratitude goes to members of the Department of Finance Accounting Division staff including: Debi Jones, Jeanne Renick, Michelle Simmerman, Elizabeth Dunivan, Lu Ann Miller and Julie Francis who contributed to the compilation of this report.



Catherine L. Armocida, CPFO CGFM
Director of Finance and Public Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huber Heights,
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. Ziegler

President

Jeffrey R. Emery

Executive Director

CITY OF HUBER HEIGHTS, OHIO

LIST OF PRINCIPAL OFFICIALS

2004 ELECTED CITY OFFICIALS

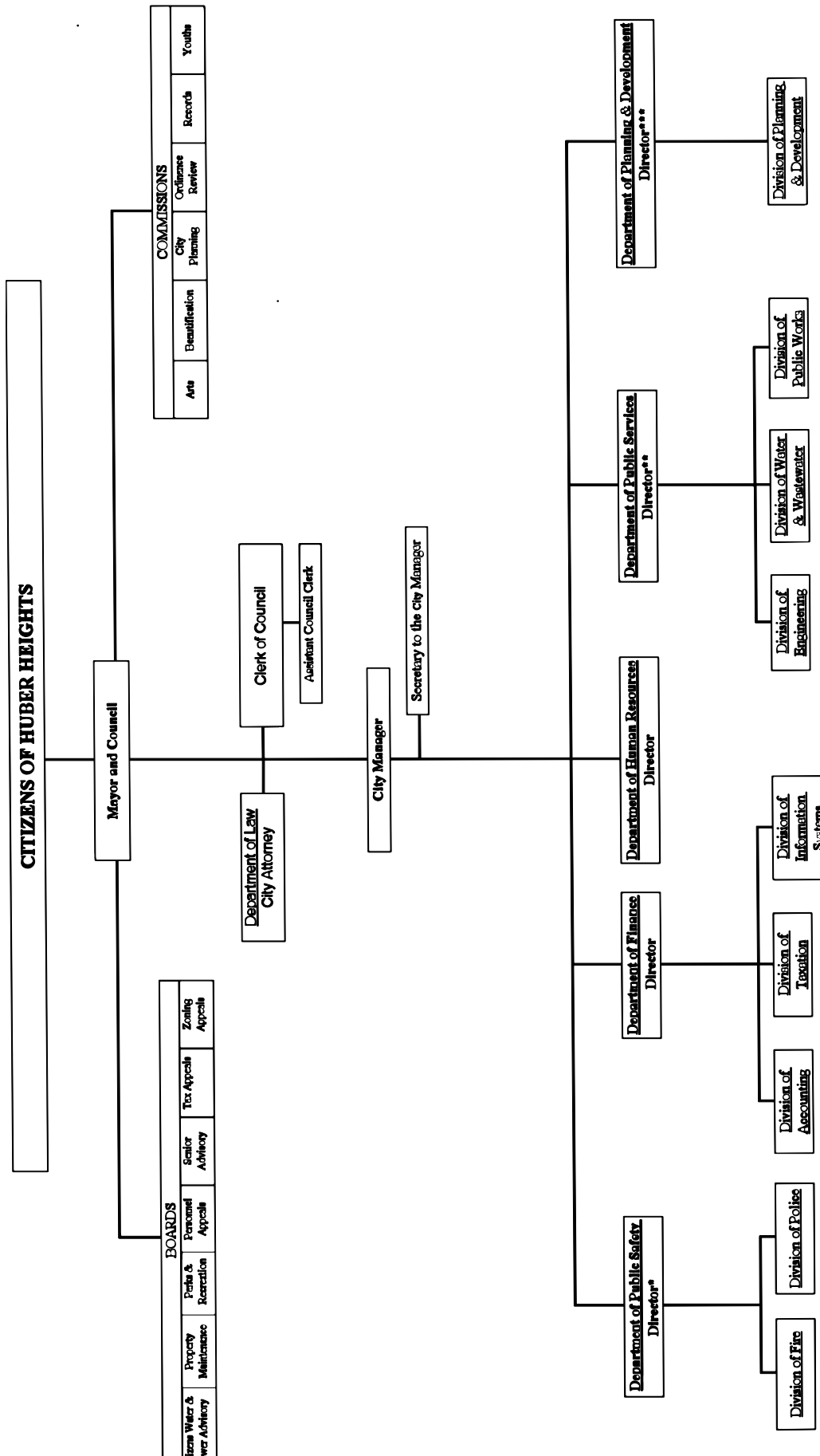
Council Members

Mayor	Jack Hensley
Vice Mayor	Seth Morgan (Ward 3)
	Judy Blankenship (Ward 4)
	Mark Campbell (At large)
	James Ellis (Ward 1)
	Ron Fisher (Ward 6)
	Roger Hensley (Ward 5)
	Karen Kaleps (Ward 2)
	Jan Vargo (At large)

2004 APPOINTED CITY OFFICIALS

City Manager	James W. Pierce
Director of Finance and Public Services	Catherine L. Armocida

City of Huber Heights Organizational Chart



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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

City of Huber Heights
Montgomery County
6131 Taylorsville Road
Huber Heights, Ohio 45424

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huber Heights, Montgomery County, (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 opinions on these financial statements based on our audit. We did not audit the amounts reported as Investment in Joint Venture. These amounts were audited by another auditor whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Investment in Joint Venture, is based on the report of the other auditor.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, based upon our audit and the report of the other auditor, 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 as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General, Fire and Police Funds 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 May 23, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining non-major fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining non-major fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 23, 2005

City of Huber Heights, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2004
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Huber Heights's discussion and analysis of the annual financial report provides an overview of the City's financial activities for the fiscal year ended December 31, 2004.

FINANCIAL HIGHLIGHTS

The City's total net assets increased \$7,700,781. Net assets of governmental activities increased \$3,447,935 primarily due to special assessments receivable increasing while contracts payable decreased. As in the past, there was a transfer of assets to the business-type activities that was the primary result of business-type activities net assets increasing \$4,252,846.

The general fund transfers out equaled \$6,956,784. This is an increase of almost \$1 million from the prior year, although in 2003, transfers decreased by over \$1 million from 2002. Of the total transfers out, \$4,400,000 was for fire operations, \$2,000,000 was for police operations, \$185,220 was for general obligation debt service obligations, \$22,000 was for special assessment debt service obligations, \$175,910 was for capital improvements and \$173,654 was for support of special revenue fund park maintenance and local street capital governmental programs. Transfers for fire operations increased from 2003 by \$1.4 million.

Total business-type operations reflected operating income. Each of the three enterprise funds earned an operating surplus for 2004, as in 2003. Business-type unrestricted net assets are \$16,739,783.

Capital assets used in governmental activities decreased \$1,507,281. This decrease was due to depreciation and the transfer of assets to the business-type activities. Construction in progress consisted of Old Troy Pike Phase VII, Benchrock Parkway, and Brandt/Troy Utility Extension, Brandt Pike Phase VI, Grusenmeyer Way, the repainting of the Stonehurst Standpipe, and the City Hall remodeling project.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

Governmental Activities – Most of the City's services are reported here including police, fire, leisure time activities, community environment, transportation, and general government.

Business-Type Activities – These services include sewer, water and stormwater management. Service fees for the sewer and the water operations are charged based upon the amount of usage; and service fees for the stormwater utility are assessed by property (parcel) based upon the impervious area. The intent is that the fees charged recoup operational and capital costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page 12. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with the approval of Council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City of Huber Height's major funds are General, Fire, Police, Special Assessment Bond Retirement, Capital Improvement, Sewer, Water, and Stormwater.

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

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2004 compared to 2003.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
Assets				
Current and Other Assets	\$39,933,636	\$37,354,480	\$11,029,323	\$8,366,156
Nondepreciable Capital Assets	27,061,846	26,285,874	5,591,579	3,681,395
Depreciable Capital Assets, Net	75,090,197	77,373,449	28,673,436	27,826,957
Investment in Joint Venture	0	0	12,448,423	12,116,070
Total Assets	142,085,679	141,013,803	57,742,761	51,990,578
Liabilities				
Current and Other Liabilities	7,888,280	10,595,977	2,737,007	732,304
Long-Term Liabilities:				
Due Within One Year	1,999,756	2,113,879	1,020,155	929,069
Due in More Than One Year	24,735,323	24,289,563	15,650,748	16,247,200
Total Liabilities	34,623,359	36,999,419	19,407,910	17,908,573
Net Assets				
Invested in Capital Assets, Net of Related Debt	77,964,205	82,179,004	20,395,068	17,231,186
Restricted for:				
Fire	1,154,588	647,145	0	0
Police	2,778,383	2,644,642	0	0
Other Purposes	3,161,672	2,995,779	0	0
Debt Service	14,263,041	6,232,966	0	0
Local Street Capital Improvement	2,042,658	1,350,000	0	0
Other Capital Projects	0	53,234	0	0
Revenue Bonds Improvement and Replacement	0	0	60,000	60,000
Revenue Bonds Current Debt Service	0	0	1,140,000	1,140,000
Unrestricted	6,097,773	7,911,615	16,739,783	15,650,819
Total Net Assets	\$107,462,320	\$104,014,385	\$38,334,851	\$34,082,005

(Continued)

	Total	
	2004	2003
Assets		
Current and Other Assets	\$50,962,959	\$45,720,636
Nondepreciable Capital Assets	32,653,425	29,967,269
Depreciable Capital Assets, Net	103,763,633	105,200,406
Investment in Joint Venture	12,448,423	12,116,070
Total Assets	199,828,440	193,004,381
Liabilities		
Current and Other Liabilities	10,625,287	11,328,281
Long-Term Liabilities:		
Due Within One Year	3,019,911	3,042,948
Due in More Than One Year	40,386,071	40,536,763
Total Liabilities	54,031,269	54,907,992
Net Assets		
Invested in Capital Assets, Net of Related Debt	98,359,273	99,410,190
Restricted for:		
Fire	1,154,588	647,145
Police	2,778,383	2,644,642
Other Purposes	3,161,672	2,995,779
Debt Service	14,263,041	6,232,966
Local Street Capital Improvement	2,042,658	1,350,000
Other Capital Projects	0	53,234
Revenue Bonds Improvement and Replacement	60,000	60,000
Revenue Bonds Current Debt Service	1,140,000	1,140,000
Unrestricted	22,837,556	23,562,434
Total Net Assets	\$145,797,171	\$138,096,390

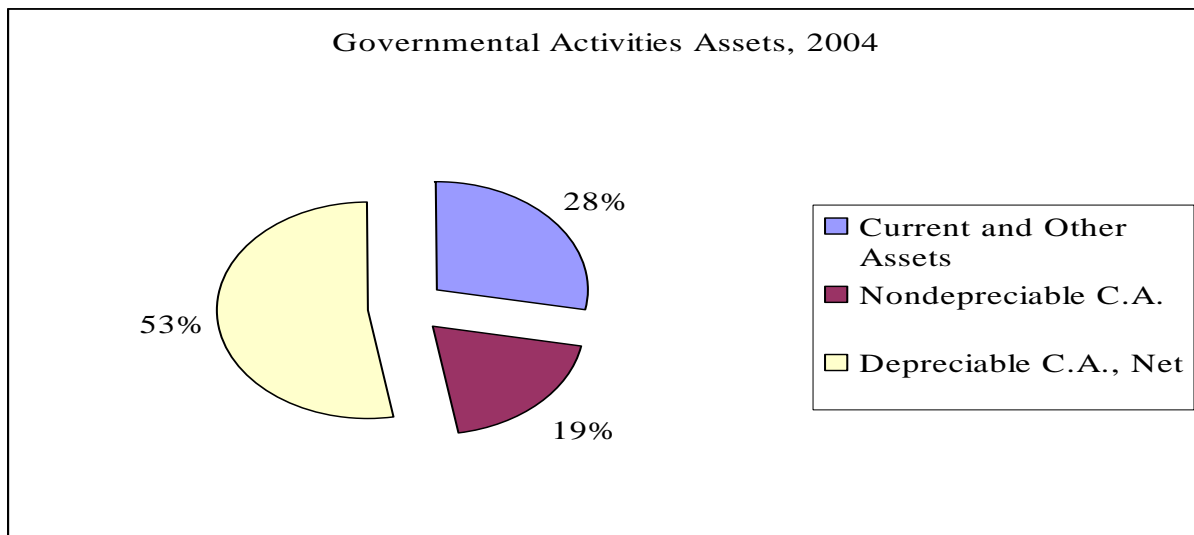
For governmental activities, municipal income taxes receivable, net, were slightly lower in 2004, despite approximately \$150,000 normally receipted in December of each year that was instead received in January 2005. Income tax revenues for 2005 will be slow to grow due to passage of an additional income tax levy by the Cities of Moraine and West Carrollton. Many Huber Heights residents work in these two cities, and since they now have a higher income tax rate than Huber Heights, it is estimated that the City will lose approximately \$200,000 annually because the City provides a tax credit for citizens who pay taxes for other cities. In addition, a recent change in State law now prohibits the City from assessing income taxes on monies that employees set aside in 125 cafeteria plans.

Property and other taxes receivable decreased slightly despite the cable franchise fee rate increase. Beginning in November 2004, the City negotiated a 2% rate increase from 3% to 5% to allow the City to recognize an additional \$120,000 in estimated revenue annually. Beginning in October 2004, most nearby cities had already raised their franchise fee to 5% at that time. By statute, the City had the option of collecting up to 5% of the subscriber's bills in the form of franchise fees. The slight decrease in the receivable was due to the \$0.03 decrease per \$1,000 of assessed value in the full tax rate from 2003 to 2004.

Accounts receivable increased slightly despite fewer EMS removals, along with Medicare reimbursing at a reduced rate compared to prior years. Special assessments receivable increased over 2003 due to many new projects including roadway improvement, sidewalk repair, and lighting. Depreciable capital assets, net decreased despite the purchase of four police cruisers. At least two of the cruisers were purchased through the State cooperative purchasing program, since they were at the lowest cost. Also, the City received developer donated infrastructure for the Parktowne Subdivision Sections Three and Four. Depreciable capital assets, net decreased overall due to depreciation expense outpacing current year additions.

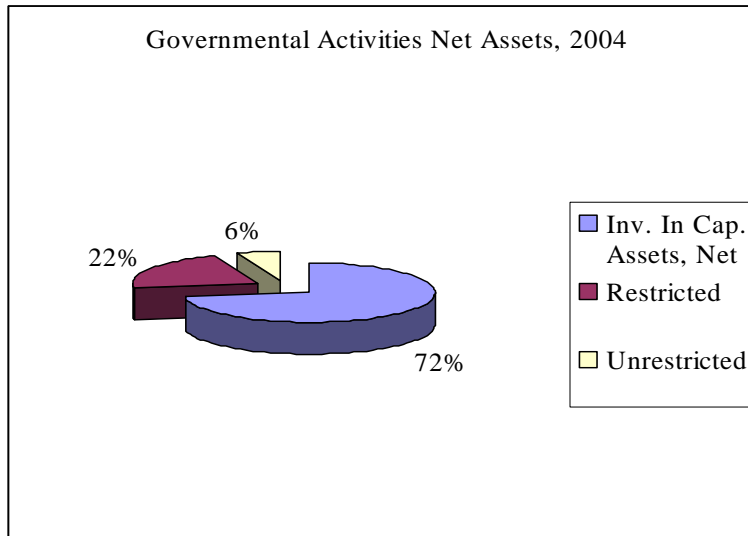
Accrued salaries payable decreased due to the timing of the first payroll this year, a few eliminated positions and unfilled positions, despite normal wage increases. Compensated absences, presented as a long-term liability, increased from 2003 despite several retirements in 2004. The increase was due to higher salaries, higher leave balances, and more employees expected to stay at the City until retirement, which are all normal expectations.

Accrued interest payable increased due to higher interest rates. Notes payable decreased due to the special assessment Old Troy Pike Phase VII note being renewed at a much lesser amount. However, the real estate acquisition bond anticipation note was renewed this year for a higher amount to include last year's principal plus interest. For notes payable classified as long-term liabilities, these increased in 2004. The general obligation utility improvement and the special assessment street improvement long-term notes were also renewed this year for a higher amount to include last year's principal plus interest. A special assessment Brandt Pike Phase VI note was issued in 2004 to fund road widening construction.



Current and other assets increased by more than \$2.5 million due to increases in cash and cash equivalents in the business-type activities, as well as accounts receivable, net. The beginning of the upgrade to the Rip Rap Road wastewater treatment plant was added to nondepreciable capital assets as construction in progress. Water lines increased for the construction of the U.S. 40 water main. Sewer and stormwater lines also increased. The Water Enterprise Fund issued water system improvement bond anticipation notes for the Rip Rap Road wastewater treatment plant upgrades.

Net assets of the City's governmental activities increased \$3,447,935 despite the \$1,444,803 net transfer of governmental assets to business-type activities.



The net assets of the City’s business-type activities increased \$4,252,846 primarily due to the transfer of assets from the governmental activities for the enterprise funds.

The following financial ratios may be used to assess the financial stability of the City over an extended period of time. “Liabilities to Net Assets” indicates the extent of borrowing.

<u>Liabilities to Net Assets</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Entity Wide Summary	34.23%	36.83%	39.76%	37.06%
Governmental	23.67%	29.03%	35.57%	32.22%
Business-Type	85.86%	62.55%	52.55%	50.63%

“Capital Asset Change” from previous year indicates whether the City financially maintains infrastructure for future generations.

<u>Capital Asset Change</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Entity Wide Summary	0.21%	12.28%	3.38%	0.92%
Governmental	0.37%	8.71%	1.54%	(1.45%)
Business-Type	(0.49%)	27.13%	9.93%	8.75%

Table 2 shows the changes in net assets for the year ended December 31, 2004.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues				
Program Revenues:				
Charges for Services	\$2,350,690	\$1,691,829	\$8,178,995	\$7,065,742
Operating Grants, Contributions and Interest	1,640,456	1,402,598	0	0
Capital Grants, Contributions and Interest	9,398,793	2,520,528	95,151	0
Total Program Revenues	<u>13,389,939</u>	<u>5,614,955</u>	<u>8,274,146</u>	<u>7,065,742</u>

(Continued)

	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
General Revenues:				
Property and Other Taxes	\$3,705,116	\$3,781,766	\$0	\$0
Income Taxes	10,621,943	10,400,353	0	0
Grants and Entitlements	1,662,720	2,080,752	0	0
Other	288,893	368,550	405,307	289,437
Total General Revenues	16,278,672	16,631,421	405,307	289,437
Total Revenues	29,668,611	22,246,376	8,679,453	7,355,179
Program Expenses:				
Security of Persons and Property				
Fire	5,230,564	4,992,739	0	0
Police	5,947,297	6,079,238	0	0
Other	1,156,715	1,160,082	0	0
Leisure Time Activities	206,014	252,634	0	0
Community Environment	973,583	956,321	0	0
Transportation	7,253,184	6,377,671	0	0
General Government	3,072,859	3,139,385	0	0
Interest and Fiscal Charges	935,657	976,918	0	0
Sewer	0	0	2,608,912	2,522,087
Water	0	0	2,932,809	2,505,512
Stormwater	0	0	329,689	324,982
Total Expenses	24,775,873	23,934,988	5,871,410	5,352,581
Excess (Deficiency) Before Transfers	4,892,738	(1,688,612)	2,808,043	2,002,598
Transfers	(1,444,803)	(3,095,514)	1,444,803	3,095,514
Increase (Decrease) in Net Assets	\$3,447,935	(\$4,784,126)	\$4,252,846	\$5,098,112

(Continued)

	Total	
	2004	2003
Revenues		
Program Revenues:		
Charges for Services	\$10,529,685	\$8,757,571
Operating Grants, Contributions and Interest	1,640,456	1,402,598
Capital Grants, Contributions and Interest	9,493,944	2,520,528
Total Program Revenues	21,664,085	12,680,697
General Revenues:		
Property and Other Taxes	3,705,116	3,781,766
Income Taxes	10,621,943	10,400,353
Grants and Entitlements	1,662,720	2,080,752
Other	694,200	657,987
Total General Revenues	16,683,979	16,920,858
Total Revenues	38,348,064	29,601,555
Program Expenses:		
Security of Persons and Property		
Fire	5,230,564	4,992,739
Police	5,947,297	6,079,238
Other	1,156,715	1,160,082

(Continued)

	Total	
	2004	2003
Leisure Time Activities	\$206,014	\$252,634
Community Environment	973,583	956,321
Transportation	7,253,184	6,377,671
General Government	3,072,859	3,139,385
Interest and Fiscal Charges	935,657	976,918
Sewer	2,608,912	2,522,087
Water	2,932,809	2,505,512
Stormwater	329,689	324,982
Total Expenses	<u>30,647,283</u>	<u>29,287,569</u>
Excess (Deficiency) Before Transfers	7,700,781	313,986
Transfers	0	0
Increase (Decrease) in Net Assets	<u>\$7,700,781</u>	<u>\$313,986</u>

For governmental activities, the program revenue charges for services includes emergency medical services receipts. These specific receipts decreased from 2003 to 2004. This was due in part to reductions in reimbursement from Medicare, the total number of runs decreased slightly as well as removals, and slightly higher uncollectible amounts prior to switching third party administrators. Overall, this category increased, mainly due to lighting special assessments.

The program revenue operating grants increased despite the decrease for the EMS grant from last year since the funding was reduced by a recalculation in 2004 to disburse the total monies among more communities. Overall, this category increased, mainly due to increased motor vehicle license tax, cents per gallon, and gasoline tax receipts.

Capital grants, contributions and interest increased in 2004 due to developer donated infrastructure and roadway special assessments. Income tax receipts increased despite the general trend in the economy.

The general revenue grants and entitlements decreased due to reduced local government fund receipts and reduced receivables for estate taxes. As in other communities across the State, the City is concerned about the continued funding of the local government fund by the State. The City receives approximately \$900,000 each year from this entitlement. Due to State budget cuts, the State is looking to lower its contribution to the City. Council and others have petitioned the State to not reduce this funding.

Investment earnings were slightly higher despite the decline in interest rates. This increase was due to the investment of debt proceeds before they were spent in the capital projects funds' balances. The general revenue other decreased overall due to reduced refunds and reimbursements.

Program expenses increased minimally, partially due to the City negotiating a lower health insurance premium for 2004 than was expected, keeping the increase from 2003 less than 3%. Part of the overall increase was due to the workers' compensation premium increase. The premium increased due to normal wage increases and a rate increase.

Fire program expense increased partially due to several unanticipated early disability retirements. Police expenses decreased partially due to reduced overtime hours worked. Transportation increased due to increased capital projects funds' expenses for capital assets.

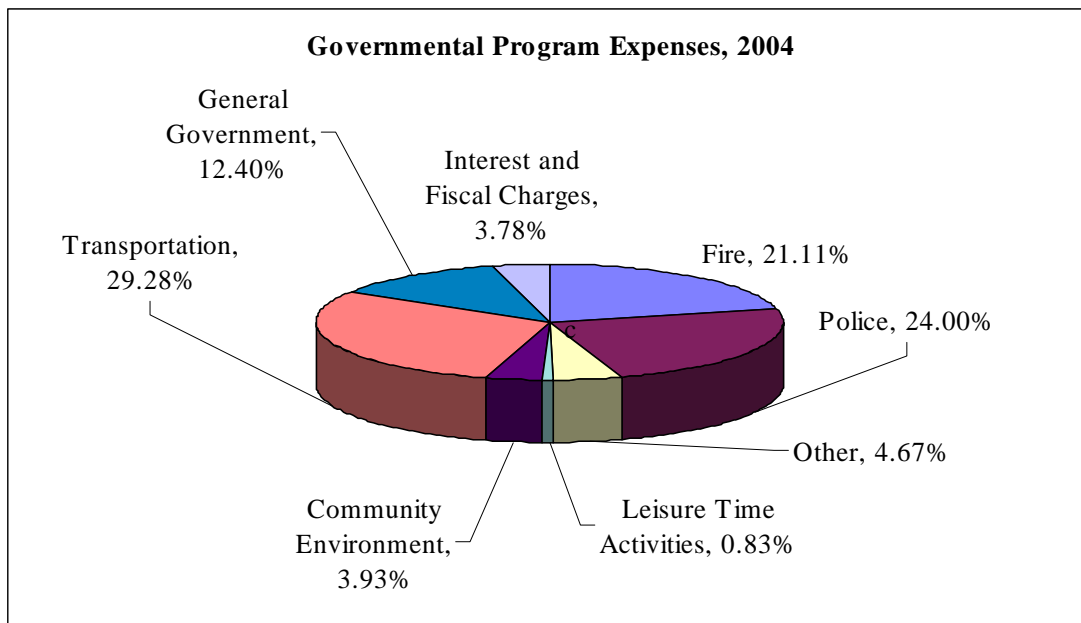
For business-type activities, revenues increased mainly as a result of the annual rate adjustments in all funds. Program expenses for the Water Fund increased due to the annual increase in the contract with Earth Tech, the City's management company. The other enterprise funds had minimal increases from 2003. All three of the enterprise funds reported operating income again for 2004. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services.

Governmental Activities

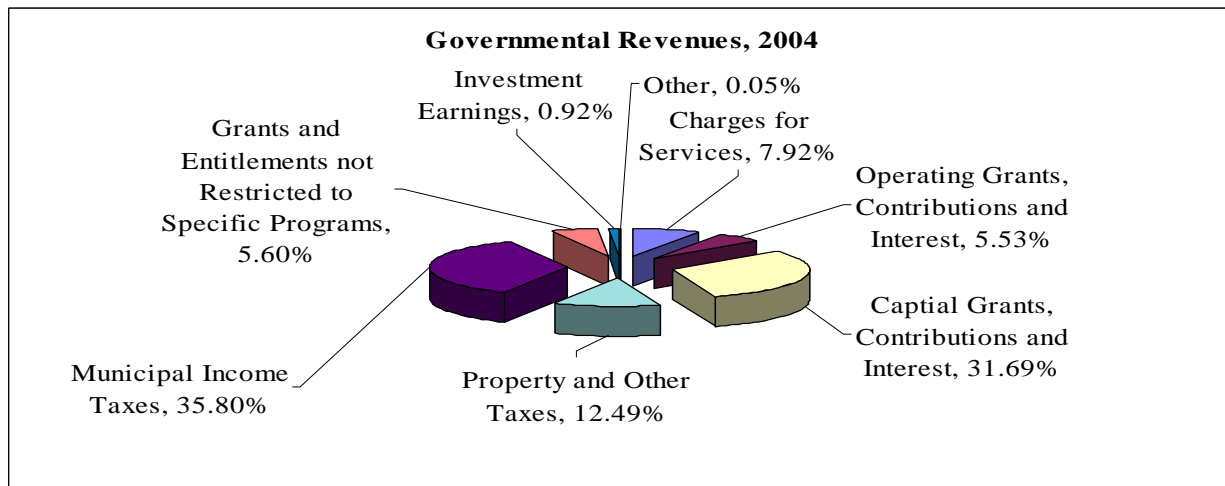
The 1.95% income tax is the largest source of revenue for the City of Huber Heights. By ordinance, 1% of the of the net income tax received is designated for general fund activities, .5% is designated for public safety, which includes police operations and fire capital equipment, .25% is designated for local street operations and .20% is designated for local street capital maintenance and repairs. The total of these four designations make up the total 1.95% income tax.

