

CITY OF FAIRBORN, OHIO

Single Audit Reports

December 31, 2003



**Auditor of State
Betty Montgomery**

Members of City Council
City of Fairborn
44 W. Hebble Avenue
Fairborn, Ohio 45234

We have reviewed the Independent Auditor's Report of the City of Fairborn, Greene County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

July 28, 2004

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

July 8, 2004

To the Honorable Mayor and City Council:

We have audited the basic financial statements of the City of Fairborn, Ohio (the City), as of and for the year ended December 31, 2003, and have issued our report thereon dated July 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of noncompliance as item 2003-1.

Internal Control Over Financial Reporting

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

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

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

Plattenburg & Associates, Inc.
Certified Public Accountants

City of Fairborn, Ohio
Schedule of Noncompliance
December 31, 2003

Noncompliance Citation
2003-1

The operating statement reflects transfers out of the Street Maintenance and Repair Fund, Cemetary Fund, County Motor Vehicle License Tax Fund, Municipal Probation Services Fund, Tax Increment Fund, Issue II Improvement Fund, Federal Emergency Management Agency (FEMA) Fund, and Self Insurance Fund. Transfers from Special Revenue, Capital Projects and Internal Service funds are not in compliance with the Ohio Revised Code.

We recommend the City pay liabilities directly from the fund incurring the liability, thus eliminating the need for transfers.



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

July 8, 2004

To the Honorable Mayor and City Council:

Compliance

We have audited the compliance of the City of Fairborn, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The City's major federal program is identified in the summary of auditor's results portion of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003.

Internal Control Over Compliance


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

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the City as of and for the year ended December 31, 2003, and have issued our report thereon dated July 8, 2004. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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


Plattenburg & Associates, Inc.
Certified Public Accountants

**CITY OF FAIRBORN, OHIO
DECEMBER 31, 2003**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

CITY OF FAIRBORN, OHIO

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003

Federal Grantor/Pass - Through Grantor, Program Title	Pass Through Entity Number	CFDA	Receipts	Disbursements
<u>United States Department of Justice- Office of Justice Program</u>				
Passed through Bureau of Justice Assistance:				
Local Bulletproof Vest Program	99000177	16.607	\$2,209	\$2,209
Local Law Enforcement Block Grant	2002-LB-BX-1722	16.592	14,149	6,642
Subtotal - Department of Justice			\$16,358	\$8,851
<u>Ohio Attorney General's Office - Crime Victims Services Section</u>				
Passed through Office of Victims of Crime:				
Victims of Crime Act Grant	2003Vagene482	16.582	\$25,026	\$25,026
Subtotal - Ohio Attorney General's Office			\$25,026	\$25,026
<u>Department of Homeland Security</u>				
Passed through Office of Criminal Justice:				
Homeland Security Grant	(1)	97.067	\$40,576	\$40,307
Subtotal - Department of Homeland Security			\$40,576	\$40,307
<u>Federal Emergency Management Agency</u>				
Passed Through Emergency Management Agency:				
FEMA Grant	FEMA-1453-DR-057-2	83.544	22,480	22,480
Subtotal - Federal Emergency Management Agency			\$22,480	\$22,480
<u>United States Department of HUD</u>				
Passed Through Community Planning and Development:				
Comprehensive Housing Improvement Program	A-C-00-118-02	14.239	\$110,730	\$82,103
Community Development Block Grant: Entitlement Grant	B-03-MC-39-0032 B-02-MC-39-0032	14.218 14.218	343,871 380	401,672 94
Subtotal - Department of HUD			\$454,981	\$483,869
<u>United States Department of Transportation - Office of Public Safety</u>				
Passed through National Highway Traffic Safety Administration:				
Highway Safety Grant	1490	20.600	\$22,333	\$22,333
Subtotal - Department of Transportation			\$22,333	\$22,333
TOTALS			\$581,754	\$602,866

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

(1) Information not available

**CITY OF FAIRBORN, OHIO
DECEMBER 31, 2003**

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

The City had no prior audit findings or questioned costs.

Greene County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003

Issued by:
Department of Finance

Bill Kucera
Financial Administrative Services Director



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INTRODUCTORY SECTION





CITY OF FAIRBORN

44 West Hebble Avenue • Fairborn, Ohio 45324-4999

Finance Office

phone (937) 754-3005

fax (937)-754-3115

July 8, 2004

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

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Fairborn, ("the City") for the year ended December 31, 2003. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Introduction

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

The Report

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

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

***Letter of Transmittal
For the Year Ended December 31, 2003***

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

The Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: public safety (police, fire, emergency medical services and public prosecutor), sanitation, social services, culture and recreation, water and sewer, planning and zoning, construction and maintenance of highways, streets and infrastructure, income tax collection, municipal court and general administrative services. City Council and the City Manager have direct responsibility for these activities.

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

The City of Fairborn

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2003***

Economic Condition and Outlook

Fairborn's economic growth continued at a steady pace in 2003 as the City's commercial and industrial sectors rebounded.

The Fairfield Commons Mall and its surrounding area, located adjacent to the City of Fairborn, experienced continued growth during 2003. The growth resulted in additional jobs, which provided employment opportunities throughout the area, including the City of Fairborn. The Fairfield Commons Mall will continue to have a significant effect on Fairborn's economy in 2004 and future years.

The Nutter Center at Wright State University celebrated its 13th anniversary of presenting nationally prominent entertainers such as Cher, Kenny Chesney, George Strait, Creed, Harlem Globetrotters, Circus, Champions on Ice, and others. Concerts by such popular entertainers attract crowds from Ohio, Indiana and Kentucky, bringing additional revenues into the local economy. In addition, the Nutter Center is home to both the Wright State Raiders Basketball team and the Dayton Bombers Hockey team. The Nutter Center has remained among the top venues in the United States.

New Housing in Fairborn was bustling in 2003. Housing starts remained strong, with 175 dwelling units initiated, the vast majority of which were single-family dwellings. Single-family housing development in Fairborn primarily occurred in Fawn Ridge, Brookstone, Cornerstone, Meadowlands and Faircreek Ridge. Work will begin in Chapelgate in 2004 and Waterford Landing in 2005. These two subdivisions will produce over 780 new homes.

Economic diversity is essential to the City of Fairborn. Although the City anticipates no major changes in employment at the Wright Patterson Air Force Base, with the next round of Base Realignment and Closures (BRAC) in 2005, the community must seek a diverse economic base to protect its self-interest. Therefore, compatible economic development for the City of Fairborn remains a top priority.

Major Initiatives

For the Year

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

The City continued an expanded street maintenance program in 2003 with additional funds from the income tax Fund. However, in 2004, these additional funds are not available to subsidize the street maintenance and repair fund. Therefore, only \$134,000 will be available for local street maintenance. The City will maintain the streets as well as control the limited resources.

New development has expanded the City's system of roadways, and the storm drainage, water and sewer systems. With these new developments the City anticipates improved erosion and sediment control as the City enters the Phase II requirements of the Environmental Protection Agency, while monitoring all construction projects.

In addition, an aggressive infiltration and inflow connection program is underway in the sewer system to maintain the quality of infrastructure in the sewer system while the City revises ordinances and improves enforcement of stormwater and sediment control in the City.

***Letter of Transmittal
For the Year Ended December 31, 2003***

For the Future

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

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

Financial Information

Basis of Accounting

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

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

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available) and encumbrances are recorded as expenditures rather than as reservations of fund balances. A reconciliation of the results of these two methods appears in Note 1.

Internal Control Structure and Budgetary Controls

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

CITY OF FAIRBORN, OHIO

Letter of Transmittal For the Year Ended December 31, 2003

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

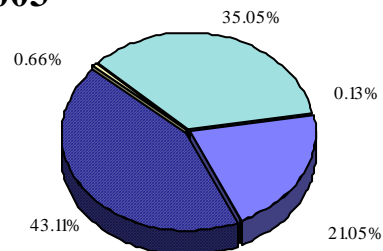
Cash Management

In July 1996, the City adopted changes to its investment policy and hired BondTech, Inc., as an investment consultant. With the guidance of BondTech, the City pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash pursuant to the City's investment policy. The total interest earned was \$273,391 for the year ended December 31, 2003. A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits.

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

<u>Cash Resources</u>	<u>2003</u>	<u>%</u>
Cash	\$3,148,680	21.05
Federal Government Securities	6,449,574	43.11
Investments (City's Debt)	99,663	0.66
STAR Ohio	5,243,676	35.05
Money Market Mutual Funds	19,485	0.13
Total Resources	<u>\$14,961,078</u>	<u>100.00</u>

2003



Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City is a member of the Public Entities Pool of Ohio (PEP), a risk sharing self-insurance pool. The pool consists of 230 local governments who pool risk for property, liability, and public official liability.

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

Since March 1993, the City has been operating only a dental self-insurance program for the Non-Union Personnel. See Note 15 to the financial statements for a more detailed discussion of risk management.

CITY OF FAIRBORN, OHIO

*Letter of Transmittal
For the Year Ended December 31, 2003*

Other Information

Independent Audit

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

Employee Union Contracts

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairborn for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. This was the fourteenth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate for the fiscal year ended December 31, 2003.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the efficient and dedicated services of the entire staff of the Department of Finance and fiscal personnel in other departments. Special appreciation is expressed to Natalie Will and Annetta Williams, Finance Operations Supervisors and supporting staff for their efforts in making this comprehensive financial report readable and ensuring it conforms to the highest standards in governmental reporting. We are grateful for their help in preparing this report. We also thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City of Fairborn in a responsible and progressive manner.

Respectfully submitted,



Bill Kucera
Financial Administrative Services Director

CITY OF FAIRBORN, OHIO

***List of Principal Officials
For the Year Ended December 31, 2003***

COUNCIL - MANAGER FORM OF GOVERNMENT

CITY COUNCIL

Thomas H. Nagel, Mayor

Fredrick L. Pumroy, Deputy Mayor

John B. Skidmore, Council Member
Gary L. Woodward, Council Member
Joan Dautel, Council Member
Frank Cervone, Council Member
Daniel T. Lewis, Council Member

CITY MANAGER

Michael Cornell

CITY SOLICITOR

Michael Mayer

INTERIM FINANCE DIRECTOR

Natalie C. Will

FINANCE OPERATIONS SUPERVISOR

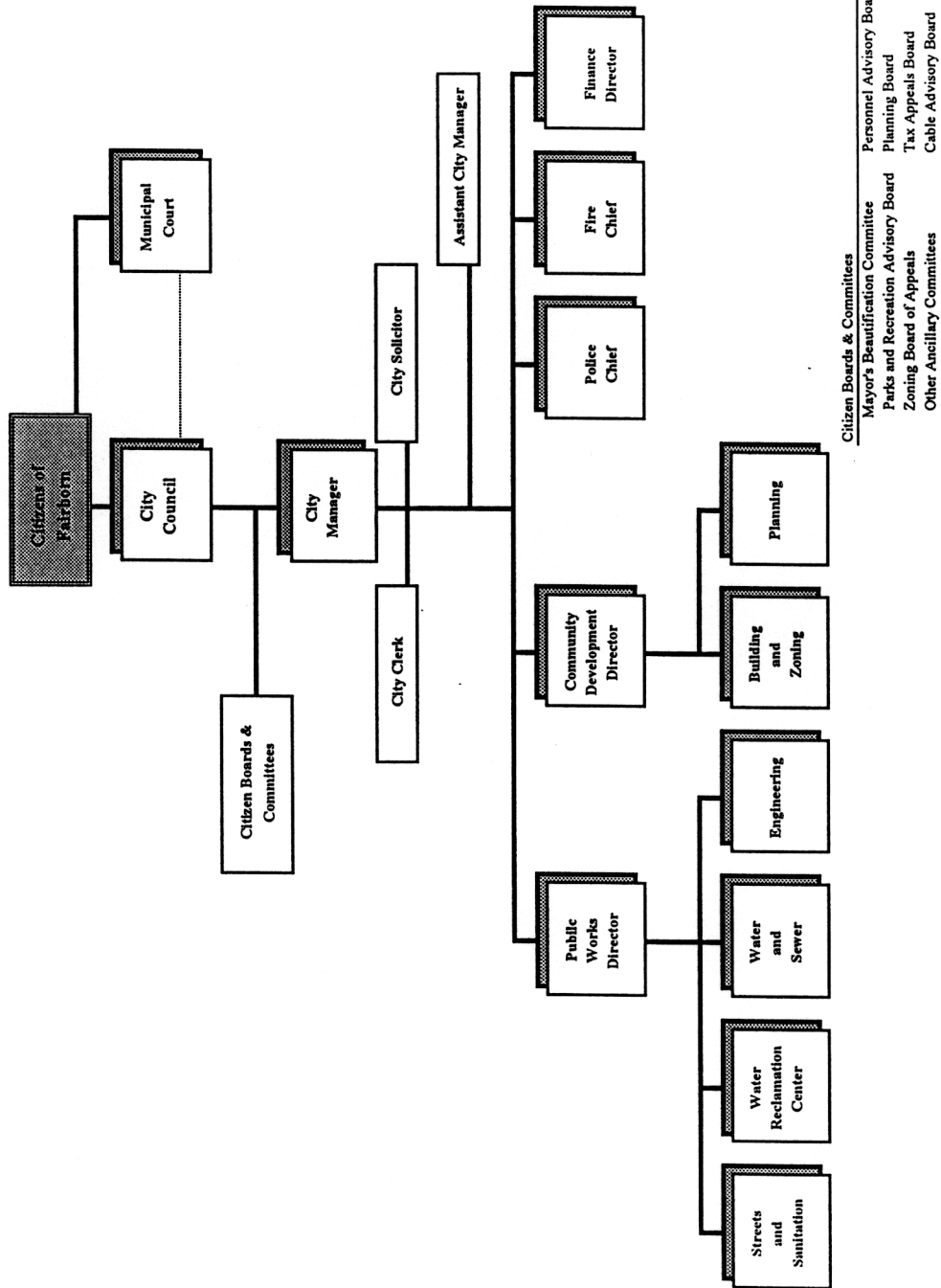
Annetta L. Williams

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Walter W. Plattenburg & Assoc.