Since 1996, local income tax revenue has increased annually an average of 4.87%. During 2004, a few Huber Height’s employers went through reorganization and downsizing. However, other companies expanded and new businesses were added to the economic base. Collections for the fourth quarter of 2004 indicated a modest decline, and 2005 budgets were adjusted.

Administration and City Council have a quality of life commitment to the citizens and businesses located in Huber Heights. With this in mind, City Council committed through appropriations over \$10 million for capital assets, equipment and repairs. These assets included street resurfacing, sidewalk replacements, safety and street maintenance equipment and vehicles, as well as park and recreation equipment.



As indicated above, citizen safety and well being is emphasized.



When looking at the sources of income to support governmental activities, it should be noted that charges for services are only 7.92% of revenue. Revenues provided by sources other than City residents in the form of operating and capital grants comprise another 37.21%. The remaining revenues are primarily generated locally through property (12.49%) and income taxes (35.80%). The general revenue grants and entitlements not restricted to specific programs comprises 5.60% of total revenues, while other comprises only 2% of total revenues. City Council relies especially on income taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

Program revenues from governmental activities increased over \$7 million as a result of an increase in special assessments. Program expenses for 2004 increased over \$800,000. Combined with the decrease in general revenues and transfers to business-type activities, the difference between expenses and program revenues for 2004 and 2003 resulted in a net increase of over \$3.4 million. This made for a decrease in reliance on general revenues to support the programs of the City.

Business-Type Activities

The City's business-type activities include Sewer, Water and Stormwater.

Sewer Treatment – Prior to 1996, the City wastewater treatment services were contracted with the Miami Conservancy District. In 1996, the Conservancy District decided they no longer wanted to furnish this service. A joint venture was formed among the Cities of Huber Heights, Vandalia and Tipp City to take over the Conservancy District operation. This joint venture now furnishes wastewater treatment services to each city. Each city owns and maintains the infrastructure necessary to furnish services to their citizens. All capital repairs and upkeep of the treatment plant are the responsibility of the joint venture. The joint venture in turn will set costs of service for the cities, based on flow, to maintain the plant. The City of Huber Heights charges its residents accordingly. At this time, any capital outlay needed to maintain Huber Heights sewer infrastructure is provided from resident charges.

Utility Operations – In January of 1994, the citizens of Huber Heights voted overwhelmingly to endorse the City's acquisition of the Ohio Suburban water and wastewater systems from American Water Works of Voorhees, New Jersey. On September 29, 1995, the City completed this acquisition enabling the City to more effectively attract new development to the community particularly through new annexations and service extensions while at the same time keeping water and sewer rates low. One of the City's goals in purchasing the utility was to reduce the overall cost of water and sewer services to its residents. During 2001, the City began an operations study to identify the short and long range plans for the utility and to identify funding sources for the targeted projects. In late 2002, the City Council authorized increases in the rates for water and sewer, over a five year period, to fund various projects identified in the Plan.

Stormwater – In February 2002, the City Council established the citywide stormwater management program. Previously, these assets were accounted for with governmental activities. The revenues charged are based upon a formula of impervious area and is applied based upon an equivalent residential unit (3,431 sq. ft.). The revenues generated are used to fund operating and capital costs associated with this program.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 22. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$22.9 million and expenditures of \$35.7 million. The General fund balance decreased by \$1,737,387. During 2004, income tax revenue increased \$284,174, while charges for services decreased \$94,344, and interest revenue increased \$49,090. Within the General Fund, revenues exceeded expenditures by \$5.0 million. Transfers to other funds such as the Capital Improvement funds, Debt Service funds, and other Special Revenue funds totaled \$6,956,784. The funds transferred were used for capital assets, improvements, repairs, debt and support of special revenue public safety and recreation programs.

The Fire fund balance increased \$538,138. Fund balance at December 31, 2004, was \$1.8 million of which \$134,108 is encumbered primarily for various equipment purchases. The increase in fund balance was due to a \$1.4 million increase from 2003 to 2004 in transfers from the General Fund. The Police fund balance increased \$290,888. Fund balance at December 31, 2004, was \$2.8 million. Fund balance was able to increase compared to the prior year despite the same \$2 million in transfers from the General Fund as in the prior year. The Special Assessment Bond Retirement fund balance increased \$233,460, with fund balance at year end of \$950,612. The Capital Improvement fund balance decreased \$3,399,755. This was due to spending debt proceeds in 2004 for capital outlay for which the proceeds were received in 2003 for street and utility improvements. The decrease occurred despite contracts payable and contracts payable retainage decreasing due to construction in progress winding down on these projects. The fund balance at December 31, 2004, was (\$1,042,159). Fund balance for nonmajor special revenue funds and nonmajor capital projects funds increased \$107,148 and \$2,198,854, respectively. Both of these had decreases in fund balances from 2002 to 2003. The Issue II Capital Projects Fund had \$1,500,000 in debt proceeds which increased the fund balance by over \$1.4 million for the Brandt Pike Phase VI project. The Local Street Capital Improvement Capital Projects Fund had an increase in fund balance due to transfers mainly from the Local Street Operating Special Revenue Fund to pay for capital improvements.

The Sewer, Water, and Stormwater enterprise funds reflected operating gains for 2003 and 2004. Charges for services for sewer, water and stormwater services have been established to ensure that on a cash basis, fees are adequate to cover operations as required in the City's bond covenants. Council has set fees with the intention of funding operating costs, capital improvements and debt service. During 2002, the City authorized 5 years of annual increases in both Sewer and Water rates which will provide funding for various capital projects including the expansion of the water treatment plant, and for the replacement of sewer and water lines.

The Sewer, Water and Stormwater funds' statement of cash flows has a net cash increase/decrease of \$1,041,524, \$1,389,098 and (\$59,580), respectively, due to rate increases and to the control exercised over payments made to suppliers for goods and services. This is the first year that the Stormwater Fund had a net decrease of cash flows. This was due to increased expenses for acquisition of capital assets.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The City's budget is adopted on a fund basis. Before the budget is adopted Council reviews detailed budget worksheets of each function within the General fund and then adopts the budget on a fund basis.

During 2004, there were 12 revisions to the General fund budget. The net effect of the revisions was an increase in the appropriations of \$323,719, not including other financing uses. Capital outlay not originally appropriated accounted for the majority of the increase. Advances out, part of other financing uses, were not originally budgeted.

Within each departmental/divisional function, the respective manager may make line item adjustments within their budgets with the approval of the City Manager, as long as the total does not exceed the total current budget appropriation.

Original General fund budgeted revenues including other financing sources were \$12,346,061. The final budgeted amount including other financing sources was \$10,947,623. Municipal income taxes were revised downward due to news of the economy and later collections from a few businesses. The estate taxes received were more than anticipated. In 2003, the City only collected \$95,000, while in 2004, the City collected \$628,000, an increase of 560.73% over 2003. Since estate taxes are one-time revenues, and the City does not know at any point what is due or when these monies will be received, this revenue source is difficult to forecast. Charges for services were decreased due to fewer anticipated emergency medical service removals and reduced reimbursements.

CAPITAL ASSETS AND DEBT ADMINISTRATION

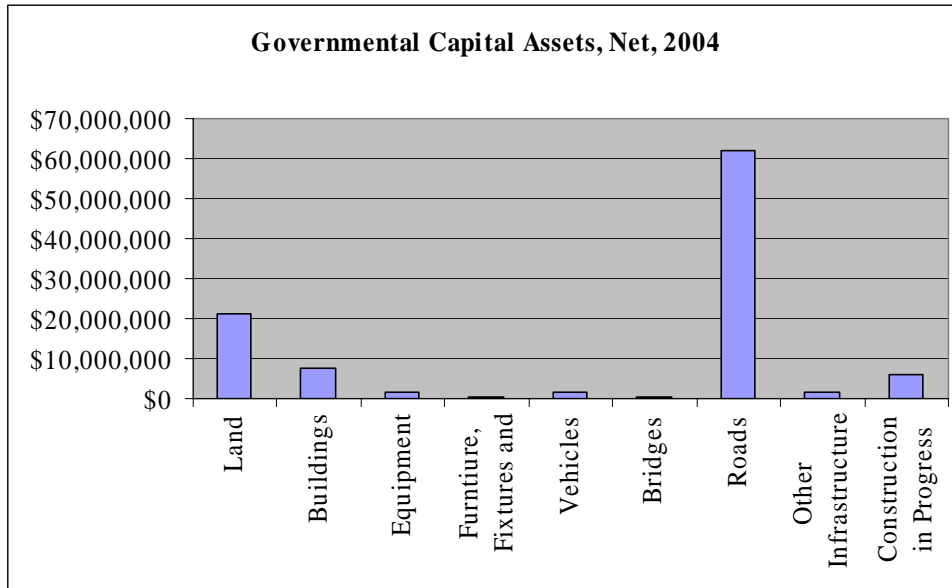
Capital Assets

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
Land	\$21,148,211	\$20,700,211	\$460,804	\$373,100
Buildings	7,582,503	7,608,550	4,579,099	4,041,596
Equipment	1,476,091	1,640,365	258,759	207,769
Furniture, Fixtures, and Improvements	335,367	348,950	0	0
Vehicles	1,740,899	2,048,118	19,802	0
Infrastructure				
Bridges	392,891	408,146	0	0
Roads	62,020,349	63,545,252	0	0
Other	1,542,097	1,774,069	0	0
Sewer Lines	0	0	7,873,552	8,039,841
Water Lines	0	0	9,158,169	9,298,325
Stormwater	0	0	6,784,055	6,239,426
Construction in Progress	5,913,635	5,585,663	5,130,775	3,308,295
Total	\$102,152,043	\$103,659,324	\$34,265,015	\$31,508,352

	Total	
	2004	2003
Land	\$21,609,015	\$21,073,311
Buildings	12,161,602	11,650,146
Equipment	1,734,850	1,848,134
Furniture, Fixtures, and Improvements	335,367	348,950
Vehicles	1,760,701	2,048,118
Infrastructure		
Bridges	392,891	408,146
Roads	62,020,349	63,545,252
Other	1,542,097	1,774,069
Sewer Lines	7,873,552	8,039,841
Water Lines	9,158,169	9,298,325
Stormwater	6,784,055	6,239,426
Construction in Progress	11,044,410	8,893,958
Total	\$136,417,058	\$135,167,676

See Note 7 of the notes to the basic financial statements for more detailed information.



Debt

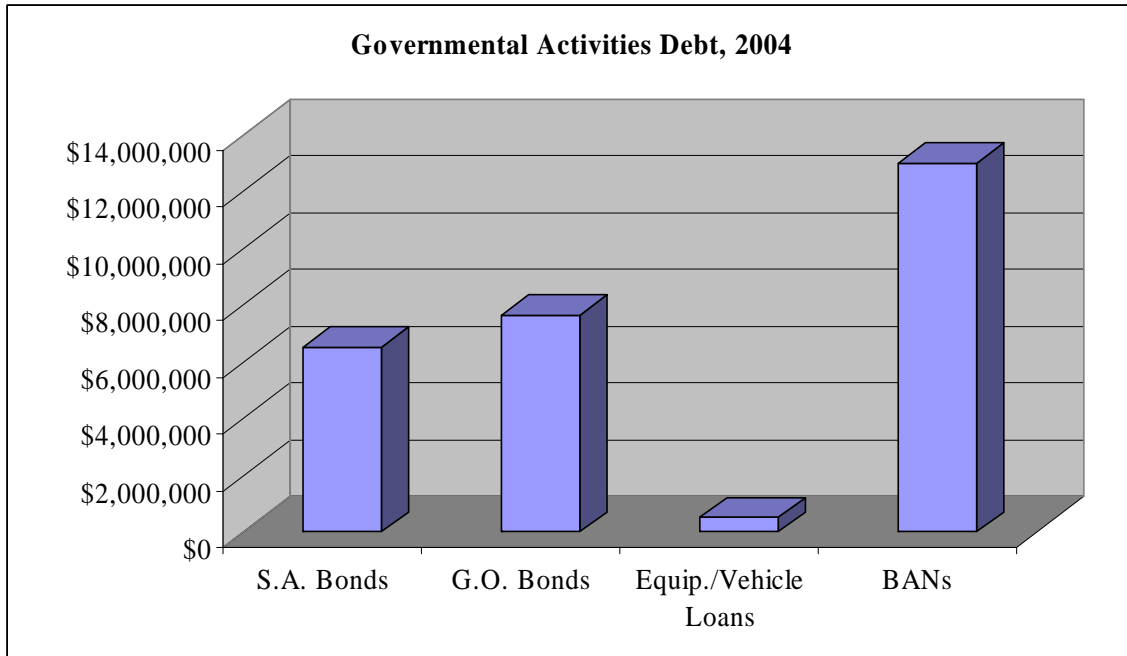
At December 31, 2004, the City of Huber Heights had \$44,372,984 in debt outstanding.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities	
	2004	2003	2004	2003
Special Assessment Bonds	\$6,515,000	\$6,895,000	\$0	\$0
General Obligation Bonds	7,651,108	8,449,032	0	0
Equipment/Vehicle Loans	503,973	839,063	71,491	101,912
Bond Anticipation Notes	13,032,000	12,162,000	0	0
Revenue Bonds Payable	0	0	12,125,846	12,275,692
OWDA Loan Payable	0	0	4,473,566	4,794,738
Total	<u>\$27,702,081</u>	<u>\$28,345,095</u>	<u>\$16,670,903</u>	<u>\$17,172,342</u>

Special Assessment bonds will be paid with special assessment revenue.

All general obligation bond issues will be paid through the General Obligation Bond Retirement Debt Service Fund with property tax and other revenues including transfers from various funds, based at least in part on municipal income and property tax revenues. The notes are bond anticipation notes and will be paid off with notes or bonds issued during 2005. The equipment/vehicle loans will be paid by the funds using the capital assets. The Water Fund's revenue bonds are paid from operating revenues of the water enterprise operation. The OWDA loan is paid from Sewer Enterprise Fund revenue.



The City's overall 10.5 percent legal debt margin was \$55,836,178 as of December 31, 2004. The more restrictive unvoted legal debt margin within 5.5 percent was \$25,423,094 as of the same date. See Note 13 of the notes to the basic financial statements for more detailed information.

CONTACTING THE CITY'S DEPARTMENT OF FINANCE

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Catherine L. Armocida, CPFO, CGFM, Director of Finance and Public Services, City of Huber Heights, 6131 Taylorsville Road, Huber Heights, Ohio 45424. You can also contact the City by calling (937) 233-1423.

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Basic Financial Statements

City of Huber Heights, Ohio
Statement of Net Assets
December 31, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$16,301,429	\$7,092,569	\$23,393,998
Cash and Cash Equivalents with Fiscal Agents	34,389	1,329,522	1,363,911
Accrued Interest Receivable	2,501	1,253	3,754
Accounts Receivable, Net	218,541	946,050	1,164,591
Municipal Income Taxes Receivable, Net	2,978,861	0	2,978,861
Due from Other Governments	2,257,115	159,877	2,416,992
Property and Other Taxes Receivable	3,502,634	0	3,502,634
Prepaid Items	117,604	15,212	132,816
Supplies Inventory	173,108	91	173,199
Equity in Pooled Cash and Cash Equivalents-Unspent Note Proceeds	1,272,721	1,476,760	2,749,481
Deferred Charges	36,802	0	36,802
Special Assessments Receivable	13,037,931	7,989	13,045,920
Nondepreciable Capital Assets	27,061,846	5,591,579	32,653,425
Depreciable Capital Assets, Net	75,090,197	28,673,436	103,763,633
Investment in Joint Venture	0	12,448,423	12,448,423
<i>Total Assets</i>	<u>142,085,679</u>	<u>57,742,761</u>	<u>199,828,440</u>
Liabilities			
Accounts Payable	412,454	184,779	597,233
Contracts Payable	149,522	354,024	503,546
Accrued Salaries Payable	165,021	4,084	169,105
Contracts Payable Retainage	397,243	16,786	414,029
Due to Other Governments	1,134,308	288,813	1,423,121
Matured Compensated Absences Payable	37,321	0	37,321
Accrued Interest Payable	256,386	117,915	374,301
Notes Payable	2,245,000	1,705,000	3,950,000
Deferred Revenue	3,091,025	65,606	3,156,631
Long-Term Liabilities:			
Due Within One Year	1,999,756	1,020,155	3,019,911
Due in More Than One Year	24,735,323	15,650,748	40,386,071
<i>Total Liabilities</i>	<u>34,623,359</u>	<u>19,407,910</u>	<u>54,031,269</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	77,964,205	20,395,068	98,359,273
Restricted for:			
Fire	1,154,588	0	1,154,588
Police	2,778,383	0	2,778,383
Other Purposes	3,161,672	0	3,161,672
Debt Service	14,263,041	0	14,263,041
Local Street Capital Improvement	2,042,658	0	2,042,658
Revenue Bonds Improvement and Replacement	0	60,000	60,000
Revenue Bonds Current Debt Service	0	1,140,000	1,140,000
Unrestricted	6,097,773	16,739,783	22,837,556
<i>Total Net Assets</i>	<u>\$107,462,320</u>	<u>\$38,334,851</u>	<u>\$145,797,171</u>

See accompanying notes to the basic financial statements

City of Huber Heights, Ohio
Statement of Activities
For the Year Ended December 31, 2004

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
Security of Persons and Property:				
Fire	\$5,230,564	\$66,328	\$31,636	\$0
Police	5,947,297	208,370	83,767	0
Other	1,156,715	1,292,233	39,454	17,181
Leisure Time Activities	206,014	68,997	1,242	124,810
Community Environment	973,583	194,278	0	32,293
Transportation	7,253,184	279,077	1,484,357	9,224,509
General Government	3,072,859	241,407	0	0
Interest and Fiscal Charges	935,657	0	0	0
<i>Total Governmental Activities</i>	<u>24,775,873</u>	<u>2,350,690</u>	<u>1,640,456</u>	<u>9,398,793</u>
Business-Type Activities:				
Sewer	2,608,912	3,863,808	0	3,774
Water	2,932,809	3,691,848	0	91,377
Storm Water	329,689	623,339	0	0
<i>Total Business-Type Activities</i>	<u>5,871,410</u>	<u>8,178,995</u>	<u>0</u>	<u>95,151</u>
<i>Total Activities</i>	<u>\$30,647,283</u>	<u>\$10,529,685</u>	<u>\$1,640,456</u>	<u>\$9,493,944</u>

General Revenues

Property and Other Taxes Levied for:

 General Purposes

 Fire

 Police

 Debt Service

City Permissive Tax Levied for

 Transportation

Municipal Income Taxes Levied for:

 General Purposes

 Police

 Local Street Operating

 Local Street Capital Improvement

 Fire Capital Equipment

Grants and Entitlements not Restricted to Specific Programs

Investment in Joint Venture

Unrestricted Investment Earnings

Decrease in Fair Value of Investments

Other

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$5,132,600)	\$0	(\$5,132,600)
(5,655,160)	0	(5,655,160)
192,153	0	192,153
(10,965)	0	(10,965)
(747,012)	0	(747,012)
3,734,759	0	3,734,759
(2,831,452)	0	(2,831,452)
(935,657)	0	(935,657)
<u>(11,385,934)</u>	<u>0</u>	<u>(11,385,934)</u>
0	1,258,670	1,258,670
0	850,416	850,416
0	293,650	293,650
<u>0</u>	<u>2,402,736</u>	<u>2,402,736</u>
<u>(11,385,934)</u>	<u>2,402,736</u>	<u>(8,983,198)</u>
1,184,169	0	1,184,169
992,635	0	992,635
1,198,875	0	1,198,875
162,230	0	162,230
167,207	0	167,207
5,411,453	0	5,411,453
2,363,127	0	2,363,127
1,359,776	0	1,359,776
1,131,166	0	1,131,166
356,421	0	356,421
1,662,720	0	1,662,720
0	332,354	332,354
273,764	72,953	346,717
(13,643)	0	(13,643)
28,772	0	28,772
<u>(1,444,803)</u>	<u>1,444,803</u>	<u>0</u>
<u>14,833,869</u>	<u>1,850,110</u>	<u>16,683,979</u>
3,447,935	4,252,846	7,700,781
<u>104,014,385</u>	<u>34,082,005</u>	<u>138,096,390</u>
<u>\$107,462,320</u>	<u>\$38,334,851</u>	<u>\$145,797,171</u>

City of Huber Heights, Ohio
Balance Sheet
Governmental Funds
December 31, 2004

	General	Fire	Police
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,430,027	\$2,096,713	\$2,735,136
Cash and Cash Equivalents with Fiscal Agents	0	0	0
Receivables:			
Property and Other Taxes	973,520	1,066,785	1,286,050
Municipal Income Taxes, Net	1,528,156	0	669,350
Accounts, Net	213,022	0	592
Special Assessments	0	0	0
Accrued Interest	2,501	0	0
Due from Other Governments	684,740	65,869	118,427
Prepaid Items	93,685	4,094	12,148
Supplies Inventory	40,346	8,424	26,003
Interfund Receivable	1,540,405	0	0
<i>Total Assets</i>	<u>\$8,506,402</u>	<u>\$3,241,885</u>	<u>\$4,847,706</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$161,974	\$50,912	\$83,868
Contracts Payable	0	0	0
Contracts Payable Retainage	0	0	0
Accrued Salaries Payable	35,282	50,096	62,445
Due to Other Governments	182,080	163,776	175,743
Interfund Payable	0	0	0
Deferred Revenue	2,534,939	1,128,396	1,770,555
Matured Compensated Absences Payable	0	37,321	0
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u>2,914,275</u>	<u>1,430,501</u>	<u>2,092,611</u>
Fund Balances			
Reserved for Encumbrances	610,926	134,108	238,797
Reserved for Supplies Inventory	40,346	8,424	26,003
Reserved for Long-Term Interfund Loans	113,600	0	0
Reserved for Unclaimed Monies	10,224	0	0
Unreserved:			
Undesignated, Reported in:			
General Fund	4,817,031	0	0
Special Revenue Funds	0	1,668,852	2,490,295
Debt Service Funds	0	0	0
Capital Projects Funds (Deficit)	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>5,592,127</u>	<u>1,811,384</u>	<u>2,755,095</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$8,506,402</u>	<u>\$3,241,885</u>	<u>\$4,847,706</u>

See accompanying notes to the basic financial statements

Special Assessment Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$950,612	\$2,023,714	\$6,337,948	\$17,574,150
0	0	34,389	34,389
0	0	176,279	3,502,634
0	0	781,355	2,978,861
0	0	4,927	218,541
12,214,054	410,440	413,437	13,037,931
0	0	0	2,501
0	164,898	1,223,181	2,257,115
0	5,085	2,592	117,604
0	0	98,335	173,108
0	0	0	1,540,405
<u>\$13,164,666</u>	<u>\$2,604,137</u>	<u>\$9,072,443</u>	<u>\$41,437,239</u>
\$0	\$44,301	\$71,399	\$412,454
0	107,652	41,870	149,522
0	362,854	34,389	397,243
0	250	16,948	165,021
0	0	56,040	577,639
0	773,600	766,805	1,540,405
12,214,054	455,338	1,688,285	19,791,567
0	0	0	37,321
0	17,301	976	18,277
0	1,885,000	360,000	2,245,000
<u>12,214,054</u>	<u>3,646,296</u>	<u>3,036,712</u>	<u>25,334,449</u>
6,449	305,756	720,635	2,016,671
0	0	98,335	173,108
0	0	0	113,600
0	0	0	10,224
0	0	0	4,817,031
0	0	1,768,456	5,927,603
944,163	0	1,356,175	2,300,338
0	(1,347,915)	2,092,130	744,215
<u>950,612</u>	<u>(1,042,159)</u>	<u>6,035,731</u>	<u>16,102,790</u>
<u>\$13,164,666</u>	<u>\$2,604,137</u>	<u>\$9,072,443</u>	<u>\$41,437,239</u>

City of Huber Heights, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2004*

Total Governmental Fund Balances \$16,102,790

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

Some assets reported in governmental activities are not financial resources and therefore are not reported in the funds:

Capital Assets	102,152,043	
Deferred Charges	36,802	
		102,188,845

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

Municipal Income Taxes	1,638,235	
Property and Other Taxes	392,130	
Intergovernmental	1,454,812	
Special Assessments	13,037,931	
Charges for Services	159,322	
Fines, Licenses and Permits	16,731	
Other	1,381	
		16,700,542

Total 16,700,542

Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds: (556,669)

Some liabilities, including bonds payable, loans payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Accrued Interest	(238,109)	
Premiums on Refunding Bond	(11,453)	
Accounting Loss on Various Purpose Bond	30,345	
General Obligation Bonds	(7,670,000)	
Special Assessment Bonds	(6,515,000)	
Notes Payable	(10,787,000)	
Equipment/Vehicle Loans	(503,973)	
Compensated Absences	(1,277,998)	
		(26,973,188)

Total (26,973,188)

Net Assets of Governmental Activities \$107,462,320

See accompanying notes to the basic financial statement

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City of Huber Heights, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Fire	Police
Revenues			
Municipal Income Taxes	\$5,670,902	\$0	\$2,476,770
Property and Other Taxes	1,176,546	1,002,788	1,211,892
Intergovernmental	1,573,340	156,715	223,840
Special Assessments	0	0	0
Charges for Services	885,028	2,252	57,837
Fines, Licenses and Permits	161,831	0	0
Interest	273,764	0	0
Rent	64,094	1,645	0
Decrease in Fair Value of Investments	(13,643)	0	0
Other	36,644	62,431	141,815
<i>Total Revenues</i>	<u>9,828,506</u>	<u>1,225,831</u>	<u>4,112,154</u>
Expenditures			
Current:			
Security of Persons and Property:			
Fire	0	5,004,713	0
Police	0	0	5,611,533
Other	732,357	0	0
Leisure Time Activities	0	0	0
Community Environment	983,752	0	0
Transportation	0	0	0
General Government	2,948,883	0	0
Capital Outlay	60,730	4,046	85,755
Debt Service:			
Principal Retirement	26,319	56,866	120,845
Interest and Fiscal Charges	3,309	12,993	6,166
Issuance Costs	0	0	0
<i>Total Expenditures</i>	<u>4,755,350</u>	<u>5,078,618</u>	<u>5,824,299</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,073,156</u>	<u>(3,852,787)</u>	<u>(1,712,145)</u>
Other Financing Sources (Uses)			
Special Assessment Notes Issued	0	0	0
General Obligation Notes Issued	0	0	0
Premium on Special Assessment Notes Issued	0	0	0
Premium on General Obligation Notes Issued	0	0	0
Proceeds from Sale of Capital Assets	3,494	1,900	4,378
Transfers In	142,747	4,400,000	2,000,000
Transfers Out	(6,956,784)	(10,975)	(1,345)
<i>Total Other Financing Sources (Uses)</i>	<u>(6,810,543)</u>	<u>4,390,925</u>	<u>2,003,033</u>
<i>Net Change in Fund Balances</i>	(1,737,387)	538,138	290,888
<i>Fund Balances Beginning of Year</i>	7,302,641	1,270,921	2,457,141
Increase in Reserve for Inventory	26,873	2,325	7,066
<i>Fund Balances (Deficit) End of Year</i>	<u>\$5,592,127</u>	<u>\$1,811,384</u>	<u>\$2,755,095</u>