CITY OF FAIRBORN, OHIO

City Organizational Chart For the Year Ended December 31, 2003



**Certificate of
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Presented to

**City of Fairborn,
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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Edward Haney

President

Jeffrey R. Enos

Executive Director



FINANCIAL SECTION





July 8, 2004

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Fairborn, Ohio, (the City) as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairborn, Ohio, as of December 31, 2003 and, the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Required Supplementary Information


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

Combining Financial Statements and Individual Fund Schedules

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

Introductory and Statistical Sections

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


Plattenburg & Associates, Inc.
Certified Public Accountants

The discussion and analysis of the City of Fairborn's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2003 are as follows:

- ❑ In total, net assets increased by \$152,850. Net assets of governmental activities decreased by \$398,192, which represents a 0.6% decrease from 2002. Net assets of business-type activities increased by \$551,042, or 4.0% from 2002.
- ❑ General revenues accounted for \$13,482,969 in revenue, or 46.6% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15,454,937, or 53.4% of total revenues of \$28,937,906.
- ❑ The City had \$20,822,036 in expenses related to governmental activities; only \$6,962,011 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,482,969 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$16,933,849 in revenues and \$16,374,667 in expenditures. The general fund's fund balance declined \$537,814. This decrease resulted from a decline in transfers from other funds and lower investment earnings due to low interest rates.
- ❑ Net assets for enterprise funds increased slightly from 2002 to 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net assets as of December 31, 2003 and 2002:

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$18,890,624	\$19,455,473	\$7,665,409	\$8,628,821	\$26,556,033	\$28,084,294
Capital assets, Net	55,958,260	56,275,618	20,550,969	18,939,160	76,509,229	75,214,778
Total assets	74,848,884	75,731,091	28,216,378	27,567,981	103,065,262	103,299,072
Long-term debt outstanding	4,677,027	4,439,449	9,485,132	9,311,902	14,162,159	13,751,351
Other liabilities	4,737,229	5,478,722	4,341,287	4,405,945	9,078,516	9,884,667
Total liabilities	9,414,256	9,918,171	13,826,419	13,717,847	23,240,675	23,636,018
Net assets						
Invested in capital assets, net of related debt	51,699,260	54,620,618	8,410,344	6,384,413	60,109,604	61,005,031
Restricted	8,908,087	2,288,050	0	0	8,908,087	2,288,050
Unrestricted	4,827,281	8,904,252	5,979,615	7,465,721	10,806,896	16,369,973
Total net assets	\$65,434,628	\$65,812,920	\$14,389,959	\$13,850,134	\$79,824,587	\$79,663,054

CITY OF FAIRBORN, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2003 and 2002:

	Governmental		Business-type		Total	
	Activities		Activities			
	2003	2002	2003	2002	2003	2002
Revenues						
Program revenues:						
Charges for Services and Sales	\$5,298,285	\$5,200,942	\$8,492,926	\$8,494,350	\$13,791,211	\$13,695,292
Operating Grants and Contributions	775,560	1,649,218	0	0	775,560	1,649,218
Capital Grants and Contributions	888,166	544,854	0	0	888,166	544,854
General revenues:						
Property Taxes	2,772,262	2,815,556	0	0	2,772,262	2,815,556
Municipal Income Taxes	6,534,126	5,488,820	0	0	6,534,126	5,488,820
Shared Revenues	3,456,098	3,176,277	0	0	3,456,098	3,176,277
Investment Earnings	240,579	392,062	0	0	240,579	392,062
Miscellaneous	479,904	689,280	0	0	479,904	689,280
Total revenues	20,444,980	19,957,009	8,492,926	8,494,350	28,937,906	28,451,359
Program Expenses						
Security of Persons and Property	10,411,559	10,224,571	0	0	10,411,559	10,224,571
Public Health and Welfare Services	161,312	170,269	0	0	161,312	170,269
Leisure Time Activities	204,881	192,053	0	0	204,881	192,053
Community Environment	924,385	876,786	0	0	924,385	876,786
Transportation	962,684	960,594	0	0	962,684	960,594
General Government	7,913,833	7,051,733	0	0	7,913,833	7,051,733
Debt Service:						
Interest and Fiscal Charges	243,382	227,385	0	0	243,382	227,385
Water	0	0	2,528,612	2,686,002	2,528,612	2,686,002
Sewer	0	0	3,408,437	3,664,331	3,408,437	3,664,331
Sanitation	0	0	2,025,971	1,784,814	2,025,971	1,784,814
Total expenses	20,822,036	19,703,391	7,963,020	8,135,147	28,785,056	27,838,538
Excess (deficiency) before						
Transfers and Special Items	(377,056)	253,618	529,906	359,203	152,850	612,821
Transfers	(21,136)	0	21,136	0	0	0
Special Item - Sale of Stock	0	559,980	0	0	0	559,980
Total Change in Net Assets	(398,192)	813,598	551,042	359,203	152,850	1,172,801
Beginning Net Assets	65,832,820	65,019,222	13,838,917	13,479,714	79,671,737	78,498,936
Ending Net Assets	\$65,434,628	\$65,832,820	\$14,389,959	\$13,838,917	\$79,824,587	\$79,671,737

Governmental Activities

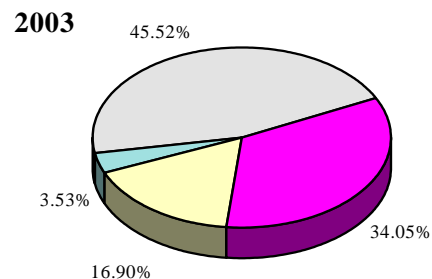
Net assets of the City's governmental activities decreased by \$398,192. This decrease was mainly due to a reduction in federal and state funding for community development activities, as well as a decline in Issue II grant receipts for use in financing capital projects. In addition, during 2003 the City experienced an increase in salaries and wages as it hired a community development director, neighborhood inspector, fire division chief and renegotiated a contract with the Police union.

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

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

Property taxes and income taxes made up 13.58% and 31.99% respectively of revenues for governmental activities for the City in fiscal year 2003. The City's reliance upon tax revenues is demonstrated by the following graph indicating 45.57% of total revenues from general tax revenues:

Revenue Sources	2003	Percent of Total
General Tax Revenues	\$9,306,388	45.52%
Program Revenues	6,962,011	34.05%
Shared Revenues	3,456,098	16.90%
General Other	720,483	3.53%
Total Revenue	\$20,444,980	100.00%



Business-Type Activities

Net assets of the business-type activities increased by \$551,042. The increase was due to many factors, including a decrease in waste disposal expenses because of an N-soil project conducted during 2002 that was not repeated during 2003.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$7,583,949, which is an increase from last year's balance of \$7,151,623. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2003 and 2002:

	Fund Balance <u>December 31, 2003</u>	Fund Balance <u>December 31, 2002</u>	Increase <u>(Decrease)</u>
General	\$4,035,994	\$4,573,808	(\$537,814)
General Bond Retirement	549,673	649,534	(99,861)
Other Governmental	<u>3,054,945</u>	<u>1,928,281</u>	<u>1,126,664</u>
Total	<u><u>\$7,640,612</u></u>	<u><u>\$7,151,623</u></u>	<u><u>\$488,989</u></u>

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

	2003 <u>Revenues</u>	2002 <u>Revenues</u>	Increase <u>(Decrease)</u>
Property Taxes	\$2,513,266	\$2,432,365	\$80,901
Municipal Income Tax	6,481,150	6,150,816	330,334
Intergovernmental Revenues	2,709,772	2,648,924	60,848
Charges for Services	3,411,932	3,247,570	164,362
Licenses and Permits	302,624	245,372	57,252
Investment Earnings	212,503	336,062	(123,559)
Fines and Forfeitures	1,012,527	1,105,497	(92,970)
All Other Revenue	<u>290,075</u>	<u>349,275</u>	<u>(59,200)</u>
Total	<u><u>\$16,933,849</u></u>	<u><u>\$16,515,881</u></u>	<u><u>\$417,968</u></u>

General Fund revenues in 2003 increased approximately 2.5% compared to revenues in fiscal year 2002. The most significant factors contributing to this increase were an increase in municipal income tax collections and a rise in revenues related to the enterprise fund management fee.