See accompanying notes to the basic financial statement

Special Assessment Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$2,980,021	\$11,127,693
0	0	330,931	3,722,157
0	215,086	3,098,592	5,267,573
240,283	172,166	411,945	824,394
0	0	45,169	990,286
0	0	18,548	180,379
0	45,715	21,769	341,248
0	0	142,251	207,990
0	0	0	(13,643)
0	23,803	21,805	286,498
240,283	456,770	7,071,031	22,934,575
0	0	0	5,004,713
0	0	0	5,611,533
0	2,518	377,545	1,112,420
0	0	155,521	155,521
0	0	0	983,752
0	0	1,457,269	1,457,269
12,067	4,287	2,503	2,967,740
0	3,922,173	2,705,460	6,778,164
7,688,000	0	2,733,060	10,625,090
491,226	35,035	454,865	1,003,594
0	0	3,771	3,771
8,191,293	3,964,013	7,889,994	35,703,567
(7,951,010)	(3,507,243)	(818,963)	(12,768,992)
7,439,733	11,556	1,500,000	8,951,289
0	0	1,835,711	1,835,711
72,089	0	0	72,089
0	0	29,933	29,933
0	0	11,700	21,472
672,648	175,910	2,278,984	9,670,289
0	(79,978)	(1,931,682)	(8,980,764)
8,184,470	107,488	3,724,646	11,600,019
233,460	(3,399,755)	2,905,683	(1,168,973)
717,152	2,357,596	3,129,443	17,234,894
0	0	605	36,869
\$950,612	(\$1,042,159)	\$6,035,731	\$16,102,790

City of Huber Heights, 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	(\$1,168,973)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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. In the current period, these amounts are:	
Capital Outlay	3,693,416
Capital Contributions	350,703
Depreciation	(5,447,391)
Excess of Capital Outlay over Depreciation Expense	(1,403,272)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each sale	
Proceeds from Sale of Capital Assets	(21,472)
Loss on Assets Sold	(82,537)
	(104,009)
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year these amounts consist of:	
General Obligation Bond Principal Payments	800,000
Special Assessment Bond Principal Payments	380,000
Long-Term Notes Principal Payments	9,110,000
Equipment/Vehicle Loan Principal Payments	335,090
	10,625,090
Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts this year:	
Municipal Income Taxes	(505,750)
Property and Other Taxes	(17,041)
Intergovernmental	(703,261)
Special Assessments	7,560,266
Charges for Services	38,877
Fines, Licenses and Permits	16,732
Other	(6,491)
	6,383,332
Consumable inventory is reported using the purchase method on a modified accrual basis, but is reported using the consumption method for full accrual. This amount represents the increase in inventory that took place during the year.	
	36,869
The issuance of long-term notes payable provides current financial resources to governmental funds but in the statement of net assets, the debt is reported as a liability.	
	(10,787,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due. The additional amount of interest on the statement of activities is the result of the following:	
Amortization of Premium on Refunding Bonds	2,259
Amortization of Accounting Loss	(4,335)
Net Decrease in Deferred Charges	(2,165)
Net Increase in Accrued Interest	(26,072)
	(30,313)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:	
Increase in Compensated Absences	(167,651)
Decrease in Due to Other Governments	63,862
	(103,789)
Change in Net Assets of Governmental Activities	\$3,447,935

See accompanying notes to the basic financial statements

City of Huber Heights, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$6,786,084	\$5,475,003	\$5,475,003	\$0
Property and Other Taxes	1,144,529	1,174,536	1,174,536	0
Intergovernmental	1,609,821	1,840,978	1,840,978	0
Charges for Services	973,000	889,120	889,120	0
Fines, Licenses and Permits	140,000	168,421	168,421	0
Interest	260,000	259,996	259,996	0
Rent	83,585	55,683	55,683	0
Other	14,562	37,645	37,645	0
<i>Total Revenues</i>	11,011,581	9,901,382	9,901,382	0
Expenditures				
Current:				
Security of Persons and Property				
Other	811,733	818,479	793,580	24,899
Community Environment	1,073,856	1,188,649	1,087,297	101,352
General Government	3,907,427	3,933,249	3,586,343	346,906
Capital Outlay	0	176,363	101,407	74,956
Debt Service:				
Principal Retirement	37,009	36,319	36,319	0
Interest and Fiscal Charge	2,624	3,309	3,309	0
<i>Total Expenditures</i>	5,832,649	6,156,368	5,608,255	548,113
<i>Excess of Revenues Over Expenditures</i>	5,178,932	3,745,014	4,293,127	548,113
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Asset	2,643	3,494	3,494	0
Advances In	1,279,195	900,000	900,000	0
Advances Out	0	(475,805)	(475,805)	0
Transfers In	52,642	142,747	142,747	0
Transfers Out	(6,829,000)	(6,956,784)	(6,956,784)	0
<i>Total Other Financing Sources (Uses)</i>	(5,494,520)	(6,386,348)	(6,386,348)	0
<i>Net Change in Fund Balance</i>	(315,588)	(2,641,334)	(2,093,221)	548,113
<i>Fund Balance Beginning of Year</i>	3,968,148	3,968,148	3,968,148	0
Prior Year Encumbrances Appropriated	586,364	586,364	586,364	0
<i>Fund Balance End of Year</i>	\$4,238,924	\$1,913,178	\$2,461,291	\$548,113

See accompanying notes to the basic financial statement

City of Huber Heights, Ohio
*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$1,105,420	\$1,002,788	\$1,002,788	\$0
Intergovernmental	153,351	165,772	165,772	0
Charges for Services	328	2,580	2,580	0
Rent	1,645	1,645	1,645	0
Other	52,953	63,551	63,551	0
<i>Total Revenues</i>	<u>1,313,697</u>	<u>1,236,336</u>	<u>1,236,336</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	5,797,498	5,724,572	5,464,985	259,587
Debt Service:				
Principal Retirement	56,871	56,869	56,866	3
Interest and Fiscal Charges	12,991	12,993	12,993	0
<i>Total Expenditures</i>	<u>5,867,360</u>	<u>5,794,434</u>	<u>5,534,844</u>	<u>259,590</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,553,663)</u>	<u>(4,558,098)</u>	<u>(4,298,508)</u>	<u>259,590</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,908	1,900	1,900	0
Transfers In	4,000,000	4,400,000	4,400,000	0
Transfers Out	0	(10,975)	(10,975)	0
<i>Total Other Financing Sources (Uses)</i>	<u>4,001,908</u>	<u>4,390,925</u>	<u>4,390,925</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(551,755)	(167,173)	92,417	259,590
<i>Fund Balance at Beginning of Year</i>	1,242,416	1,242,416	1,242,416	0
Prior Year Encumbrances Appropriated	337,350	337,350	337,350	0
<i>Fund Balance at End of Year</i>	<u>\$1,028,011</u>	<u>\$1,412,593</u>	<u>\$1,672,183</u>	<u>\$259,590</u>

See accompanying notes to the basic financial statement:

City of Huber Heights, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$2,504,728	\$2,391,431	\$2,391,431	\$0
Property and Other Taxes	1,146,445	1,211,892	1,211,892	0
Intergovernmental	239,036	237,054	237,054	0
Charges for Services	50,000	58,743	58,743	0
Other	106,167	143,375	143,375	0
<i>Total Revenues</i>	4,046,376	4,042,495	4,042,495	0
Expenditures				
Current:				
Security of Persons and Property	6,704,815	6,681,446	6,223,752	457,694
Capital Outlay	0	123,427	123,427	0
Debt Service:				
Principal Retirement	116,471	120,848	120,845	3
Interest and Fiscal Charges	10,541	6,166	6,166	0
<i>Total Expenditures</i>	6,831,827	6,931,887	6,474,190	457,697
<i>Excess of Revenues Under Expenditures</i>	(2,785,451)	(2,889,392)	(2,431,695)	457,697
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,465	4,378	4,378	0
Transfers In	1,944,898	2,000,000	2,000,000	0
Transfers Out	0	(1,345)	(1,345)	0
<i>Total Other Financing Sources (Uses)</i>	1,950,363	2,003,033	2,003,033	0
<i>Net Change in Fund Balance</i>	(835,088)	(886,359)	(428,662)	457,697
<i>Fund Balance at Beginning of Year</i>	2,311,149	2,311,149	2,311,149	0
Prior Year Encumbrances Appropriated	325,086	325,086	325,086	0
<i>Fund Balance at End of Year</i>	\$1,801,147	\$1,749,876	\$2,207,573	\$457,697

See accompanying notes to the basic financial statements

City of Huber Heights, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2004

	Sewer	Water	Stormwater	Total
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$2,785,360	\$3,605,277	\$641,932	\$7,032,569
Receivables:				
Accrued Interest	0	1,253	0	1,253
Accounts	474,971	405,469	65,610	946,050
Special Assessments	7,989	0	0	7,989
Due from Other Governments	68,500	91,377	0	159,877
Prepaid Items	5,925	8,487	800	15,212
Supplies Inventory	0	0	91	91
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	60,000	0	60,000
Cash and Cash Equivalents with Fiscal Agents	0	1,329,522	0	1,329,522
<i>Total Current Assets</i>	<u>3,342,745</u>	<u>5,501,385</u>	<u>708,433</u>	<u>9,552,563</u>
<i>Non-current Assets:</i>				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	1,476,760	0	1,476,760
Capital Assets:				
Nondepreciable Capital Assets	2,697,714	1,769,464	1,124,401	5,591,579
Depreciable Capital Assets, Net	8,456,136	13,196,985	7,020,315	28,673,436
Investment in Joint Venture	12,448,423	0	0	12,448,423
<i>Total Non-current Assets</i>	<u>23,602,273</u>	<u>16,443,209</u>	<u>8,144,716</u>	<u>48,190,198</u>
<i>Total Assets</i>	<u>26,945,018</u>	<u>21,944,594</u>	<u>8,853,149</u>	<u>57,742,761</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	45,795	124,923	13,071	183,789
Contracts Payable	964	62,917	0	63,881
Accrued Salaries Payable	1,296	2,788	0	4,084
Contracts Payable Retainage	0	16,786	0	16,786
Accrued Interest Payable	86,116	9,550	381	96,047
Due to Other Governments	286,826	1,987	0	288,813
Deferred Revenue	65,606	0	0	65,606
Loan Payable	0	2,018	59,482	61,500
Note Payable	0	1,705,000	0	1,705,000
OWDA Loan Payable	333,655	0	0	333,655
Payable from Restricted Assets:				
Accounts Payable	0	990	0	990
Contracts Payable	0	290,143	0	290,143
Accrued Interest Payable	0	21,868	0	21,868
Current Portion of Revenue Bonds	0	625,000	0	625,000
<i>Total Current Liabilities</i>	<u>820,258</u>	<u>2,863,970</u>	<u>72,934</u>	<u>3,757,162</u>
<i>Long-Term Liabilities:</i>				
Loan Payable	0	9,991	0	9,991
OWDA Loan Payable	4,139,911	0	0	4,139,911
Revenue Bonds Payable	0	11,500,846	0	11,500,846
<i>Total Long-Term Liabilities</i>	<u>4,139,911</u>	<u>11,510,837</u>	<u>0</u>	<u>15,650,748</u>
<i>Total Liabilities</i>	<u>4,960,169</u>	<u>14,374,807</u>	<u>72,934</u>	<u>19,407,910</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	6,680,284	5,629,550	8,085,234	20,395,068
Restricted:				
Revenue Bonds Improvement and Replacement	0	60,000	0	60,000
Revenue Bonds Current Debt Service	0	1,140,000	0	1,140,000
Unrestricted	15,304,565	740,237	694,981	16,739,783
<i>Total Net Assets</i>	<u>\$21,984,849</u>	<u>\$7,569,787</u>	<u>\$8,780,215</u>	<u>\$38,334,851</u>

See accompanying notes to the basic financial statements

City of Huber Heights, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2004*

	Sewer	Water	Stormwater	Total
Operating Revenues				
Charges for Services	\$3,790,483	\$2,708,879	\$623,157	\$7,122,519
Charges for Services - Pledged for Debt Service	0	867,793	0	867,793
Tap-In Fees	73,325	93,900	0	167,225
Rent	0	12,744	0	12,744
Other	0	8,532	182	8,714
<i>Total Operating Revenues</i>	<u>3,863,808</u>	<u>3,691,848</u>	<u>623,339</u>	<u>8,178,995</u>
Operating Expenses				
Personal Services	59,553	137,365	112,022	308,940
Operations and Maintenance	2,160,937	1,765,277	57,996	3,984,210
Depreciation	212,124	321,659	158,035	691,818
<i>Total Operating Expenses</i>	<u>2,432,614</u>	<u>2,224,301</u>	<u>328,053</u>	<u>4,984,968</u>
<i>Operating Income</i>	<u>1,431,194</u>	<u>1,467,547</u>	<u>295,286</u>	<u>3,194,027</u>
Non-Operating Revenues (Expenses)				
Interest Revenue	20,419	52,534	0	72,953
Interest and Fiscal Charges	(175,354)	(707,352)	(1,636)	(884,342)
Loss on Sale of Capital Assets	(944)	(1,156)	0	(2,100)
Return on Investment in Joint Venture	332,354	0	0	332,354
<i>Total Non-Operating Revenues (Expenses)</i>	<u>176,475</u>	<u>(655,974)</u>	<u>(1,636)</u>	<u>(481,135)</u>
<i>Income Before Capital Contributions and Transfers</i>	<u>1,607,669</u>	<u>811,573</u>	<u>293,650</u>	<u>2,712,892</u>
Capital Contributions	1,334,309	571,811	323,359	2,229,479
Transfers Out	(11,015)	(678,510)	0	(689,525)
<i>Change in Net Assets</i>	<u>2,930,963</u>	<u>704,874</u>	<u>617,009</u>	<u>4,252,846</u>
<i>Net Assets Beginning of Year</i>	<u>19,053,886</u>	<u>6,864,913</u>	<u>8,163,206</u>	<u>34,082,005</u>
<i>Net Assets End of Year</i>	<u>\$21,984,849</u>	<u>\$7,569,787</u>	<u>\$8,780,215</u>	<u>\$38,334,851</u>

See accompanying notes to the basic financial statement

City of Huber Heights, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2004

	Sewer	Water	Stormwater	Total
Increase (Decrease) in Cash and Cash Equivalents:				
Cash Flows from Operating Activities				
Cash Received from Customers	\$3,826,817	\$3,611,975	\$616,683	\$8,055,475
Other Operating Receipts	0	8,796	182	8,978
Cash Payments for Employee Services and Benefits	(64,141)	(141,538)	(112,022)	(317,701)
Cash Payments to Suppliers for Goods and Services	(2,168,136)	(1,492,011)	(102,107)	(3,762,254)
<i>Net Cash Provided by Operating Activities</i>	<u>1,594,540</u>	<u>1,987,222</u>	<u>402,736</u>	<u>3,984,498</u>
Cash Flows from Noncapital Financing Activities				
Transfers Out	(11,015)	(678,510)	0	(689,525)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(59,713)	(824,682)	(431,858)	(1,316,253)
Proceeds of Note	0	1,705,000	0	1,705,000
Premium on Note Issuance	0	324	0	324
Note Issuance Costs	0	(3,727)	0	(3,727)
Interest Paid on OWDA Loan Payable	(181,536)	0	0	(181,536)
Principal Paid on OWDA Loan Payable	(321,172)	0	0	(321,172)
Principal Paid on Loan Payable	0	(1,951)	(28,470)	(30,421)
Interest Paid on Loan Payable	0	(467)	(1,988)	(2,455)
Interest Paid on Revenue Bonds Payable	0	(270,393)	0	(270,393)
Principal Paid on Revenue Bonds Payable	0	(575,000)	0	(575,000)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(562,421)</u>	<u>29,104</u>	<u>(462,316)</u>	<u>(995,633)</u>
Cash Flows from Investing Activities				
Interest	20,420	51,282	0	71,702
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,041,524	1,389,098	(59,580)	2,371,042
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,743,836</u>	<u>5,082,461</u>	<u>701,512</u>	<u>7,527,809</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$2,785,360</u></u>	<u><u>\$6,471,559</u></u>	<u><u>\$641,932</u></u>	<u><u>\$9,898,851</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$1,431,194	\$1,467,547	\$295,286	\$3,194,027
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	212,124	321,659	158,035	691,818
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(79,253)	(71,077)	(6,474)	(156,804)
Decrease in Special Assessments Receivable	30,430	0	0	30,430
(Increase) Decrease in Prepaid Items	(5,925)	1,100	(800)	(5,625)
(Increase) Decrease in Supplies Inventory	0	1,095	(91)	1,004
Increase (Decrease) in Accounts Payable	39,909	121,853	(36,107)	125,655
Increase (Decrease) in Contracts Payable	(49,258)	132,432	(7,113)	76,061
Decrease in Accrued Salaries Payable	(1,772)	(3,901)	0	(5,673)
Increase in Contracts Payable Retainage	0	16,786	0	16,786
Increase in Due to Other Governments	18,787	1,081	0	19,868
Increase in Deferred Revenue	879	0	0	879
Decrease in Compensated Absences Payable	(2,575)	(1,353)	0	(3,928)
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$1,594,540</u></u>	<u><u>\$1,987,222</u></u>	<u><u>\$402,736</u></u>	<u><u>\$3,984,498</u></u>

Non-Cash Transactions:

During 2004, the Sewer, Water, and Stormwater Enterprise Funds had capital contributions for capital assets from governmental funds of \$1,330,535, \$480,434, and \$323,359, respectively. Also, the Sewer and Water Funds had capital contributions for capital assets from intergovernmental revenues of \$3,774 and \$91,377, respectively. The Water Enterprise Fund had accretion of capital appreciation bonds in the amount of \$425,154. Also, the City had received \$333,083 of capital assets which were not paid until subsequent to year-end.

See accompanying notes to the basic financial statements

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Huber Heights ("the City") is a charter municipal corporation operating under the laws of the State of Ohio. The community was established in 1810 as Wayne Township and was granted City status on November 29, 1979. It was incorporated on January 23, 1981. The charter was adopted on November 8, 1983, and became effective January 1, 1984. The municipal government provided by the charter is known as a Council/Manager form of government. Legislative power is vested in a nine-member Council, six members elected by wards and two elected at large, and a Mayor who is elected separately. The Council appoints a City Manager. The City Manager is the Chief Executive and Administrative Officer and the head of the administrative agencies of the City. The City Manager appoints all Department/Division heads and employees, except the City Attorney and Clerk of Council, who are appointed by City Council.

The Department of Finance is responsible for overseeing the budget and managing the daily monetary activities of the City. The Fire Division continues to be a first-class operation achieving a fire insurance rating of 2 for the community. All road improvement plans, water/sewer improvements, stormwater construction, and inspections are administered by the Engineering Division. The Parks and Recreation Division maintains 13 parks with over 125 acres of park land that include ball fields, basketball courts, fitness courses, football fields, picnic and shelter facilities, playgrounds, soccer fields, tennis courts, volleyball courts, and walking trails. The Senior Center is staffed with a coordinator and volunteers. The Planning and Development Division is responsible for planning, economic development, marketing, zoning, permitting, property maintenance, and housing inspections. The Police Division provides first rate public safety protection. The Public Works Division maintains all public thoroughfares, public facilities, and all city vehicles. Earth Tech manages the water and wastewater system for the City.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments that are not legally separate from the City. The primary government provides various services including police and fire protection, emergency medical services, parks and recreation, planning, zoning, building inspection, court facilities, street maintenance and repair, community development, public health and welfare, sewer, water and stormwater. Council and the City Manager have direct responsibility for these activities.

City Council also appoints various boards and commissions to oversee different aspects of the community. These boards and commissions are filled by volunteers who dedicate their time to making the City better for all residents and business owners. The current boards and commissions are as follows:

Citizen Water/Sewer Advisory Board	Arts Commission
Property Maintenance Board	Beautification Commission
Parks and Recreation Board	City Planning Commission
Personnel Appeals Board	Ordinance Review Commission
Senior Advisory Board	Records Commission
Tax Appeals Board	Youth Commission
Board of Zoning Appeals	

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY (Continued)

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

The City participates in the Tri-Cities North Regional Wastewater Authority (Wastewater Authority) and the Joint Economic Development District (JEDD), which are defined as joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 16.

The City also participates in the Miami Valley Regional Planning Commission (the Commission), the Miami Valley Fire/EMS Alliance (the Alliance), the Economic Development/Government Equity Program (ED/GE), the Northern Miami Valley Local Government Association (NMVLGA), and the Regional Emergency Response Team (RERT), which are defined as jointly governed organizations. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. These organizations are presented in Note 17.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Fund – This fund is used to account for voted tax millage and miscellaneous revenue to finance the fire department operation.

Police Fund – This fund is used to account for voted tax millage to finance the police department operation and for a portion of City income tax which is to be used for police department operation.

Special Assessment Bond Retirement Fund – This fund is used to account for special assessments collected for the payment of special assessment bonded debt with governmental commitment.

Capital Improvement Fund – This fund is used to account for grant and bond revenues used to purchase equipment and construct buildings, roadways, and various other capital projects.

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

Proprietary Funds

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The City's proprietary funds are enterprise funds.

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

Sewer Fund - This fund is used to account for the provision of sanitary sewer service to the residents and businesses of the City.

Water Fund – This fund is used to account for the provision of water service to certain residents and businesses within the City.

Stormwater Fund – This fund is used to account for funds used for improvements to the City's green space, structures and natural watercourses, thereby maintaining the City's creeks.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transaction

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, municipal income taxes, grants, entitlements, shared revenues and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from municipal income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but were levied to finance 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

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

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

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, except cash held by fiscal agents, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

Cash and cash equivalents that are held separately in accounts at a financial institution for retainages and bond reserve and debt service and not held with the Director of Finance are reported as "cash and cash equivalents with fiscal agents" and represent deposits.

During 2004, the City invested in the State Treasury Asset Reserve of Ohio (STAR Ohio), The One Group Treasury Only Money Market Mutual Fund, The First American U.S. Treasury Reserve Money Market Mutual Fund, The Fifth Third U.S. Treasury Money Market Mutual Fund, Federal Home Loan Bank Bonds, and a repurchase agreement.

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

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City has invested funds in 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.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue of \$273,764 was credited to the General Fund during 2004, which includes \$223,746 assigned from other City funds.

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

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. A current asset is recorded for the prepaid amount at the time of purchase and reflects the expenditure/expense in the year in which services are consumed.

Inventory of Supplies

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used. Inventory consists of expendable supplies held for consumption.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent cash and cash equivalents and cash and cash equivalents with fiscal agents set aside for the improvement and replacement of capital assets originally acquired with bond proceeds and for repayment of current debt service on revenue bonds that are required by the bond indenture to be held by a financial services corporation. Also included as restricted assets in the enterprise funds is the unspent debt proceeds from the Rip Rap Road Wastewater Treatment Plant note issued in 2004.

Capital Assets

General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net assets and in the respective funds.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values on the date donated. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expended.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	10-50 years
Equipment	3-20 years
Furniture, Fixtures and Improvements	7-20 years
Vehicles	5-20 years
Infrastructure	20-60 years

The City's infrastructure consists of streets, bridges, sidewalks, curbs, gutters, lighting systems, storm and sanitary sewer lines, and water lines.

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables." On fund financial statements, long-term interfund loans are classified as a fund balance reserve account on the balance sheet which indicates that they do not constitute available expendable resources.

Compensated Absences

Vacation, personal leave 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 City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation, personal leave and compensatory time when earned for all employees with more than six months of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all PERS employees after 17 years of current service, while the City records a liability for all Police and Fire employees after 15 years of current service.

The entire compensated absences liability is reported on the government-wide financial statements.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which the employees will be paid.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions, and compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans and bonds are recognized as liabilities on the governmental fund financial statements when due.

Capital Contributions

Contributions of capital arise from outside contributions of capital assets, from grants or outside contributions of resources restricted to capital acquisition and construction or transfers from governmental capital assets.

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 or 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 funds for the operation of recreational activities, improving the living environment of the City, the operation of police and fire programs, and the City’s street repair/improvement programs.

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

The City’s sewer and water enterprise funds have restricted net assets relative to those resources necessary to comply with various covenants of bond financing agreements.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for sewer, water and stormwater utility services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as nonoperating.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances, supplies inventory, long-term interfund loans and unclaimed monies are recorded as a reservation of fund balance.

Interfund Transactions

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

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

Bond Premiums/Issuance Costs/Accounting Loss/Compounded Interest on Capital Appreciation Bonds

Bond premiums, issuance costs and the accounting loss incurred in a prior year bond refunding are deferred and amortized over the term of the bonds using the straight line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each year for the compounded interest accrued during the year.

Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition of the face amount of the bonds payable whereas issuance costs are recorded as deferred charges.

Estimates

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

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of Council. The Director of Finance has been authorized to allocate appropriations to the function and object level within each fund.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Director of Finance. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final certificate requested during 2004.

The appropriation resolution is subject to amendment by Council throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year. Prior year encumbrances are automatically carried forward. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, presented for the General Fund and the Fire and Police Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. The change in fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.
6. Receipt and payment of year-end interfund loans are treated as other sources or uses (budget basis) rather than an increase or decrease in an asset or liability account (GAAP basis).

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (Continued)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund and the Fire and the Police Funds are as follows:

Net Change in Fund Balance			
	General Fund	Fire Fund	Police Fund
GAAP Basis	(\$1,737,387)	\$538,138	\$290,888
Adjustments:			
Revenue Accruals	91,321	10,505	(68,053)
Expenditure Accruals	51,393	(30,967)	(140,178)
Unrecorded Cash – 2003	24,717	0	6,683
Unrecorded Cash – 2004	(56,805)	0	(8,289)
Prepaid Items	10,282	(729)	9,561
Change in Fair Value of Investments – 2003	10,994	0	0
Change in Fair Value of Investments – 2004	2,649	0	0
Encumbrances	(914,580)	(424,530)	(519,274)
Advances	424,195	0	0
Budget Basis	(\$2,093,221)	\$92,417	(\$428,662)

NOTE 4 - FUND DEFICITS

The Prevention, Retention and Contingency-Development Reserve Special Revenue Fund and the Capital Improvement Fund had fund balance deficits at December 31, 2004, of \$1,242 and \$1,042,159, respectively. The deficit in the special revenue fund is the result of fund liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit in the Capital Improvement Fund is the result of the note payable. The deficit will be eliminated when bonds are issued.