	2003 <u>Expenditures</u>	2002 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$9,571,121	\$9,418,101	\$153,020
Public Health and Welfare Services	71,439	74,624	(3,185)
Leisure Time Activities	166,251	124,315	41,936
Community Environment	572,434	477,969	94,465
General Government	5,541,941	5,445,508	96,433
Capital Outlay	446,098	450,082	(3,984)
Debt Service:			
Interest and Fiscal Charges	<u>5,383</u>	<u>301</u>	<u>5,082</u>
Total	<u><u>\$16,374,667</u></u>	<u><u>\$15,990,900</u></u>	<u><u>\$383,767</u></u>

CITY OF FAIRBORN, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2003**

Unaudited

General Fund expenditures increased by \$383,767 or 2.4% over the prior year mostly due to the creation of new personnel positions and the staffing of positions that had been vacant during 2002.

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

During the course of fiscal year 2003 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$16,884,584 did not change over the original budget estimates of \$16,884,584. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2003 the City had \$76,509,229 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$55,958,260 was related to governmental activities and \$20,550,969 to the business-type activities. The following table shows fiscal year 2003 and 2002 balances:

	Governmental Activities		Increase (Decrease)
	2003	2002	
Land	\$11,130,376	\$11,130,376	\$0
Construction in Progress	71,820	0	71,820
Buildings	7,022,912	7,061,976	(39,064)
Improvements Other Than Buildings	730,967	674,267	56,700
Machinery and Equipment	6,334,804	5,694,560	640,244
Vehicles	4,526,026	4,557,947	(31,921)
Infrastructure	60,498,456	59,429,620	1,068,836
Less: Accumulated Depreciation	<u>(34,357,101)</u>	<u>(32,273,128)</u>	<u>(2,083,973)</u>
Totals	<u>\$55,958,260</u>	<u>\$56,275,618</u>	<u>(\$317,358)</u>

	Business-Type Activities		Increase (Decrease)
	2003	2002	
Land	\$400,762	\$400,762	\$0
Construction in Progress	1,391,319	32,996	1,358,323
Buildings and Improvements	34,638,009	32,834,010	1,803,999
Machinery and Equipment	6,434,026	6,253,145	180,881
Vehicles	897,244	875,194	22,050
Less: Accumulated Depreciation	<u>(23,210,391)</u>	<u>(21,456,947)</u>	<u>(1,753,444)</u>
Totals	<u>\$20,550,969</u>	<u>\$18,939,160</u>	<u>\$1,611,809</u>

CITY OF FAIRBORN, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2003

Unaudited

The primary increase in governmental activities' capital assets occurred in infrastructure. The increase resulted from the construction of new streets and storm sewers as well as resurfacing of existing roads. Architectural and engineering services, building renovations, construction, and improvements led to the increases in construction in progress and buildings and improvements in the business-type activities' capital assets. Additional information on the City's capital assets can be found in Note 7.

Debt

At December 31, 2003, the City had \$9,264,324 in bonds outstanding, \$1,061,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2003 and 2002:

	2003	2002
Governmental Activities:		
General Obligation Bonds	\$2,288,000	\$1,770,000
Special Assessment Notes	56,663	85,833
Special Assessment Bonds	1,501,000	1,694,000
Compensated Absences	831,364	889,616
Total Governmental Activities	<u>4,677,027</u>	<u>4,439,449</u>
Business-Type Activities:		
General Obligation Bonds	\$5,475,324	\$4,985,204
Ohio Water Development Authority Loan	3,365,076	3,662,632
Ohio Public Works Commission Loan	200,225	216,911
Compensated Absences	141,222	123,651
Landfill Closure and Postclosure Care	303,285	323,504
Total Business-Type Activities	<u>9,485,132</u>	<u>9,311,902</u>
Totals	<u><u>\$14,162,159</u></u>	<u><u>\$13,751,351</u></u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2003, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

ECONOMIC FACTORS

Commercial and industrial growth grew dramatically in 2003. Several companies announced major expansions. Among the companies announcing plans to relocate to Fairborn were Stickleman, Schneider & Associates, Synergy Development and Hondros College.

National defense policy is of some concern to the City of Fairborn due to its major employer, Wright Patterson Air Force Base. Employment at Wright Patterson remained stable in 2003. Among other duties, the Air Force Base readies Air Force weapons systems worldwide, researches and designs new systems, develops flight vehicle technology and conducts scientific and technical studies on potential threats from major adversaries. All of these tasks are considered essential to the nation's safety; therefore, little, if any, significant change is anticipated in the employment at the air base. In fact, with the next round of Base Realignment and Closures, staff reductions at other bases may create the potential for increases in some functions at Wright Patterson.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Bill Kucera, Financial Administrative Services Director at the City Hall Complex at 44 West Hebble Avenue, Fairborn, Ohio 45324, or call (937) 754-3005 or e-mail at bill.kucera@ci.fairborn.oh.us.



CITY OF FAIRBORN, OHIO

**Statement of Net Assets
December 31, 2003**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,944,728	\$ 2,905,377	\$ 7,850,105
Investments	3,269,289	3,279,948	6,549,237
Receivables:			
Taxes	3,458,525	0	3,458,525
Accounts	590,806	1,026,509	1,617,315
Intergovernmental	1,955,274	0	1,955,274
Interest	42,445	2,526	44,971
Special Assessments	4,514,501	0	4,514,501
Internal Balances	(144,156)	144,156	0
Inventory of Supplies at Cost	208,564	104,563	313,127
Prepays	44,912	10,113	55,025
Restricted Assets:			
Cash and Cash Equivalents	0	178,614	178,614
Cash and Cash Equivalents with Fiscal Agent	5,736	13,603	19,339
Capital Assets:			
Capital Assets Not Being Depreciated	11,202,196	1,792,081	12,994,277
Capital Assets Being Depreciated	44,756,064	18,758,888	63,514,952
Total Assets	74,848,884	28,216,378	103,065,262
Liabilities:			
Accounts Payable	495,733	787,449	1,283,182
Accrued Wages and Benefits	797,960	126,747	924,707
Intergovernmental Payable	623,096	69,363	692,459
Claims Payable	2,143	0	2,143
Matured Bonds & Interest Payable	5,736	13,603	19,339
Refundable Deposits	0	178,614	178,614
Deferred Revenue	2,318,376	0	2,318,376
Accrued Interest Payable	24,185	65,511	89,696
General Obligation Notes Payable	470,000	3,100,000	3,570,000
Long Term Liabilities:			
Due Within One Year	534,609	933,018	1,467,627
Due in More Than One Year	4,142,418	8,552,114	12,694,532
Total Liabilities	9,414,256	13,826,419	23,240,675
Net Assets:			
Invested in Capital Assets, Net of Related Debt	51,699,260	8,410,344	60,109,604
Restricted For:			
Capital Projects	2,248,063	0	2,248,063
Debt Service	5,059,777	0	5,059,777
Other Purposes	1,600,247	0	1,600,247
Unrestricted (Deficit)	4,827,281	5,979,615	10,806,896
Total Net Assets	\$ 65,434,628	\$ 14,389,959	\$ 79,824,587