NOTE 5 - DEPOSITS AND INVESTMENTS

The investment and deposit of City monies are governed by the City's investment ordinance along with the 1995 Water Revenue Bond covenants. State statutes classify monies held by the City into three categories.

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.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. 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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Director of Finance 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.

Inactive monies are permitted to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Interim deposits in duly authorized depositories of the City, provided those deposits are properly insured or collateralized as required by law.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

At year-end, the City had \$26,160 in undeposited cash on hand which is included on the balance sheet of the City as part of "equity in pooled cash and cash equivalents".

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements".

Deposits

At year-end, the carrying amount of the City's deposits was \$110,257 and the related bank balance was \$319,627. Of the bank balance, \$169,270 was covered by federal deposit insurance, and \$150,357 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the City's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

Investments

The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The One Group Treasury Only Money Market Mutual Fund (The One Group), the First American U.S. Treasury Reserve Money Market Mutual Fund, the Fifth Third U.S. Treasury Money Market Mutual Fund, and STAR Ohio, an investment fund operated by the Ohio State Treasurer, are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	Category 1	Category 2	Carrying and Fair Value
STAR Ohio	\$0	\$0	\$12,138,837
The One Group Treasury Only Money Market Mutual Fund	0	0	1,327,378
The First American U.S. Treasury Reserve Money Market Mutual Fund	0	0	1,329,522
The Fifth Third U.S. Treasury Money Market Mutual Fund	0	0	3,290,651
Federal Home Loan Bank Bonds	4,008,721	0	4,008,721
Repurchase Agreement	0	5,275,864	5,275,864
Total	\$4,008,721	\$5,275,864	\$27,370,973

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between classifications of cash and cash equivalents and investments on the basic financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$27,507,390	\$0
Cash on Hand	(26,160)	0
STAR Ohio	(12,138,837)	12,138,837
The One Group Treasury Only		
Money Market Mutual Fund	(1,327,378)	1,327,378
The First American U.S. Treasury		
Reserve Money Market Mutual Fund	(1,329,522)	1,329,522
The Fifth Third U.S. Treasury		
Money Market Mutual Fund	(3,290,651)	3,290,651
Federal Home Loan Bank Bonds	(4,008,721)	4,008,721
Repurchase Agreement	(5,275,864)	5,275,864
GASB Statement No. 3	\$110,257	\$27,370,973

NOTE 6 - RECEIVABLES

Receivables at December 31, 2004, consisted of property and other taxes, municipal income taxes, accounts (including emergency medical services and billings for utility service), special assessments, accrued interest, interfund, and intergovernmental receivables arising from entitlements, grants, and shared revenues. Utility accounts receivable at December 31, 2004, was \$946,050. All receivables, except some municipal income tax revenues and emergency medical service charges for services revenues, are considered collectible in full. Some municipal income tax revenues for outstanding accounts greater than three years old are considered uncollectible, as well as emergency medical service calls that have insurance adjustments or no further collections from indigents. Total municipal income taxes receivable was \$5,000,113, and the uncollectible portion was \$2,021,252, for a net receivable of \$2,978,861. Total emergency medical service calls receivable was \$403,781 and the uncollectible portion was \$249,440, for net accounts receivable of \$154,341. Total net accounts receivable of \$218,541 is the sum of other miscellaneous accounts receivable of \$64,200 and the \$154,341 emergency medical service calls receivable. Other miscellaneous accounts receivable of \$64,200 is mainly for weed and grass cutting.

Special assessments expected to be collected in more than one year in the Special Assessment Bond Retirement Fund and the Capital Improvement Fund amount to \$11,846,687, and \$312,703, respectively. At December 31, 2004, the amount of delinquent special assessments was \$97,731.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 6 - RECEIVABLES (Continued)

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) is for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 22 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2004, was \$11.59 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$572,399,170
Public Utility Tangible Personal Property	15,213,440
Tangible Personal Property	<u>44,549,069</u>
Total	<u><u>\$632,161,679</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes 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.

The City receives property taxes from Miami and Montgomery Counties. The County Treasurers collect property taxes on behalf of all taxing districts in the counties, including the City of Huber Heights. The County Auditors periodically remit to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 6 – RECEIVABLES (Continued)

Income Taxes

The City levies a municipal income tax of 1.95% 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% of the City's current tax rate. Additional increases in the income tax rate require voter approval.

Employers within the City are required to withhold income tax on employee compensation and remit the tax at least 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 and for general, public safety operations, which include police operations and fire capital equipment, local street improvements and local street capital improvement.

Due from Other Governments

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	
Local Government and Local Government Assistance	\$587,275
Homestead and Rollback	172,059
Huber Heights City School District	16,028
Montgomery County Courts	16,731
Estate Tax	29,182
EMS Grant	4,257
Ohio Public Works Commission Grant	428,798
Bulletproof Vest Program	595
School Resource Officers	42,428
Hurricane Ivan Reimbursement - FEMA	9,344
Liquor Permits	1,334
Ohio Department of Transportation Grant	120,000
Ohio Police and Fire Pension Fund Refund	854
Excess IRP Compensation	3,597
Gasoline Tax	301,146
Cents per Gallon	216,860
Motor Vehicle License	200,781
Snow Removal Reimbursement - FEMA	20,163
County Permissive Motor Vehicle License	6,088
City of Riverside	31,478
Montgomery County After School Enrichment Program	1,242
Southern District of Ohio Federal Equity Sharing	1,977
Right-of-Way Acquisition	44,898
Total Governmental Activities	<u>2,257,115</u>
<u>Business-Type Activities</u>	
Property Acquisition Grant	91,377
Montgomery Development Center	68,500
Total Business-Type Activities	<u>159,877</u>
Total Intergovernmental Receivables	<u>\$2,416,992</u>

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004, was as follows:

	Balance at 12/31/03	Additions	Deductions	Balance at 12/31/04
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$20,700,211	\$448,445	(\$445)	\$21,148,211
Construction in Progress	5,585,663	2,355,013	(2,027,041)	5,913,635
Total Capital Assets, not being Depreciated	26,285,874	2,803,458	(2,027,486)	27,061,846
Depreciable Capital Assets:				
Buildings	9,448,326	171,544	0	9,619,870
Equipment	2,707,243	149,183	(261,238)	2,595,188
Furniture, Fixtures and Improvements	481,913	11,995	0	493,908
Vehicles	3,824,784	79,211	(151,496)	3,752,499
Infrastructure				
Bridges	652,966	0	0	652,966
Roads	161,521,267	2,843,889	0	164,365,156
Other	4,504,661	11,880	0	4,516,541
Total Depreciable Capital Assets	183,141,160	3,267,702	(412,734)	185,996,128
Less Accumulated Depreciation:				
Buildings	(1,839,776)	(197,591)	0	(2,037,367)
Equipment	(1,066,878)	(239,030)	186,811	(1,119,097)
Furniture, Fixtures and Improvements	(132,963)	(25,578)	0	(158,541)
Vehicles	(1,776,666)	(357,293)	122,359	(2,011,600)
Infrastructure				
Bridges	(244,820)	(15,255)	0	(260,075)
Roads	(97,976,015)	(4,368,792)	0	(102,344,807)
Other	(2,730,592)	(243,852)	0	(2,974,444)
Total Accumulated Depreciation	(105,767,710)	(5,447,391)	309,170	(110,905,931)
Depreciable Capital Assets, Net	77,373,450	(2,179,689)	(103,564)	75,090,197
Governmental Activities Capital Assets, Net	\$103,659,324	\$623,769	(\$2,131,050)	\$102,152,043

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 7 – CAPITAL ASSETS (Continued)

	Balance at 12/31/03	Additions	Deductions	Balance at 12/31/04
Business-Type Activities				
Capital Assets, not being Depreciated:				
Land	\$373,100	\$87,704	\$0	\$460,804
Construction in Progress	3,308,295	2,283,403	(460,923)	5,130,775
Total Capital Assets, not being Depreciated	3,681,395	2,371,107	(460,923)	5,591,579
Depreciable Capital Assets:				
Buildings	4,997,167	652,764	0	5,649,931
Equipment	271,936	78,648	(6,000)	344,584
Vehicles	0	19,802	0	19,802
Infrastructure				
Sewer Lines	9,696,480	27,621	0	9,724,101
Water Lines	11,012,866	75,867	0	11,088,733
Stormwater	7,964,360	685,695	0	8,650,055
Total Depreciable Capital Assets	33,942,809	1,540,397	(6,000)	35,477,206
Less Accumulated Depreciation:				
Buildings	(955,571)	(115,261)	0	(1,070,832)
Equipment	(64,167)	(25,558)	3,900	(85,825)
Infrastructure				
Sewer Lines	(1,656,639)	(193,910)	0	(1,850,549)
Water Lines	(1,714,541)	(216,023)	0	(1,930,564)
Stormwater	(1,724,934)	(141,066)	0	(1,866,000)
Total Accumulated Depreciation	(6,115,852)	(691,818)	3,900	(6,803,770)
Depreciable Capital Assets, Net	27,826,957	848,579	(2,100)	28,673,436
Business-Type Activities Capital Assets, Net				
	\$31,508,352	\$3,219,686	(\$463,023)	\$34,265,015

Depreciation expense was charged to governmental programs as follows:

Security of Persons and Property	
Fire	\$194,782
Police	274,341
Other	50,826
Leisure Time Activities	50,600
Community Environment	38,116
Transportation	4,740,348
General Government	98,378
Total Depreciation Expense	<u>\$5,447,391</u>

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or 800-222-7377.

For 2004, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the traditional pension plan. For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement, which consists generally of sheriffs, deputy sheriffs and township police, contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$339,334, \$307,825, and \$267,329, respectively; 73 percent has been contributed for 2004 and 100 percent for 2003 and 2002. No City employees participated in the member-directed plan for 2004.

Ohio Police and Fire Pension Fund

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

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$385,702 and \$500,791 for the year ended December 31, 2004, \$402,736 and \$467,866 for the year ended December 31, 2003, and \$383,401 and \$460,328 for the year ended December 31, 2002, equal to the required contributions for each year. The full amount has been contributed for 2003 and 2002. 69 percent has been contributed for 2004 with the remainder being reported as a liability on the statement of net assets.

NOTE 9 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The assumptions and calculations below were based on OPERS' 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 to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2003 was 8.00 percent. An annual increase of 4.00 percent, 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 4.00 percent base increase, were assumed to range from 0.50 percent to 6.30 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1.00 percent to 6.00 percent for the next eight years. In subsequent years (nine and beyond), health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

OPEBs are advance-funded on an actuarially determined basis. At year-end 2004, the number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$177,662. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$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.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. 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.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. 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 full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004. 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.

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$254,399 for police and \$238,839 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 10 – OTHER EMPLOYEE BENEFITS

Deferred Compensation Plans

City employees and elected officials may participate in two statewide deferred compensation plans, the Aetna deferred compensation plan, or the Ohio Public Employees Deferred Compensation Plan. The City also pays 2% of the City Manager's salary to the ICMA Retirement Corporation per his employment contract. These plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service and union contract, employment contract or personnel policy manual. All employees may accrue a maximum of total hours accrued in the past calendar year. For police command, patrol, dispatch officers, and police clerical, excess vacation can carry over up to 90 days with written approval by the City Manager. For public works employees, excess vacation can carry over up to 180 days with written approval by the City Manager. Non-union employees' excess vacation carries over automatically for 90 days. For the firefighters, vacation can carry over into the next calendar year at a maximum of 264 hours. In the event of resignation with two weeks notice, death, or retirement, employees (or their estates) are paid for unused vacation leave. All full-time and part-time employees can convert vacation leave to pay if the employee has at least five years of service with the City. If the employee has at least five years of service, up to six days of accrued vacation can be converted each calendar year. If the employee has at least ten years of service, up to twelve days of accrued vacation can be converted each calendar year.

Accumulated Unpaid Personal Leave

City employees are entitled to personal leave at varying rates based upon union contract, employment contract or personnel policy manual. If the hours are not used within the calendar year, the City Manager is allowed to grant requests for the carry over of personal leave, but the carry over must be used within 90 days. In addition, the City agrees to grant eight hours personal leave at year end to any non-union employee that does not exceed eight hours of sick leave usage during the previous calendar year.

Accumulated Unpaid Sick Leave

City employees earn sick leave at the rate of 5.0 hours per eighty hours of service. There is no maximum carry over from year to year for non-union employees. In the case of death or retirement, employees (or the employees' estates) are paid for their accumulated leave with 480 hours being the maximum amount paid, except for all union employees. For police command, patrol, and dispatch officers, police clerical and public works employees, accumulated leave between 1 and 357 will be paid at a 4:1 ratio, accumulated leave between 358 and 714 will be paid at a 3:1 ratio, accumulated leave between 715 and 1,071 will be paid at a 2:1 ratio, and accumulated leave in excess of 1,071 will be paid at a 1:1 ratio. In addition, at the commencement of these union contracts, sick leave hours in excess of 1,285 will be "banked" and will be payable to the employee when that employee retires at a 3:1 ratio, at the employee's rate prior to commencement of this contract. Patrol has the option to opt out of this provision. All hours in excess of 1,285 will be paid at a 3:1 ratio at the employee's rate of pay prior to commencement of this contract. For the firefighters, accumulated leave between 1 and 500 will be paid at a 4:1 ratio, accumulated leave between 501 and 1,000 will be paid at a 3:1 ratio, accumulated leave between 1,001 and 1,500 will be paid at a 2:1 ratio, and accumulated leave in excess of 1,500 will be paid at a 1:1 ratio. In addition, at the commencement of the current contract for firefighters, sick leave hours in excess of 1800 will be "banked" and will be payable to the employee when that employee retires at a 3:1 ratio at the employee's rate prior to commencement of this contract.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 10 – OTHER EMPLOYEE BENEFITS (Continued)

Accumulated Unpaid Compensatory Time

From time to time, employees may need, with prior approval from their supervisors, to work overtime. These overtime hours will usually be paid at the appropriate overtime rate; however, certain union employees by contract have the choice to take overtime pay or accrue compensatory time at one and one half times the amount of hours worked. The Street Department and clerks and secretaries of the Police Department can accumulate compensatory time up to 80 hours. For the police officers, compensatory time can be accumulated up to 90 hours, while dispatchers can accumulate up to 60 hours. Dispatchers can be paid for up to 40 hours of compensatory time once per contract year. In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused compensatory time.

Insurance and Other Benefits

The City allows full-time employees a choice between an HMO program or a PPO program, both offered through Anthem, for their healthcare benefits. In addition to healthcare, the City also offers dental and optical insurance benefits. The dental plan insurance is carried through Superior Dental Care, Inc. and the vision insurance is carried by Vision Service Plan. The City provides life insurance in the amount of \$30,000 for all full-time employees through Anthem Life, except the City Manager who is provided life insurance in the amount of \$200,000. Employees have the option of taking out additional life insurance themselves through either Anthem Life or Reliance Standard Life. The City picks up 1 percent of the employees' share of retirement for all employees except Council members and seasonal employees. On January 12, 2004, the City provided to its employees the option through payroll deduction of contributing to an IRS Section 529 flexible benefit plan to save money for college.

NOTE 11 - CONTRACTUAL COMMITMENTS

As of December 31, 2004, the City had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 12/31/2004</u>
Central Business Group	City Hall Renovation	\$27,252	\$0	\$27,252
Walton Construction	City Hall Renovation	10,255	0	10,255
Copp Systems, Inc.	Human Resources Equipment	9,999	0	9,999
Statewide Ford	Police Vehicles	45,800	0	45,800
Corna-Kokosing	Benchrock Parkway/Utilities	6,994,499	6,933,212	61,287
Wagner Smith Company	Benchrock Parkway	414,200	323,361	90,839
Bowser-Morner	Benchrock Parkway	48,000	42,589	5,411
Trans Associates	North Park Ring Road	19,000	3,294	15,706
M-E Companies	I-70/State Route 202	20,000	0	20,000
Montgomery County	I-70/State Routes 202, 201	512,088	466,111	45,977
Wilcon Corporation	YMCA Roadway	92,136	70,066	22,070
Kinzelman and Kline	Brandt VI Landscape Design	14,350	0	14,350
Wagner Smith Company	Brand VI	288,197	11,642	276,555
Barrett Paving Materials	Wildcat Road Improvements	12,000	0	12,000
Horton Emergency Vehicles	Fire Vehicles	87,376	6,524	80,852
LJB, Inc.	Street Program	22,900	12,971	9,929
Barrett Paving Materials	Street Program	726,049	712,116	13,933

(Continued)

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 11 - CONTRACTUAL COMMITMENTS (Continued)

Company	Project	Contract Amount	Amount Expended	Balance at 12/31/2004
R.A. Miller Construction	Street Program	\$337,000	\$329,690	\$7,310
Burgess and Niple	Treatment Plant Design	691,670	422,169	269,501
M.K. Painting	Stonehurst Tank Painting	244,900	179,007	65,893
Boone Water Systems, Inc.	Well #3 Treatment Plant	149,900	121,873	28,027
RK Hydro Vacuuming, Inc.	Rapid Sand Filter	28,000	0	28,000
CEI, Inc.	Rapid Sand Filter	21,000	0	21,000
R.B. Jergens Contractors	Chambersburg Road	44,557	0	44,557
Jergens Bales Contractors	Improvements	115,600	57,065	58,535
Totals		<u>\$10,976,728</u>	<u>\$9,691,690</u>	<u>\$1,285,038</u>

NOTE 12 - 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 pays an annual premium to Wickert Insurance Services for coverage through St. Paul/CNA. The types of coverage and the deductibles per occurrence are as follows:

Type of Coverage	Limit	Deductible
Law Enforcement Liability – Per Claim/Aggregate	\$1,000,000	\$25,000
Public Official – Per Claim/Aggregate	1,000,000	10,000
Employment Practices – Per Claim/Aggregate	1,000,000	15,000
<u>Automobile:</u>		
Automobile Liability – Any Auto – Medical Payments	5,000	0
Automobile Physical Damage – Collision, etc.	Actual cash value on all vehicles	1,000
Automobile Liability – Per Accident	1,000,000	5,000
<u>Property:</u>		
Blanket Building/Contents/Boiler and Machinery	13,171,309	2,500
Water/Sewer Property and Boiler	64,946,874	5,000
Earthquake and Flood – General	10,000,000	50,000
Flood – Certain Areas	1,000,000	250,000
Property Insurance – Water Department	55,630	5,000
Inland Marine	609,000	2,500

(Continued)

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 12 - RISK MANAGEMENT (Continued)

General Liability:

Health Care Professional (EMT) – Each		
Occurrence and Aggregate	\$1,000,000	\$2,500
Fire Damage – Any One Fire	100,000	0
Personal Injury	1,000,000	0
General Aggregate	2,000,000	0
Products	2,000,000	0

Excess Liability:

Umbrella Liability – Per Event/Aggregate	3,000,000	10,000
Self-Insured Retention	10,000	0

Buildings and personal property are written/insured on a replacement cost basis. Physical damage on other property is insured by the City up to actual cash value of the scheduled property less the deductible listed for the class of property for each accident and location. All property risks, which include physical damage coverage on specialized-use vehicles (fire trucks and emergency vehicles), are fully insured through the City's private insurance carrier.

Settled claims have not exceeded this coverage in any of the past three years.

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.

NOTE 13 - LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2004 follows:

	Balance at <u>12/31/03</u>	<u>Increases</u>	<u>Decreases</u>	Balance at <u>12/31/04</u>	Amounts Due in <u>One Year</u>
Special Assessment Bonds with Government Commitment:					
1991 - 6.70%					
Old Troy Pike II	\$260,000	\$0	\$25,000	\$235,000	\$25,000
1993 - 4.70%					
Taylorsville Road	300,000	0	55,000	245,000	55,000
1995 - 5.75%					
Brandt Pike Phase IV	905,000	0	55,000	850,000	55,000
1995 - 5.80%					
Shull Road East and West	730,000	0	45,000	685,000	45,000
1996 - 5.70%					
Troy III	214,777	0	11,933	202,844	11,933
1996 - 5.70%					
North West Expansion	145,223	0	8,068	137,155	8,068

(Continued)

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

	Balance at 12/31/03	Increases	Decreases	Balance at 12/31/04	Amounts Due in One Year
1997 - 5.45%					
Brandt Pike Phase V	\$370,000	\$0	\$20,000	\$350,000	\$20,000
1998 - 4.88% - 4.95%					
Old Troy Pike Phase IV	555,000	0	25,000	530,000	25,000
1999 - 5.30% - 5.38%					
Old Troy Pike Phase V	258,975	0	12,430	246,545	12,430
1999 - 5.30% - 5.38%					
Executive Boulevard	366,025	0	17,569	348,456	17,569
2000 - 5.63% - 5.65%					
I-70 Business Park Phase II	685,000	0	25,000	660,000	25,000
2001 - 3.5% - 4.95%					
Huber East Water Main (Various Purpose Bonds - Series 2001A)	140,000	0	5,000	135,000	5,000
2001 - 3.5% - 4.95%					
Executive Boulevard Phase III (Various Purpose Bonds - Series 2001A)	1,020,000	0	40,000	980,000	40,000
2001 - 3.5% - 4.95%					
Troy VI (Various Purpose Bonds - Series 2001A)	645,000	0	25,000	620,000	25,000
2001 - 3.5% - 4.95%					
Aaron Lane (Various Purpose Bonds - Series 2001 A)	198,000	0	7,000	191,000	7,000
2001 - 3.5% - 4.95%					
Stoney Creek (Various Purpose Bonds - Series 2001A)	43,000	0	1,000	42,000	1,000
2001 - 3.5% - 4.95%					
Lexington Place (Various Purpose Bonds - Series 2001A)	<u>59,000</u>	<u>0</u>	<u>2,000</u>	<u>57,000</u>	<u>2,000</u>
TOTAL - Special Assessment Bonds Payable	<u>6,895,000</u>	<u>0</u>	<u>380,000</u>	<u>6,515,000</u>	<u>380,000</u>
Voted General Obligation Bond:					
2001 - 2.90% - 4.25%					
Refunding Bonds, Series 2001B	<u>1,340,000</u>	<u>0</u>	<u>145,000</u>	<u>1,195,000</u>	<u>155,000</u>

(Continued)

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

	Balance at 12/31/03	Increases	Decreases	Balance at 12/31/04	Amounts Due in One Year
Unvoted General Obligation					
Bonds:					
1991 – 6.63%					
Water Tank	\$310,000	\$0	\$30,000	\$280,000	\$35,000
1993 – 5.35%					
Fire Station Renovation	1,760,000	0	80,000	1,680,000	85,000
1995 - 5.80%					
Municipal Pool	30,000	0	15,000	15,000	15,000
1997 - 5.10% - 5.25%					
Street Improvement	1,515,000	0	105,000	1,410,000	110,000
1997 - 4.15% - 5.40%					
Court Bonds	1,365,000	0	65,000	1,300,000	70,000
2001 – 2.90% - 4.95%					
Various Purpose, Series 2001A	2,150,000	0	360,000	1,790,000	370,000
Amortization of Premium	13,712	0	2,259	11,453	0
Amortization of Accounting Loss	(34,680)	4,335	0	(30,345)	0
TOTAL - Unvoted General Obligation Bonds Payable	<u>7,109,032</u>	<u>4,335</u>	<u>657,259</u>	<u>6,456,108</u>	<u>685,000</u>
TOTAL – General Obligation Bonds Payable	<u>8,449,032</u>	<u>4,335</u>	<u>802,259</u>	<u>7,651,108</u>	<u>840,000</u>
Compensated Absences Payable	<u>1,110,347</u>	<u>766,440</u>	<u>598,789</u>	<u>1,277,998</u>	<u>607,983</u>
Notes Payable:					
2003 – 1.80% - General Obligation					
Utility Improvement	1,802,000	0	1,802,000	0	0
2003 – 1.80% - Special Assessment					
Street Improvement	7,308,000	0	7,308,000	0	0
2004 – 2.00% - General Obligation					
Utility Improvement	0	1,838,000	0	1,838,000	0
2004 – 1.30% - Special Assessment					
Brandt Pike Phase VI	0	1,500,000	0	1,500,000	0

(Continued)

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

	Balance at 12/31/03	Increases	Decreases	Balance at 12/31/04	Amounts Due in One Year
2004 – 2.00% - Special Assessment					
Street Improvement	\$0	\$7,449,000	\$0	\$7,449,000	\$0
TOTAL – Notes Payable	<u>9,110,000</u>	<u>10,787,000</u>	<u>9,110,000</u>	<u>10,787,000</u>	<u>0</u>
Equipment/Vehicle Loans:					
1997 - 4.95%					
Vehicle Loan	195,546	0	51,767	143,779	54,680
2001 – 4.36%					
Vehicles Loan	64,072	0	64,072	0	0
2001 – 4.60%					
Tub Grinder Loan	146,566	0	23,998	122,568	25,113
2001 – 2.99%					
Police Cruisers	54,709	0	54,709	0	0
2002 – 3.98%					
Equipment and Vehicles	174,685	0	112,122	62,563	62,563
2003 – 3.50%					
Telephone System	<u>203,485</u>	<u>0</u>	<u>28,422</u>	<u>175,063</u>	<u>29,417</u>
TOTAL - Equipment/Vehicle Loans	<u>839,063</u>	<u>0</u>	<u>335,090</u>	<u>503,973</u>	<u>171,773</u>
TOTAL – Governmental Activities	<u>\$26,403,442</u>	<u>\$11,557,775</u>	<u>\$11,226,138</u>	<u>\$26,735,079</u>	<u>\$1,999,756</u>

The following table discloses the original issue amounts for the debt issued before 2004:

Issue	Amount
Special Assessment Bonds:	
1991 Old Troy Pike	\$460,000
1993 Taylorsville Road	706,400
1995 Brandt Pike Phase IV	1,222,000
1995 Shull Road East and West	982,000
1996 Troy III	281,000
1996 North West Expansion	190,000
1997 Brandt Pike Phase V	461,000
1998 Old Troy Pike Phase IV	665,000
1999 Old Troy Pike Phase V	300,411
1999 Executive Boulevard	424,589

(Continued)

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Issue	Amount
2000 I-70 Business Park Phase II	\$750,000
2001 Huber East Water Main	150,000
2001 Executive Boulevard Phase III	1,085,000
2001 Troy VI	685,000
2001 Aaron Lane	212,000
2001 Stoney Creek	45,000
2001 Lexington Place	63,000
Voted General Obligation Bond:	
2001 Refunding Bonds, Series 2001B	1,755,000
Unvoted General Obligation Bonds:	
1991 Water Tank	555,000
1993 Fire Station Renovation	2,350,000
1995 Municipal Pool	127,000
1997 Street Improvement	2,045,000
1997 Court Bonds	1,625,000
2001 Various Purpose, Series 2001A	2,965,000
Notes Payable:	
2003 General Obligation Utility Improvement	1,802,000
2003 Special Assessment Street Improvement	7,308,000
Equipment/Vehicle Loans:	
1997 Vehicle Loan	461,215
2001 Vehicles Loan	364,500
2001 Tub Grinder Loan	202,000
2001 Police Cruisers	159,374
2002 Equipment and Vehicles	341,364
2003 Telephone System	217,333

During 2004, the City issued \$1,838,000 and \$7,449,000, in notes for the first renewal of the general obligation utility improvement project and the special assessment street improvement project for Benchrock. The notes will be paid with bond proceeds when the projects are bonded. The special assessment street improvement project was a 100% petitioned special assessment project. The City passed an ordinance to assess during November 2004, with collection beginning in December 2008.

The Brandt Pike Phase VI notes are bond anticipation notes and will be paid off with notes issued during 2005. The note proceeds were used to widen a portion of Brandt Pike north of the I-70 interchange. The total project cost was estimated to be \$1,646,635 of which \$750,000 was funded from Issue II. \$155,000 came from county license fees, and another \$62,000 came from the Ohio Department of Transportation for repaving. The project should be completed in 2005.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

The Various Purpose Bonds, Series 2001A consists of \$4,300,000 in serial bonds and \$905,000 in term bonds. The term bonds maturing on December 1, 2021, will be subject to mandatory sinking fund redemption as follows:

<u>Year</u>	<u>Amount to be Redeemed</u>
2016	\$135,000
2017	140,000
2018	145,000
2019	150,000
2020	165,000

The remaining \$170,000 will mature at stated maturity on December 1, 2021.

The Various Purpose Bonds, Series 2001B consists of \$1,770,000 in serial bonds.

The special assessment bond issues will be paid through the Special Assessment Bond Retirement Debt Service Fund. The bond issues will be paid with special assessment revenue. They are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

All voted and unvoted general obligation bond issues will be paid through the General Obligation Bond Retirement Debt Service Fund with property tax revenues and transfers from the General Fund and other governmental funds (special revenue funds - Local Street Operating, Parks and Recreation, State Highway, and Street Maintenance and Repair, and Fire Capital Equipment Capital Projects Fund). These transfers are based at least in part on municipal income and property tax revenues.

The compensated absences payable will be paid from the General, Fire, Police, Local Street Operating, Parks and Recreation, and Street Maintenance and Repair Funds. The notes are bond anticipation notes and will be paid off with notes issued during 2005. The \$1,838,000 in utility improvement notes relate to the Brandt Pike and Old Troy Pike water and sewer extensions. The water portion is \$598,000, while the sewer portion is \$1,240,000. The water portion will be paid with cash in 2005. The sewer portion of the notes will be rolled over in 2005 and then bonded after completion of the project. The special assessment street improvement notes are for Benchrock Parkway. Based upon the assessment agreement with the Kendall Group the assessments will not be implemented for four more years, or five in total. This results in the renewal of the note principal and accrued interest annually until the assessments are placed on the property taxes. The equipment/vehicle loans will be paid from the General, Fire, Police, Local Street Operating, Parks and Recreation, Street Maintenance and Repair, and Fire Capital Equipment Funds.

On February 9, 2004, the City obtained a loan agreement with the Ohio Department of Transportation for a State Infrastructure Bank Loan in the amount of \$2,059,000. These monies will finance the reconstruction of the I-70/State Route 202 interchange. The loan has an interest rate for the first year of 0%. For the next nine years, the interest rate is 3%. As of December 31, 2004, the City has not borrowed on this line of credit.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Changes in the long-term obligations reported in business-type activities of the City during 2004 were as follows:

	Balance at 12/31/03	Increases	Decreases	Balance at 12/31/04	Amounts Due in One Year
Revenue Bonds Payable:					
Various - 1995 Water Acquisition					
Serial Bonds – 3.75–5.55%	\$5,155,000	\$0	\$575,000	\$4,580,000	\$625,000
Original Issue of Capital Appreciation					
Bonds - 5.9–6.2%	4,225,517	0	0	4,225,517	0
Accretion on Capital Appreciation					
Bonds	2,895,175	425,154	0	3,320,329	0
OWDA Loan Payable:					
3.85% - 1995 Sewer OWDA Loan	4,794,738	0	321,172	4,473,566	333,655
Long-Term Loans:					
2002 – Equipment and Vehicles					
Loan 3.98%	87,952	0	28,470	59,482	59,482
2003 – Telephone System					
Loan 3.50%	13,960	0	1,951	12,009	2,018
Compensated Absences Payable	3,927	0	3,927	0	0
Total - Enterprise Funds	<u>\$17,176,269</u>	<u>\$425,154</u>	<u>\$930,520</u>	<u>\$16,670,903</u>	<u>\$1,020,155</u>

The Water Fund’s revenue bonds are paid from operating revenues of the water enterprise operation. The original issue amount was \$12,495,517. Of the original issue amount, \$8,270,000 is serial bonds, while \$4,225,517 is capital appreciation bonds. The water revenue bonds maturing on or after December 1, 2000, are subject to optional redemption at the direction of the City, in whole or in part in integral multiples of \$5,000 on any interest payment date, on or after December 1, 2000, or before December 1, 2007, at the redemption prices (expressed as a percentage of the principal amount to be redeemed) not to be greater than 103%, plus accrued interest on the redemption date. Bonds maturing in the years 2011 through 2025 were issued as capital appreciation bonds, which mature in the principal amounts on the dates and will bear interest compounded semiannually on June 1 and December 1 of each year beginning in 1996; at the compounding rates per year. The maturity amount of the capital appreciation bonds is \$16,875,000.

The City covenants that it will at all times prescribe and charge such water rates and restrict operating and maintenance expenses so net revenue (including non-operating revenues and transfers) available for debt service will be no less than 115% of the aggregate amount of principal and interest requirements on the bonds during such year.

The OWDA loans payable represents amounts borrowed from the Ohio Water Development Authority for the acquisition of the sewer system, part of the Sewer Enterprise Fund. The loans will be paid from Sewer Enterprise Fund revenue. The original issue amount was \$6,908,108.

During 2002, the City issued an equipment and vehicles loan in the amount of \$127,000. The loan will be paid from the Stormwater Fund revenue. During 2003, the City issued a telephone system loan of which the utility portion is in the amount of \$14,910. The loan will be paid from the Water Fund revenue.

As of December 31, 2004, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$55,836,178 and the unvoted legal debt margin was \$25,423,094.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2004, were as follows:

Year	Governmental Activities					
	Special Assessment Bonds		General Obligation Bonds		Equipment/Vehicle Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$380,000	\$340,742	\$840,000	\$362,661	\$171,773	\$18,141
2006	405,000	321,518	865,000	327,929	114,484	11,934
2007	435,000	300,787	880,000	292,003	89,101	6,959
2008	455,000	278,470	920,000	253,661	61,397	4,303
2009	405,000	254,880	610,000	212,634	48,645	1,824
2010-2014	2,280,000	930,248	2,520,000	625,346	18,573	300
2015-2019	1,760,000	344,020	1,035,000	130,980	0	0
2020-2023	395,000	28,372	0	0	0	0
Totals	<u>\$6,515,000</u>	<u>\$2,799,037</u>	<u>\$7,670,000</u>	<u>\$2,205,214</u>	<u>\$503,973</u>	<u>\$43,461</u>

Year	Business-Type Activities					
	Revenue Bonds		OWDA Loans		Equipment/Vehicle Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$625,000	\$242,792	\$333,655	\$169,051	\$61,500	\$3,936
2006	675,000	211,855	346,626	156,082	2,088	329
2007	730,000	177,430	360,098	142,609	2,162	256
2008	785,000	139,105	374,095	128,611	2,237	180
2009	850,000	97,108	388,637	114,070	2,316	102
2010-2014	4,975,000	50,780	2,181,873	331,660	1,188	20
2015-2019	5,525,000	0	488,582	14,127	0	0
2020-2024	6,025,000	0	0	0	0	0
2025-2026	1,265,000	0	0	0	0	0
Totals	<u>\$21,455,000</u>	<u>\$919,070</u>	<u>\$4,473,566</u>	<u>\$1,056,210</u>	<u>\$71,491</u>	<u>\$4,823</u>

The City issued industrial development revenue bonds during 1999 for the acquisition of land, construction of a manufacturing facility, and acquisition of capital equipment used by a private corporation. The principal amount outstanding on the bonds at December 31, 2004, was \$8,000,000. The maturity date of the bonds is August 1, 2019. The bonds do not constitute a debt or pledge of the faith and credit of the City and will not be secured by an obligation or pledge of any moneys raised by taxation. The City is not obligated in any way to pay debt charges on the bond from any of its funds, and therefore it has been excluded entirely from the City's debt presentation. There has not been and there is not any condition of default under the bond or the related financing documents.

The City issued an industrial development revenue bond in 1994 with the principal amount of \$1,525,000 outstanding at December 31, 2004. The proceeds of the bond do not constitute a general obligation, debt or bonded indebtedness of the City. Neither is the full faith and credit or taxing power of the City pledged to make repayment.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 14 - SHORT-TERM OBLIGATIONS

A summary of the governmental short-term note transactions for the year ended December 31, 2004, follows:

<u>Fund Type/Fund/Issue</u>	<u>Balance at</u> <u>12/31/03</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>12/31/04</u>
Notes Payable:				
Capital Projects Funds:				
Capital Improvement Fund				
General Obligation				
1.50% - Real Estate Acquisition	\$1,852,000	\$0	\$1,852,000	\$0
2.50% - Real Estate Acquisition	0	1,885,000	0	1,885,000
Issue II Fund				
Special Assessment				
1.45% - Old Troy Pike Phase VII	1,200,000	0	1,200,000	0
2.25% - Old Troy Pike Phase VII	0	360,000	0	360,000
Total Notes Payable	\$3,052,000	\$2,245,000	\$3,052,000	\$2,245,000

The notes are bond anticipation notes and will be renewed with notes issued during 2005. The real estate acquisition notes were used to purchase land from Anderson. Per a development agreement with Kendall Group, a portion of the land will be purchased by the Kendall Group. When the Kendall Group purchases the land, a portion of the notes will be paid off using the proceeds. The remainder of the ground is the site of the new YMCA. This portion will be funded with long-term bonds in 2005.

The Old Troy Pike Phase VII notes are bond anticipation notes and will be paid off with long-term bonds issued during 2005.

The Water Enterprise Fund issued a short-term note in 2004 of \$1,705,000 at 1.50% on August 19, 2004, with maturity due March 17, 2005. The note was renewed on March 16, 2005 for \$1,723,000 at 2.50% and will mature on November 1, 2005. This note will be paid off with long-term water revenue bonds. The monies will be used primarily for the Rip Rap Road Wastewater Treatment Plant upgrade.

NOTE 15 - INTERFUND ASSETS/LIABILITIES

The General Fund had interfund receivables at December 31, 2004, of \$1,540,405. The Capital Improvement Fund had interfund payables of \$773,600. The other governmental funds had interfund payables of \$766,805. The loans were made to cover capital outlay and operations costs that will eventually be covered by reimbursable grants.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 15 - INTERFUND ASSETS/LIABILITIES (Continued)

		Transfers From					
		General	Fire	Police	Capital Improve- ment	Other Govern- mental	Total
T r a n s f e r s	General	\$0	\$0	\$0	\$79,978	\$33,782	\$113,760
	Fire	4,400,000	0	0	0	0	4,400,000
	Police	2,000,000	0	0	0	0	2,000,000
	Special Assessment						
	Bond Retirement	22,000	0	0	0	650,648	672,648
	Capital Improvement	175,910	0	0	0	0	175,910
	Other Governmental	358,874	10,975	1,345	0	1,247,252	1,618,446
Total	<u>\$6,956,784</u>	<u>\$10,975</u>	<u>\$1,345</u>	<u>\$79,978</u>	<u>\$1,931,682</u>	<u>\$8,980,764</u>	

The Sewer and Water Funds also made transfers to the General Fund for \$11,015 and \$17,972, respectively, bringing total transfers to the General Fund to \$142,747. The Water Fund transferred to the General Obligation Bond Retirement Debt Service Fund \$660,538, bringing total transfers from the Water Fund to \$678,510 and total transfers to the other governmental funds to \$2,278,984. Total transfers equaled \$9,670,289. Transfers are used to move monies for capital acquisitions, repairs, and equipment. They are also used for debt service obligations. The remaining transfers are used to subsidize various programs in the funds.

NOTE 16 - JOINT VENTURES

Prior to June of 1996, the Miami Conservancy District provided the Cities of Huber Heights, Vandalia, and Tipp City with wastewater treatment services. The Miami Conservancy District expressed the intent to no longer provide these services to the cities and gave them the option to acquire and operate the facility. In order to do so, the three cities established the Tri-Cities North Regional Wastewater Authority (Wastewater Authority). In June of 1996, the Miami Conservancy District deeded the wastewater facility and all of the assets associated with the facility to the joint venture at no cost to the joint venture.

Wastewater Authority is a joint venture among the Cities of Huber Heights, Vandalia, and Tipp City. Wastewater Authority is governed by a management board consisting of the city managers of the three cities. The board has complete authority over all aspects of the operation. Wastewater Authority supplies all participating residents of the member cities with sewer services. Each City owns the sewage lines located in its city and bills its residents for usage. Continued existence of Wastewater Authority is dependent on the City's continued participation. The percentage of equity interest in the joint venture for each City is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$12,448,423 which represents 52.96% of the total equity in Wastewater Authority. Wastewater Authority is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City of Huber Heights was party to several transactions during 2004 involving Wastewater Authority for services provided to the City by Wastewater Authority. The amount for services provided to the City was \$1,726,914. Complete financial statements can be obtained from the fiscal agent by writing to Tri-Cities North Regional Wastewater Authority, c/o The City of Vandalia, 333 J. E. Bohanan Drive, Vandalia, Ohio 45377.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 16 - JOINT VENTURES (Continued)

On January 22, 2001, the City entered into a contract for the creation of a Joint Economic Development District (JEDD) with the Township of Bethel and Clark County, Ohio. The contract was entered into under the authority of Ohio Revised Code Section 715.72. The JEDD was established for the purpose of cooperative regional development and job creation, along with growth in commercial and industrial development. The JEDD will permit the three jurisdictions to share tax revenues from the development of property without the need of annexation. The City will provide fire, police, rescue, zoning and building services, and marketing for the site. Clark County will provide water and sewer services. The 41 acres located in Bethel Township, along with a contiguous 17 acre parcel located within the City along State Route 235 are available for use. The industrial park is approximately 500 total acres at the intersection of State Route 235 and I-70. The JEDD contract was amended in 2004 to include some additional property as well as to amend some of the terms. The contract will terminate on December 31, 2104, and can be renewed for three additional 25-year periods. Upon contract termination, all assets and liabilities of the JEDD will be divided equally between the three parties. The Board of Directors is made up of six individuals: one from each of the three participants; a representative of business existing within the JEDD; a representative of employees of businesses within the JEDD; and a representative appointed by the other five representatives whose term will rotate between a City resident and a township resident. Several international companies have expressed interest in the site. The JEDD results from a contractual arrangement and is governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial responsibility. The City has an equity interest since the contract stipulates the City will have claim to the net resources of JEDD, as set forth in the contract. Since the JEDD had no financial activity during 2003 or 2004, the City's equity interest at December 31, 2004, is \$0. Financial information can be obtained from Jung-Han Chen, Planning and Development Manager, at 6131 Taylorsville Road, Huber Heights, Ohio 45424-2951.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami, and Montgomery Counties, and various cities residing within these counties, including the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region.

These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives.

Payments to the Commission are made from the General Fund. The City contributed \$17,567 for the operation of the Commission during 2004. Financial information can be obtained from P. Michael Robinette, Executive Director, at 40 West Fourth Street, Dayton, Ohio 45402.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

The Miami Valley Fire/EMS Alliance (the Alliance) is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Alliance is to foster cooperation among the political subdivisions by promoting programs and recommending matters which will result in more efficient methods of delivering fire and emergency medical services in the region. The Board of the Alliance is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS Services by volunteers, two representatives appointed by the members who are provided Fire/EMS Services by a combination of full time employees and volunteers, and a representative appointed by the members who are provided Fire/EMS Services by full time employees. Payments to the Alliance are made from the Fire Fund. The City contributed \$9,162 for the operation of the Alliance during 2004. Financial information can be obtained from Mike Caudill, Director, at 444 West Third Street, Suite 13-204, Dayton, Ohio 45402.

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that County economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships, and cities within Montgomery County, and Montgomery County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County.

The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for ten years, ending December 31, 2010. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the General Fund. The City contributed \$97,661 for the operation of ED/GE during 2004. Financial information can be obtained from Linda Gum, Administrative Assistant, at 451 West Third Street, Dayton, Ohio 45422.

The Northern Miami Valley Local Government Association (NMVLGA) is a jointly governed organization between the following cities and villages: Huber Heights, Vandalia, Sidney, Troy, Tipp City, New Carlisle, West Milton, Brookville, Yellow Springs, Springfield, Piqua, Covington, Anna, Botkins, Fort Loramie, and Jackson Center. The NMVLGA is a regional council of governments. The purpose of the NMVLGA is to foster cooperation among municipalities. Areas of cooperation may include, to the extent the participating municipality elects to participate, joint purchasing, joint personnel training, sharing information, sharing equipment, joint testing for hiring, contracting with consultants, and joint negotiation and administration of cable television franchises, along with other functions allowed by law and mutually agreed upon. The Board of the NMVLGA is made up of one representative from each municipality. Payments to the NMVLGA are made from the General Fund. The City contributed \$1,914 for the operation of the NMVLGA for 2004. Financial information can be obtained by writing to the NMVLGA, at Miami County, 260 South Garber Drive, Post Office Box 188, Tipp City, Ohio 45371.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

The Regional Emergency Response Team (RERT) is a jointly governed organization between the following cities: Huber Heights, Vandalia, Fairborn, and Beavercreek. The organization was created through an agreement by the cities to establish a regional council of governments for the RERT. The regional council of governments collects and expends resources to assist the RERT in fighting crime and for other related activities. The purpose of the RERT is to foster cooperation among municipalities through sharing of equipment/facilities/collective team expenses, team consultant expenses and grant sharing costs, for their common benefit. This includes the mutual interchange and sharing of police equipment, as well as police equipment to be jointly acquired and owned, to be utilized by all participating members. The Board of the RERT is made up of one representative from each municipality. Payments to the RERT are made from the Police Fund. The City contributed \$8,000 for the operation of the RERT for 2004 in 2005. Financial information can be obtained from the fiscal agent by writing to the RERT, c/o The City of Beavercreek, Terry Klein, Finance Director, at 1368 Research Park Drive, Beavercreek, Ohio 45432.

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS

The City implemented GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units.” This statement is an amendment of GASB Statement No. 14, “The Financial Reporting Entity.” GASB Statement No. 39 amends GASB Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. This statement had no effect on the City’s financial statements.

The City has also early implemented GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.” This statement establishes accounting and reporting standards when a capital asset’s service utility has declined significantly and unexpectedly. The statement prescribes several methods for calculating the loss depending on the cause of the impairment. Losses are reported and the description, amount, and financial statement classification of impairment losses are disclosed in the notes to the financial statements. This statement had no effect on the City’s financial statements.

NOTE 19 - CONTINGENT LIABILITIES

Litigation

The City is party to legal proceedings. The City is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the City.

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.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 19 - CONTINGENT LIABILITIES (Continued)

Lease Agreement

The City's utility contractor, Earth Tech, leases office space from a local landowner. As part of the lease agreement, the City guarantees payment of the lease if Earth Tech defaults. Also, if the City discontinues using Earth Tech, the City is liable for the lease payments. The lease agreement begins January 1, 2005, for a nine-year period through December 31, 2013. Lease payments are due in monthly installments. There is a renewal option of two renewal terms of five years each at the end of 2013. The total lease payment is made up of a fixed minimum rent, common area maintenance, taxes, and insurance. The following table shows the total yearly lease payments:

<u>Year</u>	<u>Amount</u>
2005	\$39,405
2006	40,030
2007	40,655
2008	41,280
2009	41,905
2010-2013	<u>173,870</u>
Total	<u>\$377,145</u>

NOTE 20 - SUBSEQUENT EVENTS

As of January 26, 2004, the City has been in the process of purchasing the Taylorsville Road Construction and Demolition Depository Facility for an amount not to exceed \$3 million only if outside financing for the full amount can be secured through federal and state grants. The City intends to close and cap the facility because the City's well field is located west of the Facility.

Legislation passed by the Ohio Legislature replaces a license fee with a disposal fee that is collected by disposal sites on each cubic yard of waste brought for disposal. The cost becomes a pass-through paid by facility users that are then remitted to the Combined Health District of Montgomery County. The City is permitted to keep a portion of the fee in the General Fund for defraying the costs of maintaining roads and other public facilities and providing emergency and other public services and compensating for reductions in real property tax revenues due to reductions in real property valuations resulting from the location of the disposal facility. The legislation is effective April 15, 2005.

On March 16, 2005, the City renewed Utility Improvement Bond Anticipation Notes used to extend sewer mains along sections of State Route 201 and State Route 202 by issuing \$1,248,000 which will mature on March 16, 2006. The interest rate on the notes is 3.25%.

On March 16, 2005, the City also renewed Street Improvement Special Assessment Notes by issuing \$7,497,000 which will mature on March 16, 2006. The interest rate on the notes is 3.25%.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 20 - SUBSEQUENT EVENTS (Continued)

On March 16, 2005, the City renewed Water Improvement Notes in the Water Enterprise Fund totaling \$1,723,000. The note matures on November 1, 2005. The interest rate on the note is 2.50%.

The City renewed the Brandt Pike Phase VI Special Assessment Notes by issuing \$1,155,000 on March 31, 2005. The notes which mature on March 31, 2006, have an interest rate of 3.25%.

On April 22, 2005, the City issued \$8,665,000 of Rip Rap Road Wastewater Treatment Plant Upgrade General Obligation Notes maturing on November 1, 2005, bearing interest of 3.25%, with a premium of \$27,815.

On February 28, 2005, the City authorized a lease agreement with Columbia Building Company for storage space. The lease term is from March 1, 2005, through December 31, 2013. Lease payments are due in monthly installments, with only 10 monthly installments due in 2005. The following table shows the future minimum lease payments:

<u>Year</u>	<u>Amount</u>
2005	\$2,917
2006	3,617
2007	3,761
2008	3,912
2009	4,068
2010-2013	<u>17,967</u>
Total	<u>\$36,242</u>

On January 12, 2005, the City accepted the Lexington Place Subdivision Section 1 developer-donated infrastructure. This includes portions of the following streets: Belmont Court, Belmont Drive, Churchill Downs Place, and Saratoga Place. The cost of the capital assets totals \$393,181.

The City was recently notified of a one-time 20% reduction in the initially budgeted workers' compensation premium of \$114,538 in 2005.

On February 27, 2005, the City made final payment on the 2002 Equipment and Vehicles Loan.

On April 25, 2005, the City Council authorized the City Manager to enter into an agreement with Wright Patterson Air Force Base for the purpose of providing a Fourth of July Fireworks Celebration Display. The City will accept donations from outside, private sources. These funds will be contributed toward costs directly associated with promoting and advertising the display. As shown in the table below, the City is also contributing \$10,000 of its own funds to the fireworks contractor in order to have a bigger fireworks display. The City's partnership with Wright Patterson Air Force Base is expected to draw an even larger public crowd to the event with minimal City liability.

City of Huber Heights, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

NOTE 20 - SUBSEQUENT EVENTS (Continued)

The City authorized the following contractual commitments after December 31, 2004:

Company	Project	Amount
32 Ford Mercury	Staff Vehicle	\$26,200
GTSI	29 Computers and Accessories	24,712
ME Company	Design of New Carlisle Pike Extension	65,000
GTSI	Panasonic Laptops for Medic 2	7,340
Corna Kokosing	Change Order Off-Site Sanitary Sewer	15,664
Lumec, Inc.	Ornamental Pedestrian Light Fixtures-Brandt VI	15,300
Stop Tech	Police Stop Sticks	6,121
M.L. Dunn	Carpet Tile Squares and Commercial Carpet	12,612
A-1 Concrete	2005 Sidewalk Program/2005 Street Program (Concrete)	11,612
J.J. Construction	2005 Sidewalk Program/2005 Street Program (Concrete)	79,000
R.B. Jergens Contractors	2005 Street Program-Section B-Taylorville Road	286,410
R.A. Miller Construction	2005 Sidewalk Program/2005 Street Program-Section D	292,100
American Pavements	2005 Street Program-Section C Sealing	14,000
Pavement Technology	2005 Street Program-Section D Reclamite Surfacing	11,500
Bowser Morner	2005 Street Program-Inspection Services	14,900
Kinnison Excavating	2005 Street Program-Section E Sanitary Sewer, etc.	20,000
Kurb Kut of Ohio	2005 Sidewalk Program-Section C Horizontal Curb Saw	58,650
Wagner Smith	Change Order Brandt VI at I-70	10,780
Salem Office	Industrial Shelving and Installation-Storage Area	8,346
Exercise Equipment, Inc.	Fitness Equipment	23,810
MVRPC	Orthophotography and Base Planimetric Project	10,000
Wagner Smith	Change Order Brandt VI-Power Supply Additions	20,250
Rozzi's Fireworks, Inc.	Fireworks Display	10,000
Earth Tech, Inc.	Additional Work at Needmore Road	5,000
Transportation Imp Dist	Coordinate Brandt VI Landscaping and Improvements	5,000
Roy Taylor Uniforms	10 – ABA Extreme III A Body Armor	6,250
Butler Asphalt	2005 Street Program-Section A Street Improvements	743,776
Total		<u>\$1,804,333</u>

Combining Financial Statements

Combining Statements – Nonmajor Governmental Funds

NONMAJOR SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

City Motor Vehicle License Permissive Tax

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

Community Development Block Grant

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

County Motor Vehicle Permissive Tax

To account for permissive license tax levied by Montgomery County. Expenditures include planning, constructing, improving, maintaining, and repairing roads, streets and bridges.

Drug Law Enforcement

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

Firefighters Assistance Grant

To account for monies received from the federal government to be used to improve the health and wellness of the firefighters, including use of a personal trainer and purchase of exercise equipment.

Law Enforcement

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

Lighting

To account for special assessments used to provide street lighting within the City neighborhoods.

Local Street Operating

To account for miscellaneous revenue and for a portion of City income tax which, beginning in 1994, is to be used for public works activities.

Parks and Recreation

To account for fees and other charges paid by the participants of recreation programs to cover the cost of the various programs.

Prevention, Retention and Contingency-Development Reserve

To account for award monies from the Prevention, Retention and Contingency-Development Reserve through the Montgomery County Department of Job and Family Services for the Southwest Neighborhood Association.

(Continued)

Combining Statements – Nonmajor Governmental Funds
(Continued)

State Highway

To account for gasoline tax and motor vehicle license fees received from the County and State for routine maintenance of state highways within the City.