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

**Statement of Activities
For the Year Ended December 31, 2003**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	\$ 10,411,559	\$ 1,175,583	\$ 266,554	\$ 40,576
Public Health and Welfare Services	161,312	30,715	0	0
Leisure Time Activities	204,881	59,699	0	0
Community Environment	924,385	313,328	489,451	0
Transportation	962,684	0	0	105,000
General Government	7,913,833	3,718,960	19,555	742,590
Interest and Fiscal Charges	243,382	0	0	0
Total Governmental Activities	20,822,036	5,298,285	775,560	888,166
Business-Type Activities:				
Water	2,528,612	2,607,726	0	0
Sewer	3,408,437	4,006,820	0	0
Sanitation	2,025,971	1,878,380	0	0
Total Business-Type Activities	7,963,020	8,492,926	0	0
Totals	\$ 28,785,056	\$ 13,791,211	\$ 775,560	\$ 888,166

General Revenues

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (8,928,846)	\$ 0	\$ (8,928,846)
(130,597)	0	(130,597)
(145,182)	0	(145,182)
(121,606)	0	(121,606)
(857,684)	0	(857,684)
(3,432,728)	0	(3,432,728)
(243,382)	0	(243,382)
<u>(13,860,025)</u>	<u>0</u>	<u>(13,860,025)</u>
0	79,114	79,114
0	598,383	598,383
0	(147,591)	(147,591)
<u>0</u>	<u>529,906</u>	<u>529,906</u>
\$ (13,860,025)	\$ 529,906	\$ (13,330,119)
2,772,262	0	2,772,262
6,534,126	0	6,534,126
3,456,098	0	3,456,098
240,579	0	240,579
479,904	0	479,904
(21,136)	21,136	0
<u>13,461,833</u>	<u>21,136</u>	<u>13,482,969</u>
(398,192)	551,042	152,850
<u>65,832,820</u>	<u>13,838,917</u>	<u>79,671,737</u>
\$ <u>65,434,628</u>	\$ <u>14,389,959</u>	\$ <u>79,824,587</u>

CITY OF FAIRBORN, OHIO

**Balance Sheet
Governmental Funds
December 31, 2003**

	General	General Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,445,735	\$ 229,867	\$ 2,875,733	\$ 4,551,335
Investments	1,985,143	315,631	723,957	3,024,731
Receivables:				
Taxes	3,125,869	134,040	198,616	3,458,525
Accounts	463,705	0	127,101	590,806
Intergovernmental	1,384,612	7,997	540,121	1,932,730
Interest	41,449	712	97	42,258
Special Assessments	0	4,514,501	0	4,514,501
Inventory of Supplies, at Cost	46,229	0	83,727	129,956
Prepaid Items	40,658	0	3,043	43,701
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	5,736	0	5,736
Total Assets	<u>\$ 8,533,400</u>	<u>\$ 5,208,484</u>	<u>\$ 4,552,395</u>	<u>\$ 18,294,279</u>
Liabilities:				
Accounts Payable	\$ 99,751	\$ 531	\$ 367,640	\$ 467,922
Accrued Wages and Benefits Payable	720,648	0	46,618	767,266
Intergovernmental Payable	92,107	0	4,306	96,413
Matured Bonds and Interest Payable	0	5,736	0	5,736
Due to Other Funds	13,974	0	1,676	15,650
Deferred Revenue - Taxes	2,390,850	130,046	154,498	2,675,394
Deferred Revenue	1,139,264	4,522,498	450,491	6,112,253
Compensated Absences Payable	40,812	0	0	40,812
Accrued Interest Payable	0	0	2,221	2,221
General Obligation Notes Payable	0	0	470,000	470,000
Total Liabilities	<u>4,497,406</u>	<u>4,658,811</u>	<u>1,497,450</u>	<u>10,653,667</u>
Fund Balances:				
Reserved for Encumbrances	159,047	590	862,302	1,021,939
Reserved for Prepaid Items	40,658	0	3,043	43,701
Reserved for Supplies Inventory	46,229	0	83,727	129,956
Reserved for Debt Service	0	549,083	8,530	557,613
Unreserved, Undesignated in:				
General Fund	3,790,060	0	0	3,790,060
Special Revenue Funds	0	0	1,118,846	1,118,846
Capital Projects Funds	0	0	978,497	978,497
Total Fund Balances	<u>4,035,994</u>	<u>549,673</u>	<u>3,054,945</u>	<u>7,640,612</u>
Total Liabilities and Funds Balances	<u>\$ 8,533,400</u>	<u>\$ 5,208,484</u>	<u>\$ 4,552,395</u>	<u>\$ 18,294,279</u>

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2003***

Total Governmental Fund Balances \$ 7,640,612

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

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

Capital Assets used in the operation of Governmental Funds	55,567,033	
Capital Assets used in the operation of Internal Service Funds	<u>391,227</u>	55,958,260

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 6,469,271

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

Internal Service Net Assets	1,033,219	
Capital Assets used in the operation of Internal Service Funds	(391,227)	
Compensated Absences Payable related to Internal Service Funds	39,072	
Allocation to Business-Type Activities	<u>(146,368)</u>	534,696

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

General Obligation Bonds Payable	(2,288,000)	
Special Assessment Notes Payable	(56,663)	
Special Assessment Bonds Payable	(1,501,000)	
Compensated Absences Payable related to Governmental Funds	(751,480)	
Compensated Absences Payable related to Internal Service Funds	(39,072)	
Accrued Interest Payable	(21,964)	
Pension Obligation	<u>(510,032)</u>	(5,168,211)