Street Maintenance and Repair

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

NONMAJOR DEBT SERVICE FUND

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Obligation Bond Retirement

To account for various revenues collected for the payment of general obligation bonded debt.

NONMAJOR CAPITAL PROJECTS FUNDS

To account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by enterprise funds.

Capital Equipment

To account for the proceeds of debt used to purchase capital equipment.

Economic Development/Government Equity Improvement

To account for grant revenues received from the County and used to develop and promote economic development through capital expenditures.

Federal Equity Sharing

To account for the City's share of federal forfeitures used by the law enforcement department for informant payments, travel and training, communication and computers, firearms, weapons, body armor, electronic surveillance equipment, building and improvements, and other law enforcement expenses.

Fire Capital Equipment

To account for City income tax revenues specifically dedicated for fire station building renovations and the equipment purchases of the fire division.

Issue II

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

Local Law Enforcement Block Grant

To account for grant revenues received from the federal government and used for equipment acquisition.

Local Street Capital Improvement

To account for income tax revenues collected for reconstruction and maintenance of the City's interior streets.

City of Huber Heights, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,973,178	\$1,361,031	\$3,003,739	\$6,337,948
Cash and Cash Equivalents with Fiscal Agents	0	0	34,389	34,389
Receivables:				
Property and Other Taxes	11,928	164,351	0	176,279
Municipal Income Taxes, Net	381,294	0	400,061	781,355
Accounts, Net	4,927	0	0	4,927
Special Assessments	413,437	0	0	413,437
Due from Other Governments	750,697	10,231	462,253	1,223,181
Prepaid Items	2,108	0	484	2,592
Supplies Inventory	98,335	0	0	98,335
<i>Total Assets</i>	<u>\$3,635,904</u>	<u>\$1,535,613</u>	<u>\$3,900,926</u>	<u>\$9,072,443</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$58,119	\$0	\$13,280	\$71,399
Contracts Payable	0	0	41,870	41,870
Contracts Payable Retainage	0	0	34,389	34,389
Accrued Salaries Payable	16,948	0	0	16,948
Due to Other Governments	46,417	0	9,623	56,040
Interfund Payable	200,805	0	566,000	766,805
Deferred Revenue	1,260,233	174,582	253,470	1,688,285
Accrued Interest Payable	0	0	976	976
Notes Payable	0	0	360,000	360,000
<i>Total Liabilities</i>	<u>1,582,522</u>	<u>174,582</u>	<u>1,279,608</u>	<u>3,036,712</u>
Fund Balances				
Reserved for Encumbrances	186,591	4,856	529,188	720,635
Reserved for Supplies Inventory	98,335	0	0	98,335
Unreserved:				
Undesignated, Reported in:				
Special Revenue Funds	1,768,456	0	0	1,768,456
Debt Service Fund	0	1,356,175	0	1,356,175
Capital Projects Funds	0	0	2,092,130	2,092,130
<i>Total Fund Balances</i>	<u>2,053,382</u>	<u>1,361,031</u>	<u>2,621,318</u>	<u>6,035,731</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,635,904</u>	<u>\$1,535,613</u>	<u>\$3,900,926</u>	<u>\$9,072,443</u>

City of Huber Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	City Motor Vehicle License Permissive Tax	County Motor Vehicle Permissive Tax	Drug Law Enforcement
Assets			
Equity in Pooled Cash and Cash Equivalents	\$38,685	\$20,548	\$12,562
Receivables:			
Property and Other Taxes	11,928	0	0
Municipal Income Taxes, Net	0	0	0
Accounts, Net	0	0	0
Special Assessments	0	0	0
Due from Other Governments	0	6,088	595
Prepaid Items	0	0	0
Supplies Inventory	0	0	0
<i>Total Assets</i>	<u>\$50,613</u>	<u>\$26,636</u>	<u>\$13,157</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$0
Accrued Salaries Payable	0	0	0
Due to Other Governments	0	0	0
Interfund Payable	0	0	0
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Reserved for Encumbrances	0	0	260
Reserved for Supplies Inventory	0	0	0
Unreserved (Deficit)	50,613	26,636	12,897
<i>Total Fund Balances (Deficit)</i>	<u>50,613</u>	<u>26,636</u>	<u>13,157</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$50,613</u>	<u>\$26,636</u>	<u>\$13,157</u>

Firefighters Assistance Grant	Law Enforcement	Lighting	Local Street Operating	Parks and Recreation
\$115,358	\$45	\$305,277	\$473,424	\$206,506
0	0	0	0	0
0	0	0	381,294	0
0	0	0	2,961	1,761
0	0	413,437	0	0
0	0	0	20,388	0
0	0	0	1,026	1,049
0	0	0	86,718	127
<u>\$115,358</u>	<u>\$45</u>	<u>\$718,714</u>	<u>\$965,811</u>	<u>\$209,443</u>
\$741	\$0	\$0	\$12,326	\$12,341
0	0	125	11,071	263
0	0	0	111	3,032
98,780	0	0	0	0
0	0	413,437	231,013	0
<u>99,521</u>	<u>0</u>	<u>413,562</u>	<u>254,521</u>	<u>15,636</u>
2,943	0	127,828	13,437	10,309
0	0	0	86,718	127
12,894	45	177,324	611,135	183,371
<u>15,837</u>	<u>45</u>	<u>305,152</u>	<u>711,290</u>	<u>193,807</u>
<u>\$115,358</u>	<u>\$45</u>	<u>\$718,714</u>	<u>\$965,811</u>	<u>\$209,443</u>

(Continued)

City of Huber Heights, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004
(Continued)

	Prevention, Retention and Contingency- Development Reserve	State Highway	Street Maintenance and Repair	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$102,025	\$67,435	\$631,313	\$1,973,178
Receivables:				
Property and Other Taxes	0	0	0	11,928
Municipal Income Taxes, Net	0	0	0	381,294
Accounts, Net	0	0	205	4,927
Special Assessments	0	0	0	413,437
Due from Other Governments	1,242	54,177	668,207	750,697
Prepaid Items	0	0	33	2,108
Supplies Inventory	0	5,900	5,590	98,335
<i>Total Assets</i>	<u>\$103,267</u>	<u>\$127,512</u>	<u>\$1,305,348</u>	<u>\$3,635,904</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$3,090	\$29,621	\$58,119
Accrued Salaries Payable	0	0	5,489	16,948
Due to Other Governments	1,242	0	42,032	46,417
Interfund Payable	102,025	0	0	200,805
Deferred Revenue	1,242	46,088	568,453	1,260,233
<i>Total Liabilities</i>	<u>104,509</u>	<u>49,178</u>	<u>645,595</u>	<u>1,582,522</u>
Fund Balances				
Reserved for Encumbrances	0	1,014	30,800	186,591
Reserved for Supplies Inventory	0	5,900	5,590	98,335
Unreserved (Deficit)	(1,242)	71,420	623,363	1,768,456
<i>Total Fund Balances (Deficit)</i>	<u>(1,242)</u>	<u>78,334</u>	<u>659,753</u>	<u>2,053,382</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$103,267</u>	<u>\$127,512</u>	<u>\$1,305,348</u>	<u>\$3,635,904</u>

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City of Huber Heights, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	Capital Equipment	Economic Development / Government Equity Improvement	Federal Equity Sharing
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,517	\$400,625	\$4,852
Cash and Cash Equivalents with Fiscal Agents	0	0	0
Receivables:			
Municipal Income Taxes, Net	0	0	0
Due from Other Governments	0	0	1,977
Prepaid Items	0	0	0
<i>Total Assets</i>	<u>\$1,517</u>	<u>\$400,625</u>	<u>\$6,829</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$0
Contracts Payable	0	20,866	0
Contracts Payable Retainage	0	0	0
Due to Other Governments	0	0	0
Interfund Payable	0	350,000	0
Deferred Revenue	0	0	1,977
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>370,866</u>	<u>1,977</u>
Fund Balances			
Reserved for Encumbrances	1,017	56,191	0
Unreserved (Deficit)	500	(26,432)	4,852
<i>Total Fund Balances</i>	<u>1,517</u>	<u>29,759</u>	<u>4,852</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,517</u>	<u>\$400,625</u>	<u>\$6,829</u>

Fire Capital Equipment	Issue II	Local Law Enforcement Block Grant	Local Street Capital Improvement	Total Nonmajor Capital Projects Funds
\$150,061	\$698,042	\$641	\$1,748,001	\$3,003,739
0	34,389	0	0	34,389
93,238	0	0	306,823	400,061
0	460,276	0	0	462,253
484	0	0	0	484
<u>\$243,783</u>	<u>\$1,192,707</u>	<u>\$641</u>	<u>\$2,054,824</u>	<u>\$3,900,926</u>
\$4,117	\$4,884	\$0	\$4,279	\$13,280
0	13,117	0	7,887	41,870
0	34,389	0	0	34,389
9,623	0	0	0	9,623
0	216,000	0	0	566,000
51,277	31,478	0	168,738	253,470
0	976	0	0	976
0	360,000	0	0	360,000
<u>65,017</u>	<u>660,844</u>	<u>0</u>	<u>180,904</u>	<u>1,279,608</u>
82,906	344,789	200	44,085	529,188
95,860	187,074	441	1,829,835	2,092,130
178,766	531,863	641	1,873,920	2,621,318
<u>\$243,783</u>	<u>\$1,192,707</u>	<u>\$641</u>	<u>\$2,054,824</u>	<u>\$3,900,926</u>

City of Huber Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Municipal Income Taxes	\$1,424,512	\$0	\$1,555,509	\$2,980,021
Property and Other Taxes	167,207	163,724	0	330,931
Intergovernmental	1,358,830	21,097	1,718,665	3,098,592
Special Assessments	393,899	18,046	0	411,945
Charges for Services	45,169	0	0	45,169
Fines, Licenses and Permits	17,765	0	783	18,548
Interest	9,579	0	12,190	21,769
Rent	6,315	135,936	0	142,251
Other	21,629	0	176	21,805
<i>Total Revenues</i>	<u>3,444,905</u>	<u>338,803</u>	<u>3,287,323</u>	<u>7,071,031</u>
Expenditures				
Current:				
Security of Persons and Property:				
Other	367,943	0	9,602	377,545
Leisure Time Activities	155,521	0	0	155,521
Transportation	1,457,269	0	0	1,457,269
General Government	0	2,503	0	2,503
Capital Outlay	63,524	0	2,641,936	2,705,460
Debt Service:				
Principal Retirement	68,260	2,602,000	62,800	2,733,060
Interest and Fiscal Charges	9,194	428,150	17,521	454,865
Issuance Costs	0	3,771	0	3,771
<i>Total Expenditures</i>	<u>2,121,711</u>	<u>3,036,424</u>	<u>2,731,859</u>	<u>7,889,994</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,323,194</u>	<u>(2,697,621)</u>	<u>555,464</u>	<u>(818,963)</u>
Other Financing Sources (Uses)				
Special Assessment Notes Issued	0	0	1,500,000	1,500,000
General Obligation Notes Issued	0	1,835,711	0	1,835,711
Premium on General Obligation Notes Issued	0	29,933	0	29,933
Proceeds from Sale of Capital Assets	11,700	0	0	11,700
Transfers In	160,975	1,431,658	686,351	2,278,984
Transfers Out	(1,388,721)	0	(542,961)	(1,931,682)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,216,046)</u>	<u>3,297,302</u>	<u>1,643,390</u>	<u>3,724,646</u>
<i>Net Change in Fund Balances</i>	107,148	599,681	2,198,854	2,905,683
<i>Fund Balances Beginning of Year</i>	1,945,629	761,350	422,464	3,129,443
Increase in Reserve for Inventory	605	0	0	605
<i>Fund Balances End of Year</i>	<u>\$2,053,382</u>	<u>\$1,361,031</u>	<u>\$2,621,318</u>	<u>\$6,035,731</u>

City of Huber Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004

	City Motor Vehicle License Permissive Tax	Community Development Block Grant	County Motor Vehicle Permissive Tax
Revenues			
Municipal Income Taxes	\$0	\$0	\$0
Property and Other Taxes	167,207	0	0
Intergovernmental	0	0	86,103
Special Assessments	0	0	0
Charges for Services	0	0	0
Fines, Licenses and Permits	0	0	0
Interest	0	0	0
Rent	0	0	0
Other	0	0	0
<i>Total Revenues</i>	<u>167,207</u>	<u>0</u>	<u>86,103</u>
Expenditures			
Current:			
Security of Persons and Property:			
Other	0	0	0
Leisure Time Activities	0	0	0
Transportation	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>167,207</u>	<u>0</u>	<u>86,103</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	0	0	0
Transfers In	0	0	0
Transfers Out	(159,000)	(31,981)	(81,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(159,000)</u>	<u>(31,981)</u>	<u>(81,000)</u>
<i>Net Change in Fund Balances</i>	8,207	(31,981)	5,103
<i>Fund Balances Beginning of Year</i>	42,406	31,981	21,533
Increase (Decrease) in Reserve for Inventory	0	0	0
<i>Fund Balances (Deficit) End of Year</i>	<u>\$50,613</u>	<u>\$0</u>	<u>\$26,636</u>

(Continued)

City of Huber Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004
(Continued)

	Drug Law Enforcement	Firefighters Assistance Grant	Law Enforcement	Lighting
Revenues				
Municipal Income Taxes	\$0	\$0	\$0	\$0
Property and Other Taxes	0	0	0	0
Intergovernmental	3,283	5,400	0	0
Special Assessments	0	0	0	393,899
Charges for Services	0	0	0	0
Fines, Licenses and Permits	8,495	0	9,270	0
Interest	0	203	0	0
Rent	0	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>11,778</u>	<u>5,603</u>	<u>9,270</u>	<u>393,899</u>
Expenditures				
Current:				
Security of Persons and Property:				
Other	11,527	741	0	355,675
Leisure Time Activities	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	6,100	0	9,831	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>17,627</u>	<u>741</u>	<u>9,831</u>	<u>355,675</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(5,849)</u>	<u>4,862</u>	<u>(561)</u>	<u>38,224</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	0	0
Transfers In	0	10,975	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>10,975</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(5,849)</u>	<u>15,837</u>	<u>(561)</u>	<u>38,224</u>
<i>Fund Balances Beginning of Year</i>	<u>19,006</u>	<u>0</u>	<u>606</u>	<u>266,928</u>
Increase (Decrease) in Reserve for Inventory	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$13,157</u>	<u>\$15,837</u>	<u>\$45</u>	<u>\$305,152</u>

Local Street Operating	Parks and Recreation	Prevention, Retention and Contingency- Development Reserve	State Highway	Street Maintenance and Repair	Total Nonmajor Special Revenue Funds
\$1,424,512	\$0	\$0	\$0	\$0	\$1,424,512
0	0	0	0	0	167,207
0	0	0	94,804	1,169,240	1,358,830
0	0	0	0	0	393,899
0	45,169	0	0	0	45,169
0	0	0	0	0	17,765
0	0	0	698	8,678	9,579
0	6,315	0	0	0	6,315
16,490	798	0	0	4,341	21,629
<u>1,441,002</u>	<u>52,282</u>	<u>0</u>	<u>95,502</u>	<u>1,182,259</u>	<u>3,444,905</u>
0	0	0	0	0	367,943
0	154,279	1,242	0	0	155,521
593,043	0	0	47,990	816,236	1,457,269
0	5,895	0	0	41,698	63,524
65,154	1,992	0	0	1,114	68,260
8,447	481	0	0	266	9,194
<u>666,644</u>	<u>162,647</u>	<u>1,242</u>	<u>47,990</u>	<u>859,314</u>	<u>2,121,711</u>
<u>774,358</u>	<u>(110,365)</u>	<u>(1,242)</u>	<u>47,512</u>	<u>322,945</u>	<u>1,323,194</u>
11,700	0	0	0	0	11,700
0	150,000	0	0	0	160,975
<u>(850,000)</u>	<u>(16,740)</u>	<u>0</u>	<u>(25,000)</u>	<u>(225,000)</u>	<u>(1,388,721)</u>
<u>(838,300)</u>	<u>133,260</u>	<u>0</u>	<u>(25,000)</u>	<u>(225,000)</u>	<u>(1,216,046)</u>
(63,942)	22,895	(1,242)	22,512	97,945	107,148
771,684	171,833	0	49,922	569,730	1,945,629
3,548	(921)	0	5,900	(7,922)	605
<u>\$711,290</u>	<u>\$193,807</u>	<u>(\$1,242)</u>	<u>\$78,334</u>	<u>\$659,753</u>	<u>\$2,053,382</u>

City of Huber Heights, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004

	Capital Equipment	Economic Development / Government Equity Improvement	Federal Equity Sharing
Revenues			
Municipal Income Taxes	\$0	\$0	\$0
Intergovernmental	0	270,866	3,011
Fines, Licenses and Permits	0	0	783
Interest	0	0	50
Other	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>270,866</u>	<u>3,844</u>
Expenditures			
Current:			
Security of Persons and Property			
Other	0	0	0
Capital Outlay	0	270,866	337
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>270,866</u>	<u>337</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>3,507</u>
Other Financing Sources (Uses)			
Special Assessment Notes Issued	0	0	0
Transfers In	0	0	0
Transfers Out	0	(1,801)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(1,801)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	(1,801)	3,507
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>1,517</u>	<u>31,560</u>	<u>1,345</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,517</u></u>	<u><u>\$29,759</u></u>	<u><u>\$4,852</u></u>

Fire Capital Equipment	Issue II	Local Law Enforcement Block Grant	Local Street Capital Improvement	Total Nonmajor Capital Projects Funds
\$372,251	\$0	\$0	\$1,183,258	\$1,555,509
0	1,432,687	12,101	0	1,718,665
0	0	0	0	783
0	12,098	42	0	12,190
4	130	0	42	176
<u>372,255</u>	<u>1,444,915</u>	<u>12,143</u>	<u>1,183,300</u>	<u>3,287,323</u>
9,602	0	0	0	9,602
98,684	1,146,993	12,852	1,112,204	2,641,936
62,800	0	0	0	62,800
1,223	16,298	0	0	17,521
<u>172,309</u>	<u>1,163,291</u>	<u>12,852</u>	<u>1,112,204</u>	<u>2,731,859</u>
199,946	281,624	(709)	71,096	555,464
0	1,500,000	0	0	1,500,000
0	11,352	1,345	673,654	686,351
(174,160)	(367,000)	0	0	(542,961)
<u>(174,160)</u>	<u>1,144,352</u>	<u>1,345</u>	<u>673,654</u>	<u>1,643,390</u>
25,786	1,425,976	636	744,750	2,198,854
152,980	(894,113)	5	1,129,170	422,464
<u>\$178,766</u>	<u>\$531,863</u>	<u>\$641</u>	<u>\$1,873,920</u>	<u>\$2,621,318</u>

Individual Fund Schedules of Revenues, Expenditures/Expenses
And Changes in Fund Balances/Fund Equity -
Budget (Non-GAAP Basis) and Actual

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$6,786,084	\$5,475,003	\$5,475,003	\$0
Property and Other Taxes	1,144,529	1,174,536	1,174,536	0
Intergovernmental	1,609,821	1,840,978	1,840,978	0
Charges for Services	973,000	889,120	889,120	0
Fines, Licenses and Permits	140,000	168,421	168,421	0
Interest	260,000	259,996	259,996	0
Rent	83,585	55,683	55,683	0
Other	14,562	37,645	37,645	0
<i>Total Revenues</i>	<u>11,011,581</u>	<u>9,901,382</u>	<u>9,901,382</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property				
Dispatch	734,483	741,230	716,331	24,899
General Lighting	77,250	77,249	77,249	0
Community Environment				
Planning and Development	550,484	665,574	646,238	19,336
Engineering	523,372	523,075	441,059	82,016
General Government				
Central Services	862,342	875,347	875,300	47
Mayor	21,165	13,906	13,906	0
Council	154,275	138,964	136,869	2,095
Management Office	352,299	372,096	351,362	20,734
Finance / Accounting	655,332	641,524	509,657	131,867
Finance / Taxation	810,229	796,104	633,587	162,517
Legal	341,135	407,636	407,636	0
Information Services	239,573	233,413	230,997	2,416
Human Resources	282,605	270,250	267,900	2,350
Buildings and Grounds	109,526	105,538	99,990	5,548
Court Facility	78,946	78,471	59,139	19,332
Capital Outlay	0	176,363	101,407	74,956
Debt Service:				
Principal Retirement	37,009	36,319	36,319	0
Interest and Fiscal Charges	2,624	3,309	3,309	0
<i>Total Expenditures</i>	<u>5,832,649</u>	<u>6,156,368</u>	<u>5,608,255</u>	<u>548,113</u>
<i>Excess of Revenues Over Expenditures</i>	<u>5,178,932</u>	<u>3,745,014</u>	<u>4,293,127</u>	<u>548,113</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	2,643	3,494	3,494	0
Advances In	1,279,195	900,000	900,000	0
Advances Out	0	(475,805)	(475,805)	0
Transfers In	52,642	142,747	142,747	0
Transfers Out	(6,829,000)	(6,956,784)	(6,956,784)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,494,520)</u>	<u>(6,386,348)</u>	<u>(6,386,348)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(315,588)	(2,641,334)	(2,093,221)	548,113
<i>Fund Balance Beginning of Year</i>	3,968,148	3,968,148	3,968,148	0
Prior Year Encumbrances Appropriated	586,364	586,364	586,364	0
<i>Fund Balance End of Year</i>	<u>\$4,238,924</u>	<u>\$1,913,178</u>	<u>\$2,461,291</u>	<u>\$548,113</u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$314,338	\$240,283	\$240,283	\$0
<i>Total Revenues</i>	<u>314,338</u>	<u>240,283</u>	<u>240,283</u>	<u>0</u>
Expenditures				
Current:				
General Government	15,000	12,101	12,067	34
Debt Service:				
Principal Retirement	8,975,000	8,888,000	8,888,000	0
Interest and Fiscal Charges	402,979	508,578	508,578	0
Issuance Costs	6,450	6,450	6,450	0
<i>Total Expenditures</i>	<u>9,399,429</u>	<u>9,415,129</u>	<u>9,415,095</u>	<u>34</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(9,085,091)</u>	<u>(9,174,846)</u>	<u>(9,174,812)</u>	<u>34</u>
Other Financing Sources				
Special Assessment Notes Issued	7,439,733	7,799,733	7,799,733	0
Premium from Special Assessment Notes Issued	71,485	72,089	72,089	0
Transfers In	1,530,000	1,530,000	1,530,000	0
<i>Total Other Financing Sources</i>	<u>9,041,218</u>	<u>9,401,822</u>	<u>9,401,822</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(43,873)	226,976	227,010	34
<i>Fund Balance at Beginning of Year</i>	792,486	792,486	792,486	0
Prior Year Encumbrances Appropriated	6,450	6,450	6,450	0
<i>Fund Balance at End of Year</i>	<u>\$755,063</u>	<u>\$1,025,912</u>	<u>\$1,025,946</u>	<u>\$34</u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$54,664	\$213,060	\$213,060	\$0
Special Assessments	92,095	172,166	172,166	0
Interest	32,611	50,296	50,296	0
Other	17,974	23,803	23,803	0
<i>Total Revenues</i>	<u>197,344</u>	<u>459,325</u>	<u>459,325</u>	<u>0</u>
Expenditures				
Current:				
General Government	15,469	15,469	9,867	5,602
Capital Outlay	5,565,404	6,842,056	6,368,474	473,582
<i>Total Expenditures</i>	<u>5,580,873</u>	<u>6,857,525</u>	<u>6,378,341</u>	<u>479,184</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(5,383,529)</u>	<u>(6,398,200)</u>	<u>(5,919,016)</u>	<u>479,184</u>
Other Financing Sources (Uses)				
General Obligation Notes Issued	11,556	11,556	11,556	0
Advances In	0	25,000	25,000	0
Advances Out	(680,000)	(100,000)	(100,000)	0
Transfers In	0	181,130	181,130	0
Transfers Out	0	(79,978)	(79,978)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(668,444)</u>	<u>37,708</u>	<u>37,708</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(6,051,973)</u>	<u>(6,360,492)</u>	<u>(5,881,308)</u>	<u>479,184</u>
<i>Fund Balance at Beginning of Year</i>	1,667,308	1,667,308	1,667,308	0
Prior Year Encumbrances Appropriated	5,415,404	5,415,404	5,415,404	0
<i>Fund Balance at End of Year</i>	<u>\$1,030,739</u>	<u>\$722,220</u>	<u>\$1,201,404</u>	<u>\$479,184</u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$4,305,976	\$3,741,593	\$3,741,593	\$0
Tap In Fees	32,050	73,325	73,325	0
Special Assessments	2,414	0	0	0
Interest	12,000	18,258	18,258	0
<i>Total Revenues</i>	4,352,440	3,833,176	3,833,176	0
Expenses				
Personal Services	69,375	69,375	64,141	5,234
Operations and Maintenance	2,352,693	2,844,912	2,655,578	189,334
Capital Outlay	624,000	107,816	89,381	18,435
Debt Service:				
Principal Retirement	321,172	321,172	321,172	0
Interest and Fiscal Charges	181,536	181,536	181,536	0
<i>Total Expenses</i>	3,548,776	3,524,811	3,311,808	213,003
<i>Excess of Revenues Over Expenses</i>	803,664	308,365	521,368	213,003
Transfers Out	(209,065)	(11,015)	(11,015)	0
<i>Net Change in Fund Equity</i>	594,599	297,350	510,353	213,003
<i>Fund Equity at Beginning of Year</i>	1,179,409	1,179,409	1,179,409	0
Prior Year Encumbrances Appropriated	510,935	510,935	510,935	0
<i>Fund Equity at End of Year</i>	\$2,284,943	\$1,987,694	\$2,200,697	\$213,003

City of Huber Heights, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$3,064,287	\$3,504,368	\$3,504,368	\$0
Tap In Fees	45,950	93,900	93,900	0
Interest	25,961	46,124	46,124	0
Rent	12,000	12,744	12,744	0
Other	3,598	4,074	4,074	0
General Obligation Note Proceeds	0	1,705,000	1,705,000	0
Premium from General Obligation Note Issued	0	324	324	0
<i>Total Revenues</i>	3,151,796	5,366,534	5,366,534	0
Expenses				
Personal Services	156,475	156,474	141,739	14,735
Operations and Maintenance	1,615,428	1,986,754	1,919,533	67,221
Capital Outlay	324,000	2,503,175	1,357,431	1,145,744
Debt Service:				
Principal Retirement	577,416	576,951	576,951	0
Interest and Fiscal Charges	270,395	270,862	270,860	2
Issuance Costs	0	3,784	3,727	57
<i>Total Expenses</i>	2,943,714	5,498,000	4,270,241	1,227,759
<i>Excess of Revenues Over (Under) Expenses</i>	208,082	(131,466)	1,096,293	1,227,759
Transfers Out	(159,527)	(678,510)	(678,510)	0
<i>Net Change in Fund Equity</i>	48,555	(809,976)	417,783	1,227,759
<i>Fund Equity at Beginning of Year</i>	4,585,236	4,585,236	4,585,236	0
Prior Year Encumbrances Appropriated	448,293	448,293	448,293	0
<i>Fund Equity at End of Year</i>	\$5,082,084	\$4,223,553	\$5,451,312	\$1,227,759

City of Huber Heights, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Stormwater Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$518,034	\$615,936	\$615,936	\$0
Other	0	182	182	0
<i>Total Revenues</i>	<u>518,034</u>	<u>616,118</u>	<u>616,118</u>	<u>0</u>
Expenses				
Personal Services	92,022	112,022	112,022	0
Operations and Maintenance	51,253	55,244	55,244	0
Capital Outlay	651,698	824,774	603,881	220,893
Debt Service:				
Principal Retirement	28,470	28,470	28,470	0
Interest and Fiscal Charges	1,988	1,988	1,988	0
<i>Total Expenses</i>	<u>825,431</u>	<u>1,022,498</u>	<u>801,605</u>	<u>220,893</u>
<i>Net Change in Fund Equity</i>	(307,397)	(406,380)	(185,487)	220,893
<i>Fund Equity at Beginning of Year</i>	384,446	384,446	384,446	0
Prior Year Encumbrances Appropriated	<u>307,397</u>	<u>307,397</u>	<u>307,397</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u>\$384,446</u>	<u>\$285,463</u>	<u>\$506,356</u>	<u>\$220,893</u>

City of Huber Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 City Motor Vehicle License Permissive Tax Fund
 For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$190,733	\$167,092	\$167,092	\$0
<i>Total Revenues</i>	<u>190,733</u>	<u>167,092</u>	<u>167,092</u>	<u>0</u>
Other Financing Uses				
Transfers Out	(190,733)	(159,000)	(159,000)	0
<i>Total Other Financing Uses</i>	<u>(190,733)</u>	<u>(159,000)</u>	<u>(159,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	8,092	8,092	0
<i>Fund Balance at Beginning of Year</i>	<u>30,593</u>	<u>30,593</u>	<u>30,593</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$30,593</u></u>	<u><u>\$38,685</u></u>	<u><u>\$38,685</u></u>	<u><u>\$0</u></u>

City of Huber Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Community Development Block Grant Fund
 For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Other Financing Uses				
Transfers Out	(23,655)	(31,981)	(31,981)	0
<i>Total Other Financing Uses</i>	(23,655)	(31,981)	(31,981)	0
<i>Net Change in Fund Balance</i>	(23,655)	(31,981)	(31,981)	0
<i>Fund Balance at Beginning of Year</i>	31,981	31,981	31,981	0
<i>Fund Balance at End of Year</i>	\$8,326	\$0	\$0	\$0

City of Huber Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 County Motor Vehicle Permissive Tax Fund
 For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$95,367	\$86,033	\$86,033	\$0
<i>Total Revenues</i>	<u>95,367</u>	<u>86,033</u>	<u>86,033</u>	<u>0</u>
Other Financing Uses				
Transfers Out	(95,367)	(81,000)	(81,000)	0
<i>Total Other Financing Uses</i>	<u>(95,367)</u>	<u>(81,000)</u>	<u>(81,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	5,033	5,033	0
<i>Fund Balance at Beginning of Year</i>	<u>15,515</u>	<u>15,515</u>	<u>15,515</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$15,515</u></u>	<u><u>\$20,548</u></u>	<u><u>\$20,548</u></u>	<u><u>\$0</u></u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$2,688	\$2,688	\$0
Fines, Licenses and Permits	0	8,810	8,810	0
<i>Total Revenues</i>	0	11,498	11,498	0
Expenditures				
Current:				
Security of Persons and Property	12,202	12,202	11,787	415
Capital Outlay	6,100	6,100	6,100	0
<i>Total Expenditures</i>	18,302	18,302	17,887	415
<i>Net Change in Fund Balance</i>	(18,302)	(6,804)	(6,389)	415
<i>Fund Balance at Beginning of Year</i>	18,546	18,546	18,546	0
Prior Year Encumbrances Appropriated	146	146	146	0
<i>Fund Balance at End of Year</i>	\$390	\$11,888	\$12,303	\$415

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Firefighters Assistance Grant Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$0	\$5,400	\$5,400	\$0
Interest	<u>0</u>	<u>32</u>	<u>32</u>	<u>0</u>
<i>Total Revenues</i>	<u>0</u>	<u>5,432</u>	<u>5,432</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	<u>109,755</u>	<u>109,755</u>	<u>3,684</u>	<u>106,071</u>
<i>Total Expenditures</i>	<u>109,755</u>	<u>109,755</u>	<u>3,684</u>	<u>106,071</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(109,755)</u>	<u>(104,323)</u>	<u>1,748</u>	<u>(106,071)</u>
Other Financing Sources				
Advances In	98,780	98,780	98,780	0
Transfers In	<u>10,975</u>	<u>10,975</u>	<u>10,975</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>109,755</u>	<u>109,755</u>	<u>109,755</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	5,432	111,503	106,071
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$5,432</u></u>	<u><u>\$111,503</u></u>	<u><u>\$106,071</u></u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Licenses and Permits	\$0	\$9,270	\$9,270	\$0
<i>Total Revenues</i>	<u>0</u>	<u>9,270</u>	<u>9,270</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	599	9,869	9,831	38
<i>Total Expenditures</i>	<u>599</u>	<u>9,869</u>	<u>9,831</u>	<u>38</u>
<i>Net Change in Fund Balance</i>	(599)	(599)	(561)	38
<i>Fund Balance at Beginning of Year</i>	<u>606</u>	<u>606</u>	<u>606</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$7</u>	<u>\$7</u>	<u>\$45</u>	<u>\$38</u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Lighting Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$382,550	\$393,899	\$393,899	\$0
<i>Total Revenues</i>	<u>382,550</u>	<u>393,899</u>	<u>393,899</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	486,462	486,462	483,750	2,712
<i>Total Expenditures</i>	<u>486,462</u>	<u>486,462</u>	<u>483,750</u>	<u>2,712</u>
<i>Net Change in Fund Balance</i>	(103,912)	(92,563)	(89,851)	2,712
<i>Fund Balance at Beginning of Year</i>	163,388	163,388	163,388	0
Prior Year Encumbrances Appropriated	<u>103,912</u>	<u>103,912</u>	<u>103,912</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$163,388</u>	<u>\$174,737</u>	<u>\$177,449</u>	<u>\$2,712</u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Street Operating Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$1,463,849	\$1,376,008	\$1,376,008	\$0
Other	10,499	14,870	14,870	0
<i>Total Revenues</i>	<u>1,474,348</u>	<u>1,390,878</u>	<u>1,390,878</u>	<u>0</u>
Expenditures				
Current:				
Transportation	708,112	729,851	685,893	43,958
Debt Service:				
Principal Retirement	64,311	65,154	65,154	0
Interest and Fiscal Charges	9,290	8,447	8,447	0
<i>Total Expenditures</i>	<u>781,713</u>	<u>803,452</u>	<u>759,494</u>	<u>43,958</u>
<i>Excess of Revenues Over Expenditures</i>	<u>692,635</u>	<u>587,426</u>	<u>631,384</u>	<u>43,958</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	12,359	11,700	11,700	0
Transfers Out	(850,000)	(850,000)	(850,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(837,641)</u>	<u>(838,300)</u>	<u>(838,300)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(145,006)	(250,874)	(206,916)	43,958
<i>Fund Balance at Beginning of Year</i>	621,848	621,848	621,848	0
Prior Year Encumbrances Appropriated	30,748	30,748	30,748	0
<i>Fund Balance at End of Year</i>	<u>\$507,590</u>	<u>\$401,722</u>	<u>\$445,680</u>	<u>\$43,958</u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Parks and Recreation Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$188,736	\$45,169	\$45,169	\$0
Rent	800	4,554	4,554	0
Other	521	798	798	0
<i>Total Revenues</i>	190,057	50,521	50,521	0
Expenditures				
Current:				
Leisure Time Activities	182,689	188,301	170,055	18,246
Capital Outlay	0	5,895	5,895	0
Debt Service:				
Principal Retirement	4,874	4,392	1,992	2,400
Interest and Fiscal Charges	0	481	481	0
<i>Total Expenditures</i>	187,563	199,069	178,423	20,646
<i>Excess of Revenues Over (Under) Expenditures</i>	2,494	(148,548)	(127,902)	20,646
Other Financing Sources (Uses)				
Transfers In	150,000	150,000	150,000	0
Transfers Out	(16,740)	(16,740)	(16,740)	0
<i>Total Other Financing Sources (Uses)</i>	133,260	133,260	133,260	0
<i>Net Change in Fund Balance</i>	135,754	(15,288)	5,358	20,646
<i>Fund Balance at Beginning of Year</i>	159,502	159,502	159,502	0
Prior Year Encumbrances Appropriated	19,848	19,848	19,848	0
<i>Fund Balance at End of Year</i>	\$315,104	\$164,062	\$184,708	\$20,646

City of Huber Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Prevention, Retention and Contingency - Development Reserve Fund
 For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property	102,025	102,025	0	102,025
<i>Total Expenditures</i>	102,025	102,025	0	102,025
<i>Excess of Revenues Under Expenditures</i>	(102,025)	(102,025)	0	102,025
Other Financing Sources				
Advances In	102,025	102,025	102,025	0
<i>Total Other Financing Sources</i>	102,025	102,025	102,025	0
<i>Net Change in Fund Balance</i>	0	0	102,025	102,025
<i>Fund Balance at Beginning of Year</i>	0	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$102,025	\$102,025

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$88,905	\$94,741	\$94,741	\$0
Interest	306	622	622	0
<i>Total Revenues</i>	89,211	95,363	95,363	0
Expenditures				
Current:				
Transportation	46,532	46,532	46,532	0
<i>Total Expenditures</i>	46,532	46,532	46,532	0
<i>Excess of Revenues Over Expenditures</i>	42,679	48,831	48,831	0
Other Financing Uses				
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Uses</i>	(25,000)	(25,000)	(25,000)	0
<i>Net Change in Fund Balance</i>	17,679	23,831	23,831	0
<i>Fund Balance at Beginning of Year</i>	42,455	42,455	42,455	0
Prior Year Encumbrances Appropriated	36	36	36	0
<i>Fund Balance at End of Year</i>	\$60,170	\$66,322	\$66,322	\$0

City of Huber Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance and Repair Fund
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,093,129	\$1,168,477	\$1,168,477	\$0
Interest	4,400	8,061	8,061	0
Other	2,751	4,136	4,136	0
<i>Total Revenues</i>	<u>1,100,280</u>	<u>1,180,674</u>	<u>1,180,674</u>	<u>0</u>
Expenditures				
Current:				
Transportation	948,053	897,882	868,524	29,358
Capital Outlay	0	41,698	41,698	0
Debt Service:				
Principal Retirement	1,380	1,114	1,114	0
Interest and Fiscal Charges	0	266	266	0
<i>Total Expenditures</i>	<u>949,433</u>	<u>940,960</u>	<u>911,602</u>	<u>29,358</u>
<i>Excess of Revenues Over Expenditures</i>	<u>150,847</u>	<u>239,714</u>	<u>269,072</u>	<u>29,358</u>
Other Financing Uses				
Transfers Out	(225,000)	(225,000)	(225,000)	0
<i>Total Other Financing Uses</i>	<u>(225,000)</u>	<u>(225,000)</u>	<u>(225,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(74,153)	14,714	44,072	29,358
<i>Fund Balance Beginning of Year</i>	432,613	432,613	432,613	0
Prior Year Encumbrances Appropriated	59,715	59,715	59,715	0
<i>Fund Balance End of Year</i>	<u>\$418,175</u>	<u>\$507,042</u>	<u>\$536,400</u>	<u>\$29,358</u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property and Other Taxes	\$160,000	\$163,724	\$163,724	\$0
Intergovernmental	21,000	21,890	21,890	0
Special Assessments	18,046	18,046	18,046	0
Rent	155,356	135,936	135,936	0
<i>Total Revenues</i>	<u>354,402</u>	<u>339,596</u>	<u>339,596</u>	<u>0</u>
Expenditures				
Current:				
General Government	10,000	2,503	2,503	0
Debt Service:				
Principal Retirement	4,332,960	4,454,000	4,454,000	0
Interest and Fiscal Charges	598,844	455,930	455,930	0
Issuance Costs	4,856	8,627	8,627	0
<i>Total Expenditures</i>	<u>4,946,660</u>	<u>4,921,060</u>	<u>4,921,060</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,592,258)</u>	<u>(4,581,464)</u>	<u>(4,581,464)</u>	<u>0</u>
Other Financing Sources				
General Obligation Notes Issued	3,187,506	3,720,711	3,720,711	0
Premium from General Obligation Notes Issued	16,946	29,933	29,933	0
Transfers In	1,404,698	1,426,438	1,426,438	0
<i>Total Other Financing Sources</i>	<u>4,609,150</u>	<u>5,177,082</u>	<u>5,177,082</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	16,892	595,618	595,618	0
<i>Fund Balance at Beginning of Year</i>	673,918	673,918	673,918	0
Prior Year Encumbrances Appropriated	4,856	4,856	4,856	0
<i>Fund Balance at End of Year</i>	<u>\$695,666</u>	<u>\$1,274,392</u>	<u>\$1,274,392</u>	<u>\$0</u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Equipment Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
General Government	1,018	1,018	1,018	0
<i>Total Expenditures</i>	1,018	1,018	1,018	0
<i>Net Change in Fund Balance</i>	(1,018)	(1,018)	(1,018)	0
<i>Fund Balance at Beginning of Year</i>	500	500	500	0
Prior Year Encumbrances Appropriated	1,017	1,017	1,017	0
<i>Fund Balance at End of Year</i>	\$499	\$499	\$499	\$0

City of Huber Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Economic Development/Government Equity Improvement Fund
 For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$33,497	\$270,866	\$270,866	\$0
Other	6,000	6,000	6,000	0
<i>Total Revenues</i>	<u>39,497</u>	<u>276,866</u>	<u>276,866</u>	<u>0</u>
Expenditures				
Capital Outlay	77,057	327,057	327,057	0
<i>Total Expenditures</i>	<u>77,057</u>	<u>327,057</u>	<u>327,057</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(37,560)</u>	<u>(50,191)</u>	<u>(50,191)</u>	<u>0</u>
Other Financing Sources (Uses)				
Advances In	0	250,000	250,000	0
Transfers Out	0	(1,801)	(1,801)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>248,199</u>	<u>248,199</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(37,560)	198,008	198,008	0
<i>Fund Balance at Beginning of Year</i>	60,503	60,503	60,503	0
Prior Year Encumbrances Appropriated	<u>65,057</u>	<u>65,057</u>	<u>65,057</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$88,000</u></u>	<u><u>\$323,568</u></u>	<u><u>\$323,568</u></u>	<u><u>\$0</u></u>

City of Huber Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Federal Equity Sharing Fund
 For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$3,011	\$3,011	\$0
Fines, Licenses and Permits	0	783	783	0
Interest	0	43	43	0
<i>Total Revenues</i>	<u>0</u>	<u>3,837</u>	<u>3,837</u>	<u>0</u>
Expenditures				
Capital Outlay	1,506	1,506	967	539
<i>Total Expenditures</i>	<u>1,506</u>	<u>1,506</u>	<u>967</u>	<u>539</u>
<i>Net Change in Fund Balance</i>	(1,506)	2,331	2,870	539
<i>Fund Balance at Beginning of Year</i>	1,345	1,345	1,345	0
Prior Year Encumbrances Appropriated	630	630	630	0
<i>Fund Balance at End of Year</i>	<u>\$469</u>	<u>\$4,306</u>	<u>\$4,845</u>	<u>\$539</u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Capital Equipment Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$360,582	\$360,582	\$360,582	\$0
Other	0	4	4	0
<i>Total Revenues</i>	<u>360,582</u>	<u>360,586</u>	<u>360,586</u>	<u>0</u>
Expenditures				
Capital Outlay	129,325	193,140	193,021	119
Debt Retirement:				
Principal Retirement	60,000	62,800	62,800	0
Interest and Fiscal Charges	4,023	1,223	1,223	0
<i>Total Expenditures</i>	<u>193,348</u>	<u>257,163</u>	<u>257,044</u>	<u>119</u>
<i>Excess of Revenues Over Expenditures</i>	<u>167,234</u>	<u>103,423</u>	<u>103,542</u>	<u>119</u>
Other Financing Uses				
Transfers Out	(174,160)	(174,160)	(174,160)	0
<i>Total Other Financing Uses</i>	<u>(174,160)</u>	<u>(174,160)</u>	<u>(174,160)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(6,926)	(70,737)	(70,618)	119
<i>Fund Balance at Beginning of Year</i>	117,484	117,484	117,484	0
Prior Year Encumbrances Appropriated	6,963	6,963	6,963	0
<i>Fund Balance at End of Year</i>	<u>\$117,521</u>	<u>\$53,710</u>	<u>\$53,829</u>	<u>\$119</u>

City of Huber Heights, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$977,751	\$1,003,889	\$1,003,889	\$0
Interest	3,773	11,224	11,224	0
<i>Total Revenues</i>	<u>981,524</u>	<u>1,015,113</u>	<u>1,015,113</u>	<u>0</u>
Expenditures				
Capital Outlay	1,342,865	1,702,779	1,507,982	194,797
<i>Total Expenditures</i>	<u>1,342,865</u>	<u>1,702,779</u>	<u>1,507,982</u>	<u>194,797</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(361,341)</u>	<u>(687,666)</u>	<u>(492,869)</u>	<u>194,797</u>
Other Financing Sources (Uses)				
Special Assessment Notes Issued	1,500,000	1,500,000	1,500,000	0
Transfers Out	(919,965)	(1,213,000)	(1,213,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>580,035</u>	<u>287,000</u>	<u>287,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	218,694	(400,666)	(205,869)	194,797
<i>Fund Balance at Beginning of Year</i>	447,252	447,252	447,252	0
Prior Year Encumbrances Appropriated	92,865	92,865	92,865	0
<i>Fund Balance at End of Year</i>	<u>\$758,811</u>	<u>\$139,451</u>	<u>\$334,248</u>	<u>\$194,797</u>

City of Huber Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Local Law Enforcement Block Grant Fund
 For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$12,096	\$12,101	\$12,101	\$0
Interest	0	42	42	0
<i>Total Revenues</i>	<u>12,096</u>	<u>12,143</u>	<u>12,143</u>	<u>0</u>
Expenditures				
Capital Outlay	13,446	13,493	13,052	441
<i>Total Expenditures</i>	<u>13,446</u>	<u>13,493</u>	<u>13,052</u>	<u>441</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,350)</u>	<u>(1,350)</u>	<u>(909)</u>	<u>441</u>
Other Financing Sources				
Transfers In	1,345	1,345	1,345	0
<i>Total Other Financing Sources</i>	<u>1,345</u>	<u>1,345</u>	<u>1,345</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(5)	(5)	436	441
<i>Fund Balance at Beginning of Year</i>	<u>5</u>	<u>5</u>	<u>5</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$441</u>	<u>\$441</u>

City of Huber Heights, Ohio
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Street Capital Improvement Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$1,160,054	\$1,145,732	\$1,145,732	\$0
Other	0	42	42	0
<i>Total Revenues</i>	<u>1,160,054</u>	<u>1,145,774</u>	<u>1,145,774</u>	<u>0</u>
Expenditures				
Capital Outlay	1,251,834	1,279,134	1,251,874	27,260
<i>Total Expenditures</i>	<u>1,251,834</u>	<u>1,279,134</u>	<u>1,251,874</u>	<u>27,260</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(91,780)</u>	<u>(133,360)</u>	<u>(106,100)</u>	<u>27,260</u>
Other Financing Sources (Uses)				
Advances Out	(800,000)	(800,000)	(800,000)	0
Transfers In	623,654	673,654	673,654	0
<i>Total Other Financing Sources (Uses)</i>	<u>(176,346)</u>	<u>(126,346)</u>	<u>(126,346)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(268,126)	(259,706)	(232,446)	27,260
<i>Fund Balance at Beginning of Year</i>	1,869,407	1,869,407	1,869,407	0
Prior Year Encumbrances Appropriated	51,834	51,834	51,834	0
<i>Fund Balance at End of Year</i>	<u>\$1,653,115</u>	<u>\$1,661,535</u>	<u>\$1,688,795</u>	<u>\$27,260</u>

STATISTICAL SECTION

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

City of Huber Heights, Ohio
Government-wide Expenses for Governmental Activities by Function
Last Four Years (1)

<u>Year</u>	<u>Security of Persons and Property</u>	<u>Public Health</u>	<u>Leisure Time Activities</u>	<u>Community Environment</u>	<u>Transportation</u>	<u>General Government</u>	<u>Interest and Fiscal Charges</u>	<u>Total</u>
2004	\$12,334,576	\$0	\$206,014	\$973,583	\$7,253,184	\$3,072,859	\$935,657	\$24,775,873
2003	12,232,059	0	252,634	956,321	6,377,671	3,139,385	976,918	23,934,988
2002	12,468,716	27,142	310,037	915,387	6,145,863	2,822,899	931,452	23,621,496
2001	10,898,790	40,954	231,707	755,132	5,480,981	2,491,396	1,141,978	21,040,938

Source: Finance Department, City of Huber Heights

(1) The City first reported government-wide information in 2001.

City of Huber Heights, Ohio
Government-wide Revenues For Governmental Activities
Last Four Years (1)

Year	Program Revenues			General Revenues					Total	
	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Property and Other Taxes	Municipal Income Tax	Entitlements not Restricted to Specific Programs	Unrestricted Investment Earnings	Change in Fair Value of Investments		Other
2004	\$2,350,690	\$1,640,456	\$9,398,793	\$3,705,116	\$10,621,943	\$1,662,720	\$273,764	(\$13,643)	\$28,772	\$29,668,611
2003	1,691,829	1,402,598	2,520,528	3,781,766	10,400,353	2,080,752	224,674	(3,134)	147,010	22,246,376
2002	1,522,522	1,663,098	509,504	3,618,766	11,344,954	1,360,770	319,967	7,158	76,571	20,423,310
2001	1,258,945	4,013,074	2,417,015	3,559,033	11,136,101	1,406,293	725,525	6,970	318,329	24,841,285

Source: Finance Department, City of Huber Heights

(1) The City first reported government-wide information in 2001.

City of Huber Heights, Ohio
General Fund Expenditures by Function
Last Ten Years

<u>Year</u>	<u>Security of Persons and Property</u>	<u>Community Environment</u>	<u>General Government</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
2004	\$732,357	\$983,752	\$2,948,883	\$60,730	\$29,628	\$4,755,350
2003	707,349	960,001	3,017,299	0	52,977	4,737,626
2002	659,494	888,614	2,658,245	0	72,652	4,279,005
2001	567,956	665,905	2,475,884	0	68,992	3,778,737
2000	556,929	763,555	1,886,630	1,980	40,228	3,249,322
1999	528,953	785,725	1,619,416	0	5,732	2,939,826
1998	662,453	689,672	1,807,028	0	0	3,159,153
1997	569,493	570,328	1,536,869	0	0	2,676,690
1996	537,764	531,017	1,827,426	0	19,797	2,916,004
1995	549,248	522,813	1,242,241	0	19,797	2,334,099

Source: Finance Department, City of Huber Heights

City of Huber Heights, Ohio
General Fund Revenues by Source
Last Ten Years

Year	Municipal Income Taxes	Property and Other Taxes	Inter- governmental	Charges for Services	Fines, Licenses and Permits	Interest	(1) Rent	Increase/ Decrease in Fair Value of Investments	Other	Total
2004	\$5,670,902	\$1,176,546	\$1,573,340	\$885,028	\$161,831	\$273,764	\$64,094	(\$13,643)	\$36,644	\$9,828,506
2003	5,386,728	1,158,028	1,568,479	979,372	158,095	224,674	80,370	(3,134)	116,037	9,668,649
2002	5,670,447	1,061,654	1,396,684	1,026,182	161,989	319,967	77,914	7,158	69,445	9,791,440
2001	5,366,293	1,041,788	1,386,289	555,809	201,220	725,525	55,779	6,970	129,676	9,469,349
2000	5,194,247	864,331	1,496,003	55,718	273,752	945,660	70,536	0	24,956	8,925,203
1999	4,904,359	774,811	1,374,714	27,296	425,525	680,478	70,122	0	42,903	8,300,208
1998	4,653,183	733,319	1,420,754	5,644	290,120	678,245	16,990	0	135,417	7,933,672
1997	4,434,218	708,586	1,317,627	96,183	264,200	624,217	0	0	53,643	7,498,674
1996	4,465,498	704,002	1,417,374	147,285	271,653	572,298	0	0	42,419	7,620,529
1995	4,517,167	771,114	947,905	90,529	301,052	564,625	0	0	18,375	7,210,767

Source: Finance Department, City of Huber Heights

(1) - In the Fall of 1998, the court facilities building opened resulting in rent revenue being received from Montgomery County.

City of Huber Heights, Ohio
Property Tax Levies and Collections
Last Ten Years

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	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
2004	\$3,600,236	\$3,523,147	\$111,849	\$3,634,996	100.97%	\$274,856	7.63%
2003	3,568,021	3,496,358	131,403	3,627,761	101.67	303,069	8.49
2002	3,525,977	3,416,463	111,497	3,527,960	100.06	221,850	6.29
2001	3,439,141	3,434,497	107,210	3,541,707	102.98	269,885	7.85
2000	3,447,031	3,273,829	111,825	3,385,654	98.22	149,151	4.33
1999	3,300,077	3,229,470	135,134	3,364,604	101.96	165,157	5.00
1998	3,266,958	3,170,974	139,807	3,310,781	101.34	198,358	6.07
1997	3,208,232	3,137,752	96,593	3,234,345	100.81	190,762	5.95
1996	3,182,737	3,146,459	100,525	3,246,984	102.02	147,385	4.63
1995	3,103,941	3,079,947	1,307	3,081,254	99.27	157,744	5.08

Source: County Auditor, Miami County and Montgomery County, Ohio

(1) - Information not available to exclude intergovernmental revenue from taxes.

City of Huber Heights, Ohio
Assessed Value and Estimated
True Value of Taxable Property
Last Ten Years

Collection Year	(1) Real	(1) Public Utility Personal	(1) Tangible Personal	(1) Total Assessed Value	(2) Estimated Value	Percentage of Assessed Value To Estimated True Value
2004	\$572,399,170	\$15,213,440	\$44,549,069	\$632,161,679	\$1,852,669,015	34.12%
2003	563,795,850	15,292,510	46,288,634	625,376,994	1,829,478,068	34.18
2002	513,377,550	14,896,260	48,161,746	576,435,556	1,697,672,234	33.95
2001	506,112,690	18,757,530	44,793,772	569,663,992	1,634,815,445	34.85
2000	505,690,740	19,512,630	33,406,665	558,610,035	1,600,630,788	34.90
1999	441,485,440	20,958,920	31,724,888	494,169,248	1,421,775,428	34.76
1998	437,165,950	20,254,610	30,855,482	487,088,442	1,401,518,904	34.75
1997	435,244,350	20,358,530	28,809,686	484,412,566	1,379,716,599	35.11
1996	396,710,560	25,425,970	25,921,803	448,058,333	1,275,439,633	35.13
1995	389,441,260	25,893,970	22,760,167	438,095,397	1,233,154,948	35.53

Source: County Auditor; Miami County and Montgomery County, Ohio

(1) Miami County, Ohio information added.