Net Assets of Governmental Activities \$ 65,434,628

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003**

	General	General Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 2,513,266	\$ 89,952	\$ 257,259	\$ 2,860,477
Municipal Income Tax	6,481,150	0	0	6,481,150
Intergovernmental Revenues	2,709,772	10,426	2,142,795	4,862,993
Charges for Services	3,411,932	0	140,709	3,552,641
Licenses and Permits	302,624	0	57,587	360,211
Investment Earnings	212,503	17,899	2,995	233,397
Special Assessments	0	274,019	176,623	450,642
Fines and Forfeitures	1,012,527	0	360,816	1,373,343
All Other Revenue	290,075	27,532	121,708	439,315
Total Revenue	16,933,849	419,828	3,260,492	20,614,169
Expenditures:				
Current:				
Security of Persons and Property	9,571,121	0	405,086	9,976,207
Public Health and Welfare Services	71,439	0	83,570	155,009
Leisure Time Activities	166,251	0	3,872	170,123
Community Environment	572,434	0	301,559	873,993
Transportation	0	0	866,139	866,139
General Government	5,541,941	23,551	273,439	5,838,931
Capital Outlay	446,098	0	2,023,371	2,469,469
Debt Service:				
Principal Retirement	0	303,000	132,000	435,000
Interest & Fiscal Charges	5,383	176,911	59,436	241,730
Total Expenditures	16,374,667	503,462	4,148,472	21,026,601
Excess (Deficiency) of Revenues Over Expenditures	559,182	(83,634)	(887,980)	(412,432)
Other Financing Sources (Uses):				
Sale of Capital Assets	11,547	0	19,760	31,307
Sale of Bonds	0	305,000	455,000	760,000
Transfers In	3,387	31,468	1,862,316	1,897,171
Transfers Out	(1,128,338)	(352,695)	(367,274)	(1,848,307)
Total Other Financing Sources (Uses)	(1,113,404)	(16,227)	1,969,802	840,171
Net Change in Fund Balances	(554,222)	(99,861)	1,081,822	427,739
Fund Balances at Beginning of Year	4,573,808	649,534	1,928,281	7,151,623
Increase in Inventory Reserve	16,408	0	44,842	61,250
Fund Balances End of Year	\$ 4,035,994	\$ 549,673	\$ 3,054,945	\$ 7,640,612

See accompanying notes to the basic financial statements

***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, 2003***

Net Change in Fund Balances - Total Governmental Funds \$ 427,739

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

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

Capital Outlay - governmental capital assets	2,221,572	
Capital Outlay - internal service capital assets	3,729	
Depreciation Expense - governmental capital assets	(2,428,337)	
Depreciation Expense - internal service capital assets	<u>(56,326)</u>	(259,362)

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets. (57,996)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (261,050)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. (760,000)

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

General Obligation Bond Principal Payment	242,000	
Special Assessment Bond Principal Payment	<u>193,000</u>	435,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (1,652)

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

Change in Compensated Absences - governmental funds	74,843	
Change in Compensated Absences - internal service funds	(13,210)	
Change in Pension Obligation (Intergovernmental Payable)	(12,007)	
Change in Inventory	<u>61,250</u>	110,876

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

Change in Net Assets - internal service funds	(107,557)	
Depreciation Expense - internal service capital assets	56,326	
Capital Asset Addition - Internal service funds	(3,729)	
Change in Compensated Absences - internal service funds	13,210	
Change in portion of internal service fund net assets allocated to Business-Type Activities	<u>10,003</u>	(31,747)

Change in Net Assets of Governmental Activities **\$ (398,192)**

See accompanying notes to the basic financial statements



CITY OF FAIRBORN, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,426,915	\$ 2,426,915	\$ 2,511,217	\$ 84,302
Municipal Income Tax	6,086,750	6,086,750	6,317,577	230,827
Intergovernmental Revenue	2,864,078	2,884,078	2,702,969	(181,109)
Charges for Services	3,345,407	3,370,407	3,280,340	(90,067)
Licenses and Permits	271,150	271,150	302,624	31,474
Investment Earnings	410,000	365,000	252,070	(112,930)
Fines and Forfeitures	1,124,000	1,124,000	1,022,059	(101,941)
All Other Revenues	356,284	356,284	289,723	(66,561)
Total Revenues	<u>16,884,584</u>	<u>16,884,584</u>	<u>16,678,579</u>	<u>(206,005)</u>
Expenditures:				
Current:				
Security of Persons and Property	10,084,196	10,078,728	9,632,793	445,935
Public Health and Welfare Services	73,319	73,319	71,439	1,880
Leisure Time Activities	182,892	181,956	171,991	9,965
Community Environment	592,918	592,146	571,811	20,335
General Government	5,589,085	5,699,757	5,515,104	184,653
Capital Outlay	666,638	675,144	668,522	6,622
Debt Service:				
Principal Retirement	60,000	300,100	300,000	100
Interest and Fiscal Charges	5,670	5,670	5,684	(14)
Total Expenditures	<u>17,254,718</u>	<u>17,606,820</u>	<u>16,937,344</u>	<u>669,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(370,134)	(722,236)	(258,765)	463,471
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	8,000	8,000	11,547	3,547
Transfers In	0	0	3,387	3,387
Transfers Out	(1,117,338)	(1,128,338)	(1,128,338)	0
Total Other Financing Sources (Uses):	<u>(1,109,338)</u>	<u>(1,120,338)</u>	<u>(1,113,404)</u>	<u>6,934</u>
Net Change in Fund Balance	(1,479,472)	(1,842,574)	(1,372,169)	470,405
Fund Balance at Beginning of Year	3,874,172	3,874,172	3,874,172	0
Prior Year Encumbrances	707,801	707,801	707,801	0
Fund Balance at End of Year	<u>\$ 3,102,501</u>	<u>\$ 2,739,399</u>	<u>\$ 3,209,804</u>	<u>\$ 470,405</u>

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2003**

	Business-Type Activities Enterprise Funds			Total	Governmental Activities - Internal Funds
	Water	Sewer	Sanitation		
Assets:					
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 737,435	\$ 1,651,278	\$ 516,664	\$ 2,905,377	\$ 393,393
Investments	1,011,457	2,268,491	0	3,279,948	244,558
<i>Receivables:</i>					
Accounts	325,579	473,977	226,953	1,026,509	0
Intergovernmental	0	0	0	0	22,544
Interest	1,005	1,521	0	2,526	187
Due from Other Funds	0	1,231	0	1,231	17,896
Inventory of Supplies at Cost	100,487	4,076	0	104,563	78,608
Prepays	3,813	6,300	0	10,113	1,211
<i>Restricted Assets:</i>					
Cash and Cash Equivalents	59,538	59,538	59,538	178,614	0
Cash and Cash Equivalents with Fiscal Agent	13,603	0	0	13,603	0
Total Current Assets	2,252,917	4,466,412	803,155	7,522,484	758,397
<i>Non Current Assets:</i>					
<i>Capital Assets:</i>					
Capital Assets Not Being Depreciated	1,443,110	275,791	73,180	1,792,081	0
Capital Assets Being Depreciated	8,296,628	10,246,031	216,229	18,758,888	391,227
Total Assets	11,992,655	14,988,234	1,092,564	28,073,453	1,149,624
Liabilities:					
<i>Current Liabilities:</i>					
Accounts Payable	107,993	555,104	124,352	787,449	27,811
Accrued Wages and Benefits	50,089	70,129	6,529	126,747	30,694
Intergovernmental Payable	28,217	37,750	3,396	69,363	16,651
Claims Payable	0	0	0	0	2,143
Matured Bonds and Interest Payable	13,603	0	0	13,603	0
Refundable Deposits	59,538	59,538	59,538	178,614	0
Due to Other Funds	1,376	1,465	602	3,443	34
Accrued Interest Payable	28,632	36,879	0	65,511	0
General Obligation Notes Payable	1,200,000	1,900,000	0	3,100,000	0
General Obligation Bonds - Current	250,000	340,000	0	590,000	0
OWDA Loans Payable - Current	0	306,114	0	306,114	0
OPWC Loans Payable - Current	16,685	0	0	16,685	0
Landfill Closure Costs	0	0	20,219	20,219	0
Total Current Liabilities	1,756,133	3,306,979	214,636	5,277,748	77,333
<i>Long Term Liabilities:</i>					
Compensated Absences Payable	51,448	80,022	9,752	141,222	39,072
General Obligation Bonds Payable	2,007,662	2,877,662	0	4,885,324	0
OWDA Loans Payable	0	3,058,962	0	3,058,962	0
OPWC Loans Payable	183,540	0	0	183,540	0
Landfill Postclosure Care Liability	0	0	283,066	283,066	0
Total Liabilities	3,998,783	9,323,625	507,454	13,829,862	116,405
Net Assets:					
Invested in Capital Assets, Net of Related Debt	6,081,851	2,039,084	289,409	8,410,344	391,227
Unrestricted	1,912,021	3,625,525	295,701	5,833,247	641,992
Total Net Assets	\$ 7,993,872	\$ 5,664,609	\$ 585,110	\$ 14,243,591	\$ 1,033,219
Adjustment to reflect the consolidation of internal service fund activities related to Business-Type Activities				\$ 146,368	
Net Assets of Business-Type Activities				<u>\$ 14,389,959</u>	

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2003**

	Business-Type Activities Enterprise Funds			Total	Governmental Activities - Internal Service
	Water	Sewer	Sanitation		Funds
Operating Revenues:					
Charges for Services	\$ 2,484,437	\$ 3,946,253	\$ 1,874,652	\$ 8,305,342	\$ 1,067,852
Other Operating Revenue	112,104	38,982	3,728	154,814	0
Total Operating Revenues	2,596,541	3,985,235	1,878,380	8,460,156	1,067,852
Operating Expenses:					
Personal Services	883,424	1,235,598	103,458	2,222,480	536,986
Contractual Services	616,137	567,660	1,893,786	3,077,583	47,444
Materials and Supplies	111,974	290,264	13,604	415,842	417,550
Dental Insurance Claims	0	0	0	0	54,285
Depreciation	774,580	963,741	15,123	1,753,444	56,326
Total Operating Expenses	2,386,115	3,057,263	2,025,971	7,469,349	1,112,591
Operating Income (Loss)	210,426	927,972	(147,591)	990,807	(44,739)
Nonoperating Revenue (Expenses):					
Investment Earnings	11,227	21,585	0	32,812	7,182
Interest Expense	(132,536)	(351,174)	0	(483,710)	0
Total Nonoperating Revenues (Expenses)	(121,309)	(329,589)	0	(450,898)	7,182
Income(Loss) Before Transfers	89,117	598,383	(147,591)	539,909	(37,557)
Transfers In	5,108	15,693	335	21,136	0
Transfers Out	0	0	0	0	(70,000)
Change in Net Assets	94,225	614,076	(147,256)	561,045	(107,557)
Net Assets Beginning of Year	7,899,647	5,050,533	732,366	13,682,546	1,140,776
Net Assets End of Year	\$ 7,993,872	\$ 5,664,609	\$ 585,110	\$ 14,243,591	\$ 1,033,219
Change in Net Assets - Total Enterprise Funds				\$ 561,045	
Adjustment to reflect the consolidation of internal service fund activities related to Business-Type Activities				(10,003)	
Change in Net Assets - Total Business-Type Activities				\$ 551,042	

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2003**

	Business-Type Activities Enterprise Funds			Total	Governmental Activities - Service Funds
	Water	Sewer	Sanitation		
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$2,484,545	\$3,937,849	\$1,872,398	\$8,294,792	\$0
Cash Receipts from Interfund Services Provided	0	0	0	0	1,045,586
Cash Payments for Goods and Services	(737,560)	(896,180)	(1,884,949)	(3,518,689)	(462,793)
Cash Payments to Employees	(867,252)	(1,200,928)	(99,916)	(2,168,096)	(516,551)
Cash Payments for Employee Medical/Dental Claims	0	0	0	0	(53,425)
Other Operating Receipts	114,421	38,182	3,728	156,331	0
Customer Deposits Received	24,513	24,513	24,512	73,538	0
Customer Deposits Returned	(23,275)	(23,275)	(23,275)	(69,825)	0
Net Cash Provided (Used) by Operating Activities	995,392	1,880,161	(107,502)	2,768,051	12,817
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In from Other Funds	5,108	15,693	335	21,136	0
Transfers Out to Other Funds	0	0	0	0	(70,000)
Net Cash Provided (Used) by Noncapital Financing Activities	5,108	15,693	335	21,136	(70,000)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition and Construction of Assets	(1,627,015)	(1,068,512)	(158,286)	(2,853,813)	(3,301)
Proceeds from General Obligation Notes	1,200,000	1,900,000	0	3,100,000	0
Proceeds from General Obligation Bonds	0	960,000	0	960,000	0
Principal Paid on General Obligation Notes	(600,000)	(3,090,000)	0	(3,690,000)	0
Principal Paid on General Obligation Bonds	(237,500)	(237,500)	0	(475,000)	0
Principal Paid on Ohio Public Works Commission Loans	(16,686)	0	0	(16,686)	0
Principal Paid on Ohio Water Development Authority Loans	0	(288,873)	0	(288,873)	0
Interest Paid on All Debt	(130,539)	(373,581)	0	(504,120)	0
Net Cash Used for Capital and Related Financing Activities	(1,411,740)	(2,198,466)	(158,286)	(3,768,492)	(3,301)
<u>Cash Flows from Investing Activities:</u>					
Receipts of Interest	16,794	33,711	0	50,505	8,841
Sale of Investments	438,994	569,724	0	1,008,718	90,157
Net Cash Provided by Investing Activities	455,788	603,435	0	1,059,223	98,998
Net Increase (Decrease) in Cash and Cash Equivalents	44,548	300,823	(265,453)	79,918	38,514
Cash and Cash Equivalents at Beginning of Year	766,028	1,409,993	841,655	3,017,676	354,879
Cash and Cash Equivalents at End of Year	\$810,576	\$1,710,816	\$576,202	\$3,097,594	\$393,393
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>					
Cash and Cash Equivalents	\$737,435	\$1,651,278	\$516,664	\$2,905,377	\$393,393
Restricted Cash and Cash Equivalents	59,538	59,538	59,538	178,614	0
Restricted Cash and Cash Equivalents with Fiscal Agent	13,603	0	0	13,603	0
Cash and Cash Equivalents at End of Year	\$810,576	\$1,710,816	\$576,202	\$3,097,594	\$393,393

(Continued)