(2) This is calculated by dividing the assessed value by the assessment percentage. The percentages for 2004 were 35 percent for real property, public utility real and 88 percent public utility tangible personal, 25 percent for tangible personal capital assets, and 22 percent for tangible personal inventory.

City of Huber Heights, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)*
Last Ten Years

Collection Year	City Direct Rates					Total	Overlapping Rates			
	General Fund	Fire Fund	Police Fund	G.O. Bond Fund			Huber Heights School District	Montgomery County	Miami Valley Career Technology Center	Montgomery County Public Library
2004	\$1.50	\$4.29	\$5.50	\$0.30		\$11.59	\$54.02	\$18.24	\$2.58	\$0.26
2003	1.50	4.29	5.50	0.33		11.62	54.03	17.24	2.58	0.26
2002	1.50	4.29	5.50	0.35		11.64	54.09	17.24	2.58	0.26
2001	1.50	4.29	5.50	0.39		11.68	54.10	17.24	2.58	0.26
2000	1.50	4.29	5.50	0.40		11.69	54.11	16.64	2.58	0.26
1999	1.50	4.29	5.50	0.45		11.74	47.71	16.64	2.58	0.26
1998	1.50	4.29	5.50	0.47		11.76	47.92	16.64	2.58	0.26
1997	1.50	4.29	5.50	0.47		11.76	47.98	16.64	2.58	0.72
1996	1.50	4.29	5.50	0.50		11.79	48.37	16.64	2.58	0.72
1995	1.50	4.29	5.50	0.50		11.79	48.47	16.64	2.58	0.72

Source: County Auditor; Montgomery County, Ohio

* Assessed valuation for real property is based upon 35% of estimated true value set by county appraisal, and is 22% of listed true value for tangible personal property.

City of Huber Heights, Ohio
Special Assessments Billed and Collected
Last Ten Years

<u>Collection Year</u>	<u>Billed</u>	<u>Amount Collected (1)</u>	<u>Percent Collected</u>
2004	\$914,822	\$783,597	85.66%
2003	790,872	739,065	93.45
2002	719,785	688,373	95.64
2001	627,194	675,401	107.69
2000	683,347	647,440	94.75
1999	639,199	672,486	105.21
1998	666,172	641,300	96.27
1997	648,614	586,871	90.48
1996	623,553	615,156	98.65
1995	603,835	602,998	99.86

Source: County Auditor; Miami County and Montgomery County, Ohio

(1) 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 Huber Heights, Ohio
Ratio of Net General Obligation Bonded Debt
to Assessed Value and Net Bonded Debt Per Capita
Last Ten Years

Collection Year	Population (1)	(2) Assessed Value	Gross Bonded Debt (3)	Debt Service Monies Available (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
2004	38,212	\$632,161,679	\$7,670,000	\$1,356,175	\$6,313,825	1.00%	\$165.23
2003	38,212	625,376,994	8,470,000	756,494	7,713,506	1.23	201.86
2002	38,686	576,435,556	9,265,000	725,299	8,539,701	1.48	220.74
2001	38,686	569,663,992	10,030,000	722,183	9,307,817	1.63	240.60
2000	38,686	558,610,035	10,516,673	609,472	9,907,201	1.77	256.09
1999	38,212	494,169,248	11,107,605	575,678	10,531,927	2.13	275.62
1998	38,939	487,088,442	11,873,537	466,383	11,407,154	2.34	292.95
1997	38,939	484,412,566	12,573,728	320,150	12,253,578	2.53	314.69
1996	38,939	448,058,333	9,493,919	287,372	9,206,547	2.05	236.44
1995	40,663	438,095,397	10,040,368	255,822	9,784,546	2.23	240.63

Source: (1) U.S. Census Reports, provided by the Miami Valley Regional Planning Commission.

(2) Miami County, Ohio information added.

(3) Includes only general obligation bonded debt payable from property taxes.

(4) Excludes debt service money available to pay special assessment bonded debt.

City of Huber Heights, Ohio
Computation of Overall Legal Debt Margin
December 31, 2004

Assessed Value		<u><u>\$632,161,679</u></u>
Overall Debt Limitation		
10 1/2 Percent of Assessed Valuation		\$66,376,976
Total Voted and Unvoted Debt Outstanding at December 31, 2004	41,071,547	
Less: Exempt Debt		
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Special Assessments	(6,515,000)	
Unvoted General Obligation Bonds to be Paid from Enterprise Fund Revenue	(8,805,517)	
Bond Anticipation Note Payable from Special Assessments	(9,309,000)	
Long-Term Loans to be Paid from Enterprise Fund Revenue	(71,491)	
Unvoted OWDA Loans to be Paid from Enterprise Fund Revenue	<u>(4,473,566)</u>	
Debt Within 10 1/2 Percent Limitation	11,896,973	
Less: Bond Retirement Fund Balance	<u>(1,356,175)</u>	
Net Debt Subject to 10 1/2 Percent Limitation		<u>10,540,798</u>
Legal Debt Margin Within 10 1/2 Percent Limitation		<u><u>\$55,836,178</u></u>

City of Huber Heights, Ohio
Computation of Unvoted Legal Debt Margin
December 31, 2004

Assessed Value		<u>\$632,161,679</u>
Unvoted Debt Limitation 5 1/2 Percent of Assessed Valuation		\$34,768,892
Total Unvoted Debt Outstanding at December 31, 2004	39,876,547	
Less: Exempt Debt		
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Special Assessments	(6,515,000)	
Unvoted General Obligation Bonds to be Paid from Enterprise Fund Revenue	(8,805,517)	
Bond Anticipation Note Payable from Special Assessments	(9,309,000)	
Long-Term Loans to be Paid from Enterprise Fund Revenue	(71,491)	
Unvoted OWDA Loans to be Paid from Enterprise Fund Revenue	<u>(4,473,566)</u>	
Debt Within 5 1/2 Percent Limitations	10,701,973	
Less: Bond Retirement Fund Balance	<u>(1,356,175)</u>	
Net Debt Within 5 1/2 Percent Limitation		<u>9,345,798</u>
Legal Debt Margin Within 5 1/2 Percent Limitation		<u>\$25,423,094</u>

City of Huber Heights, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2004

Jurisdiction	Net Debt Outstanding	Percentage Applicable To City of Huber Heights	Amount Applicable To City of Huber Heights
City of Huber Heights (1)	\$6,313,825	100.00%	\$6,313,825
Miami County (2)	6,962,847	0.47	32,725
Montgomery County (3)	32,892,639	8.31	2,733,378
			<u>\$9,079,929</u>

Source: (1) Finance Department, City of Huber Heights

(2) County Auditor; Miami County, Ohio

(3) County Auditor; Montgomery County, Ohio

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

City of Huber Heights, Ohio
*Ratio of Annual Debt Principal and Interest Expenditures
for General Obligation Bonded Debt to Total
General Fund Expenditures
Last Ten Years*

Year	Debt Principal and Interest (1)	General Fund Expenditures	Ratio
2004	\$1,195,804	\$4,755,350	25.15%
2003	1,220,109	4,737,626	25.75
2002	1,225,447	4,279,005	28.64
2001	5,868,536	3,778,737	155.30
2000	1,247,630	3,249,322	38.40
1999	1,474,386	2,939,826	50.15
1998	1,451,531	3,159,153	45.95
1997	1,266,119	2,676,690	47.30
1996	1,176,210	2,916,004	40.34
1995	1,172,709	2,334,099	50.24

Source: Finance Department, City of Huber Heights

(1) Includes only general obligation debt payable from property taxes

City of Huber Heights, Ohio
Revenue Bond Coverage - Water Fund
Last Ten Years

Year	Revenues (1)	Operating Expenses (2)	Net Revenue Available Debt Service	Debt Service Requirements			Coverage (4)
				Principal	Interest	Total	
2004	\$4,316,193	\$1,902,642	\$2,413,551	\$575,000	\$270,393	\$845,393	2.85
2003	3,866,239	1,512,079	2,354,160	530,000	295,297	825,297	2.85
2002	2,818,787	1,585,137	1,233,650	490,000	317,843	807,843	1.53
2001	2,999,195	1,540,875	1,458,320	450,000	338,092	788,092	1.85
2000	2,698,338	1,609,909	1,088,429	410,000	356,133	766,133	1.42
1999	2,809,640	1,597,811	1,211,829	375,000	372,070	747,070	1.62
1998	2,658,508	1,676,010	982,498	340,000	386,010	726,010	1.35
1997	2,692,204	1,647,285	1,044,919	310,000	398,410	708,410	1.48
1996	3,494,101	2,109,158	1,384,943	210,000	492,057	702,057	1.97
1995 (3)	878,166	539,455	338,711	0	0	0	(3)

Source: Finance Department, City of Huber Heights

- (1) - Total revenues including non-operating revenues, capital contributions and transfers.
- (2) - Total operating expenses exclusive of depreciation.
- (3) - 1995 is the first year that the City had revenue bonds. Payments began in 1996.
- (4) - The City's bond covenant states that coverage must be at least 1.15 of the aggregate amount of principal and interest requirements on the bonds.

City of Huber Heights, Ohio
Demographic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Montgomery County (3)</u>
2004	38,212	6,761	6.20%
2003	38,212	6,826	6.30
2002	38,686	6,888	5.60
2001	38,686	7,045	4.30
2000	38,686	7,228	3.80
1999	38,212	7,288	3.80
1998	38,939	7,410	4.10
1997	38,939	7,373	4.00
1996	38,939	7,471	4.40
1995	40,663	7,602	4.00

Source: (1) U.S. Census Reports

Source: (2) Huber Heights City School District Board of Education.

Source: (3) Ohio Bureau of Employment Services

City of Huber Heights, Ohio
Property Values, Construction, and Bank Deposits
Last Ten Years

Year	Property Values (1)	Residential Construction		Commercial Construction		County Bank Deposits (3)
		Number of Permits (4)	Value (2)	Number of Permits (4)	Value (2)	
2004	\$1,635,426,200	142	\$25,239,642	8	\$8,254,991	\$250,930,000
2003	1,610,845,286	124	16,677,665	13	17,246,476	249,614,000
2002	1,466,793,000	130	17,884,051	40	4,055,575	241,447,000
2001	1,446,036,257	105	14,828,136	11	4,531,034	224,099,000
2000	1,444,830,686	77	25,533,338	3	1,857,949	191,473,000
1999	1,261,386,971	46	7,236,860	4	6,394,747	2,994,378,000
1998	1,249,045,571	47	6,915,432	4	12,101,329	3,264,705,000
1997	1,243,555,286	35	4,526,863	4	5,018,225	3,530,314,000
1996	1,133,458,743	38	5,328,346	5	2,947,093	3,899,145,000
1995	1,112,689,314	34	5,287,979	9	3,375,725	3,995,114,000

(1) Estimated actual real property values (Public Utility Real Property not included). Miami County, Ohio information added.

Source: (2) City of Huber Heights Planning and Zoning Department.

Source: (3) Federal Reserve Bank of Cleveland. No main office in the City of Huber Heights.

(3) Decrease for 2000 due to bank restructuring. Deposits at end of year are no longer held in Montgomery County, but in Cuyahoga County.

City of Huber Heights, Ohio

Principal Taxpayers

December 31, 2004

<u>Taxpayer</u>	<u>2003 Real Property Assessed Valuation (Tax Duplicate) For Collection in 2004</u>	<u>Percentage of Total Assessed Valuation</u>
1. Kir Huber Heights L P	\$8,788,660	1.39%
2. Dayton Power and Light Company	7,863,380	1.24
3. Ohio Bell Telephone	4,081,730	0.65
4. Lowe's Home Center Incorporated	3,108,170	0.49
5. National Amusement Incorporated	2,883,660	0.46
6. Target Corporation	2,296,550	0.36
7. C. H. Huber Enterprise Incorporated	2,065,460	0.33
8. Wal-Mart Stores Incorporated	1,970,630	0.31
9. Trimble Navigation Limit	1,585,050	0.25
10. Developers Diversified	<u>1,377,620</u>	<u>0.22</u>
Total	<u><u>\$36,020,910</u></u>	<u><u>5.70%</u></u>

Source: County Auditor; Montgomery County, Ohio

City of Huber Heights, Ohio

Miscellaneous Statistics

December 31, 2004

Year of Incorporation	1981
Form of Government	Council/Manager
Number of Employees (excluding police and fire)	
Full-Time	65
Part-Time	13
Seasonal	24
Area	22.06 Square Miles
Miles of Streets	173.5 Miles
Number of Street Lights	2,348
Recreation and Culture:	
Number of Parks	13
Libraries	1
Fire Protection:	
Number of Stations	2
Number of Fire Personnel and Officers	52
Number of Volunteers	1
Number of Fire Calls	1,091
Number of EMS Calls	3,879
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	55
Number of Dispatchers	11
Number of Calls	55,754
Sewer and Water:	
Miles of Sanitary Sewers	138.66
Miles of Storm Sewers	131.49
Miles of Water Lines	146.12

FINANCIAL STATEMENTS (CONTINUED)

City of Huber Heights, Ohio
Labor Force and Unemployment Rates
Last 25 Years

Year	Montgomery County		Miami County (1)		Dayton-Springfield M.S.A. (2)		Ohio (3)		U.S.A. (4)	
	Labor Force (5)	Unemployment Rate (6)	Labor Force (5)	Unemployment Rate (6)	Labor Force (5)	Unemployment Rate (6)	Labor Force (5)	Unemployment Rate (6)	Labor Force (5)	Unemployment Rate (6)
2004	288.6	6.2 %	56.8	5.4 %	449.0	5.9 %	5,884.8	6.1 %	5,884.8	5.5 %
2003	279.5	6.3	51.3	6.3	475.0	6.2	5,915.0	6.1	5,915.0	6.0
2002	278.6	5.6	51.3	5.8	473.8	5.6	5,828.0	5.7	5,828.0	5.8
2001	284.9	4.3	56.7	4.1	480.7	4.3	5,857.0	4.3	5,857.0	4.8
2000	278.8	3.8	56.4	3.4	470.4	3.8	5,783.0	4.1	5,783.0	4.0
1999	278.5	3.8	50.5	3.9	471.0	3.8	5,749.0	4.3	5,749.0	4.2
1998	281.0	4.1	50.3	3.7	470.2	3.9	5,678.0	4.3	5,678.0	4.5
1997	284.5	4.0	51.2	4.4	477.3	4.1	5,707.0	4.6	5,707.0	4.9
1996	283.2	4.4	50.5	4.3	473.7	4.5	5,643.0	4.9	5,643.0	5.4
1995	282.5	4.0	49.9	3.7	471.5	4.0	5,584.4	4.8	5,584.4	5.6
1994	284.0	4.9	49.4	4.1	469.0	4.8	5,541.2	5.5	5,541.2	6.1
1993	284.8	6.4	49.1	6.1	471.1	6.5	5,431.8	7.8	5,431.8	7.6
1992	288.5	6.4	49.0	6.7	477.1	6.5	5,490.0	7.2	5,490.0	7.4
1991	289.4	5.7	49.0	6.2	474.4	5.8	5,440.0	6.4	5,440.0	6.7
1990	290.7	5.2	49.1	5.8	476.8	5.3	5,433.0	5.7	5,433.0	5.5
1989	292.2	5.1	48.5	5.1	498.6	5.1	5,419.0	5.5	5,419.0	5.3
1988	287.7	5.3	47.3	4.8	469.0	5.2	5,322.0	6.0	5,322.0	5.5
1987	283.3	5.6	47.1	6.2	463.8	5.6	5,253.0	7.0	5,253.0	6.2
1986	282.3	6.5	46.7	7.2	462.0	6.6	5,232.0	8.1	5,232.0	7.0
1985	274.9	7.0	45.8	7.8	450.4	7.2	5,135.0	8.9	5,135.0	7.2
1984	266.8	8.0	42.9	9.5	440.1	8.0	5,089.0	9.4	5,089.0	7.5
1983	265.2	10.5	42.6	11.5	438.5	10.6	5,099.0	12.2	5,099.0	9.6
1982	270.0	11.5	42.9	12.0	391.8	11.4	5,114.0	12.5	5,114.0	9.7
1981	269.5	8.5	42.9	9.0	390.8	8.4	5,100.0	9.6	5,100.0	7.6
1980	269.4	7.7	42.6	7.7	390.2	7.5	5,089.0	8.4	5,089.0	7.1

NOTES: (1) The City is situated in both Miami and Montgomery Counties. This is the first year that Miami County has been reported.

(2) From 1980 through 1982, the Dayton metropolitan statistical area included Greene, Montgomery, Miami and Preble Counties. From 1983 through the present, the Dayton M.S.A. included Clark, Greene, Montgomery and Miami Counties.

(3) Ohio estimates are based upon county of residence.

(4) Ohio and USA data are seasonally adjusted.

(5) Labor force in thousands.

(6) The unemployment rate is equal to the estimate of unemployed persons divided by the estimated civilian work force which includes workers on strike.

Source: Ohio Job and Family Services, Division of Research and Statistics

City of Huber Heights, Ohio
Principal Employers
Dayton-Springfield Metropolitan Statistical Area
December 31, 2004

Employer	Nature of Activity or Business	Approximate Number of Employees
Wright-Patterson Air Force Base	Military base	22,000
Premier Health Partners	Healthcare	9,000
Kettering Medical Network	Hospital	6,800
Delphi Automotive Systems	Manufacturing	6,681
Montgomery County	Government	5,293
Meijer, Inc.	Grocery and Retail Merchandise	4,967
GM Moraine Assembly Plant	Manufacturing	3,901
AK Steel	Manufacturing	3,750
Dayton Public Schools	Education	3,100
LEXIS-NEXIS	Electronic Information Services	3,000
City of Dayton	Government	2,893
Honda of America Manufacturing, Inc.	Manufacturing	2,800
National City Mortgage	Real Estate Financing	2,380
NCR Corporation	Manufacturing	2,300
Sinclair Community College	Education	2,123
Wright State University	Education	2,026
Frisch's Restaurants, Inc.	Food Service	2,000
Reynolds & Reynolds Co.	Business Information Services	1,834
Upper Valley Medical Center	Healthcare	1,822
Behr Dayton Thermal Products	Manufacturing	1,800
University of Dayton	Education	1,787
Cox-Ohio Publishing	Newspaper Publishing	1,724
Copeland Corporation	Manufacturing	1,700
Veterans Affairs Medical Center	Hospital	1,664
Middletown Regional Hospital	Healthcare	1,577
The Community Hospital	Healthcare	1,540
International Truck and Engine Corporation	Manufacturing	1,525
Childrens Medical Center	Hospital	1,516
Menlo Worldwide Forwarding	Cargo Transportation	1,500
SBC	Communications	1,500

Source: Dayton Business Journal, published December 2004, 2003 Ranking

City of Huber Heights, Ohio
Principal Employers
Based on Income Tax Withholdings
For the Year Ended December 31, 2004

Employer	Nature of Activity or Business
Wright-Patterson Air Force Base	Military Base
Huber Heights City Schools	Education
Trimble Navigation Limit	Laser Manufacturing
A B F Freight Systems	Truck Terminal
Fedex Freight	Package Delivery
City of Huber Heights	City Government
State of Ohio	State Government
AIDA-Dayton Technologies Corp.	Press Manufacturing
Wal-Mart Stores Incorporated	General Merchandise
Coca Cola Enterprises, Inc.	Warehouser and Distributor
Paxar Corporation	Paper Products Manufacturing
Enginetics Corporation	Aerospace Parts
Dayton Freight Lines, Inc.	Truck Terminal
LaserMike, Inc.	Laser Gauging
Huber Investment Corporation	Residential Rental
Bowser Morner	Testing Laboratory
Lowe's Home Center Incorporated	Home Improvement Sales
Kroger Limited	Grocery Store
Tristate Healthcare	Healthcare
Reed Elsevier, Inc.	Data Storage
Dayton Regional Dialysis, Inc.	Healthcare
Fukuvi USA, Inc.	Plastic Building Materials Manufacturing
CBS Personnel Service	Temporary Employment Agency
National City Bank	Banking
Yellow Transportation, Inc.	Truck Terminal
Spherion of Lima, Inc.	Temporary Employment Agency
Dayton Foods LTD	Grocery Store
Metokote Corporation	Powder-coated Metals
Providence Medical Group	Healthcare
Montgomery County	County Government

Source: City of Huber Heights, Division of Taxation, 2004

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer. The City chose not to disclose percentages and number of filers by income level because the City does not require all taxpayers to file a return, therefore, the City does not have, nor can it obtain, this type of information.

City of Huber Heights, Ohio
Municipal Income Tax Receipts
(Cash Basis)
Last Twenty-One Years

	Year	Amount	Percent Change	
(7)	2004	\$11,304,503	(0.87) %	
(6)	2003	11,404,165	0.87	
	2002	11,304,985	3.47	
(5)	2001	10,925,453	10.19	
	2000	9,914,963	13.96	
(4)	1999	8,700,598	6.26	
	1998	8,187,825	6.01	
	1997	7,723,542	3.69	
	1996	7,448,517	0.27	(5.78% Adj) (3)
(2)	1995	7,428,282	37.85	
(1)	1994	5,388,861	45.83	
	1993	3,695,223	6.14	
	1992	3,481,346	11.64	
	1991	3,118,452	3.65	
	1990	3,008,772	5.10	
	1989	2,862,659	6.99	
	1988	2,675,636	15.08	
	1987	2,324,970	7.04	
	1986	2,172,095	25.45	
	1985	1,731,416	30.18	
	1984	1,330,065		

- (1) City taxes increased from 1% to 1.75% effective 1994
- (2) In 1995 the "due date" for payment of withholding taxes was accelerated by approximately 20 days. Therefore in 1995 a portion of revenues, which previously had been due and received in January of the next year, were actually received in December 1995. This resulted in a one time increase in collection in 1995 equivalent to 384 days versus 364 days of collections.
- (3) Adjusted to a normal 364-day year, the City estimates that it would have received approximately \$7,041,400 during 1995 had the accelerated withholding not been implemented. Based upon this adjusted figure, the growth in tax collections comparing 1996 to 1995 would have been approximately 5.78%.
- (4) City tax rate increased from 1.75% to 1.95% on 06/01/99; actual collections were not fully realized until 2000.
- (5) On September 14, 2001, the City of Huber Heights terminated the income tax collection contract with the City of Dayton, establishing a collection office for the City of Huber Heights.
- (6) The City Attorney recently determined that over-the-road, interstate, non-resident truck drivers are not required to have local income taxes withheld. Prior to 2003, trucking companies withheld 100% for these employees. The City later refunded 90% of their withholding.
- (7) 2004 accounts for full year of loss of revenue for over-the-road, interstate, non-resident truck drivers (See Footnote #6). Approximately \$150,000 in withholding taxes normally received each December was not received until January 3, 2005, and is not included in the final 2004 data.

Source: City of Huber Heights Finance Records

City of Huber Heights, Ohio

Voted Property Tax

December 31, 2004

<u>Authorized</u>	<u>Millage Rate</u>		<u>Purpose</u>	<u>Last Collection Year</u>
	<u>Res./Agr.</u>	<u>All Other</u>		
1.000	0.289950	0.345541	Police	Continuing
2.370	0.687181	0.818932	Police	Continuing
0.630	0.183147	0.218260	Police	Continuing
1.500	0.558651	0.624753	Police	Continuing
0.790	0.229060	0.272977	Fire	Continuing
0.420	0.121779	0.145127	Fire	Continuing
0.290	0.084305	0.100469	Fire	Continuing
0.170	0.063322	0.070268	Fire	Continuing
2.250	0.837976	0.937129	Fire	Continuing
0.370	0.138825	0.154105	Fire	Continuing

(1) Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to authorized voted levies so that each levy yields the same amount of property taxes as in the year in which the levy was approved.

Increases to voted levy revenues are restricted to assessments for new construction. The reduction factors are computed annually and applied separately for residential/agricultural property and all other property.

Source: County Auditor; Montgomery County, Ohio

City of Huber Heights, Ohio
Land Use by Acres and Valuation
December 31, 2004

<u>Land Use</u>	<u>Area (in acres) (1)</u>	<u>Percent of Assessed Valuation of Real Property (2004 Valuation) (2)</u>
Residential	6,234	79.13%
Commercial/Industrial	2,186	20.15
Public Utility	184	(a)
Governmental and Other Tax Exempt	1,757	(b)
Agricultural	3,660	0.72
Undeveloped	1,042	(c)

(a) Not available from County Auditor

(b) Not applicable. Exempt from property taxation

(c) Included in above categories.

Source: (1) City of Huber Heights Planning and Development Division, 2004

(2) County Auditor; Miami County and Montgomery County, Ohio

City of Huber Heights, Ohio
Principal Employers
Based on Number of Employees
December 31, 2003 (1)

Employer	Nature of Activity or Business	Approximate Number of Employees
A B F Freight Systems	Truck Terminal	735
Trimble Navigation Limit	Laser Manufacturing	456
Fedex Freight	Package Delivery	300
Wal-Mart Stores Incorporated	General Merchandise	295
Montgomery Development Center	Handicapped Home	214
Coca Cola Enterprises, Inc.	Warehouser & Distributor	210
Lowe's Home Center Incorporated	Home Improvement Sales	200
City of Huber Heights	City Government	198
Spring Creek Nursing Center	Nursing Home	180
Kohl's Department Stores, Inc.	General Merchandise	180
TGI Friday's	Restaurant	160
Bowser Morner	Testing Laboratory	160
Cub Foods	Grocery Store	160
Paxar Corporation	Paper Products Manufacturing	158
LaserMike, Inc.	Laser Gauging	155
Target Corporation	General Merchandise	150
Southdown, Inc.	Cement Company	150
Elder-Beerman Operations LLC	General Merchandise	140
AIDA-Dayton Technologies Corp.	Press Manufacturing	132
Metokote Corporation	Powder-coated Metals	130
Wayne High School	Education	122
Onyx Industrial Services, Inc.	Trucking Company	110
Kroger Limited	Grocery Store	100
Pizzeria Uno	Restaurant	100
K-Mart Corp	General Merchandise	100
Fukuvi USA, Inc.	Plastic Building Materials Manufacturing	95
Dayton Freight Lines, Inc.	Truck Terminal	87
Studebaker Jr. High School	Education	84
Weisenborn Jr. High School	Education	84
U.S. Postal Service	Postal Service	74
Steak 'N Shake	Restaurant	71

Source: City of Huber Heights, Planning and Development Division

(1) 2003 is the latest information available. This information was not updated during 2004.



**Auditor of State
Betty Montgomery**

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800-282-0370

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CITY OF HUBER HEIGHTS

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 21, 2005**