CITY OF FAIRBORN, OHIO

	Business-Type Activities Enterprise Funds			Total	Governmental
	Water	Sewer	Sanitation		Activities - Service Funds
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	\$210,426	\$927,972	(\$147,591)	\$990,807	(\$44,739)
Adjustments to Reconcile Operating Income (Loss) to					
<u>Net Cash Provided (Used) by Operating Activities:</u>					
Depreciation Expense	774,580	963,741	15,123	1,753,444	56,326
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	2,425	(8,970)	(2,254)	(8,799)	414
Increase in Due From Other Funds	0	(234)	0	(234)	(10,576)
Increase in Intergovernmental Receivables	0	0	0	0	(12,104)
(Increase) Decrease in Inventory	(15,454)	9,321	0	(6,133)	(2,015)
Increase in Prepaid Items	(438)	(727)	0	(1,165)	(141)
Increase (Decrease) in Accounts Payable	15,247	(47,668)	42,203	9,782	4,357
Increase in Accrued Wages and Benefits	12,816	17,566	1,949	32,331	7,392
Increase in Due to Other Funds	781	809	457	2,047	0
Increase (Decrease) in Intergovernmental Payable	(7,964)	2,590	280	(5,094)	(167)
Decrease in Landfill Closure Costs	0	0	(20,219)	(20,219)	0
Increase in Compensated Absences	1,735	14,523	1,313	17,571	13,210
Increase in Refundable Deposits Payable	1,238	1,238	1,237	3,713	0
Increase in Claims Payable	0	0	0	0	860
Total Adjustments	784,966	952,189	40,089	1,777,244	57,556
Net Cash Provided (Used) by Operating Activities	<u>\$995,392</u>	<u>\$1,880,161</u>	<u>(\$107,502)</u>	<u>\$2,768,051</u>	<u>\$12,817</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2003, the Water Fund, Sewer Fund and Equipment Fund had outstanding liabilities of \$70,534, \$501,618, and \$2,343, respectively, for the purchase of certain capital assets.

During 2003, the fair value of investments increased by \$2,363, \$5,300, and \$571 in the Water Fund, Sewer Fund, and Self-Insurance Fund, respectively.

See accompanying notes to the basic financial statements

CITY OF FAIRBORN, OHIO

***Statement of Net Assets
Fiduciary Funds
December 31, 2003***

	<u>Agency</u>
Assets:	
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	\$ 363,783
Total Assets	<u>363,783</u>
Liabilities:	
Intergovernmental Payable	115,057
Undistributed Monies	<u>248,726</u>
Total Liabilities	<u>\$ 363,783</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying basic financial statements of the City present the financial position of the various fund types, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2003 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB’s Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

Based on the foregoing, the City’s financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance, cemetery and other governmental services. The City also operates a municipal garage which is reported as an internal service fund. In addition, the City owns and operates the water treatment and distribution system, wastewater treatment and collection system and a solid waste collection operation which are reported as enterprise funds. Council and the City Manager have direct responsibility for these activities.

B. Basis of Presentation - Fund Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

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

Governmental Funds - are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's major governmental funds:

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

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

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

Proprietary Funds

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Internal Service Funds - The City's internal service fund is used to account for the financing of dental insurance. The insurance is provided to other departments of the City on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The only fiduciary fund of the City is an agency fund, which is used to account for monies that flow through the clerk of courts office. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

C. Basis of Presentation - Financial Statements

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

D. Basis of Accounting

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

Special assessment installments, including related accrued interest, which are measurable but not available at December 31 are recorded as deferred revenue. Property taxes measurable as of December 31, 2003 but which are not intended to finance 2003 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

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

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

E. Budgetary Process

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is by fund by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations by department within each fund without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the department level by fund may only be made by ordinance of the City Council. During 2003, all appropriations were approved as required.

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources.

The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or fall short of current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued for 2003.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	(\$554,222)
Increase (Decrease):	
Accrued Revenues at December 31, 2003 received during 2004	(1,490,159)
Accrued Revenues at December 31, 2002 received during 2003	1,234,889
Accrued Expenditures at December 31, 2002 paid during 2003	967,292
Accrued Expenditures at December 31, 2002 paid during 2003	(1,008,847)
2003 Prepays for 2004	(40,658)
2002 Prepays for 2003	35,972
Note Retirements	(300,000)
Outstanding Encumbrances	<u>(216,436)</u>
Budget Basis	<u><u>(\$1,372,169)</u></u>

F. Cash and Cash Equivalents

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

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

The City has invested funds in the STAR Ohio during 2003. 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, 2003. See Note 4, "Cash, Cash Equivalents and Investments."

H. Inventory of Supplies

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

J. Restricted Assets

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined at December 31, 1985 by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

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

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

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

M. Accrued Liabilities and Long-Term Debt

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction 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 programs for street and highway improvements, federal grants for security of persons and property and mandatory fines for various court programs. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Reservations of Fund Balance

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Intergovernmental Revenues

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

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

Q. Interfund Receivables/Payables

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due From Other Funds" or "Due to Other Funds" on the balance sheet. Short-term interfund loans are classified as "Interfund Receivables/Payables."

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

R. Interfund Activity

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

S. Self-Insurance Fund

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

T. 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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Operating Revenues and Expenses

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

V. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. During 2003, the City did not report either an extraordinary item or a special item.

NOTE 2 – RESTATEMENT OF FUND BALANCE/NET ASSETS

The fund balance of the General Bond Retirement Fund (major governmental fund) was restated to correct an error in the recognition of investment earnings. This error also affected the net asset balance of the Governmental Activities. The correction resulted in changes to balances reported at December 31, 2002 as follows:

	General Obligation Bond Retirement Fund	Governmental Activities
	<u> </u>	<u> </u>
Fund Balance/Net Assets at December 31, 2002 (as reported)	\$629,634	\$65,812,920
Correction of accounting error	19,900	19,900
Fund Balance/Net Assets at December 31, 2002 (as restated)	<u>\$649,534</u>	<u>\$65,832,820</u>

The net assets of the Water Fund and Sewer Fund (major enterprise funds) were restated from the amounts previously reported to correct errors in the recognition of investment earnings and in the accounting of Ohio Water Development Authority (OWDA) loans. These errors also affected the net asset balance of the Business-Type Activities. The corrections resulted in changes to balances reported at December 31, 2002 as follows:

	Water Fund	Sewer Fund	Business-Type Activities
	<u> </u>	<u> </u>	<u> </u>
Net Assets at December 31, 2002 (as reported)	\$7,904,423	\$5,056,974	\$13,693,763
Correction of error in the recognition of investment earnings	(4,776)	(15,124)	(19,900)
Correction of error in the accounting of OWDA loans	0	8,683	8,683
Net Assets at December 31, 2002 (as restated)	<u>\$7,899,647</u>	<u>\$5,050,533</u>	<u>\$13,682,546</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The deficits of \$226,679 in the Issue II Improvement Fund and \$107,882 in the Public Safety Equipment/Facility Fund (capital projects funds) arose from the recognition of notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, deficits did not exist. The General Fund provides transfers when cash is required, not when accruals occur.

At December 31, 2003, the City had a deficit (original budget) fund balance on the budgetary basis in the following funds: Cemetery and County Motor Vehicle License Tax.

At December 31, 2003, the City had a deficit (final budget) fund balance on the budgetary basis in the following funds: Cemetery, Street Lighting, Tax Increment, Public Safety Equipment/Facility, FEMA and Buildings and Land.

During 2003, the City had transfers out of the following funds that were not in compliance with the Ohio Revised Code: Street Maintenance and Repair, Cemetery, County Motor Vehicle License Tax, Municipal Probation Services, Tax Increment, Issue II Improvement, FEMA and the Self Insurance Fund.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

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

- Negotiable direct obligations of the U.S. or obligations issued by Federal agencies the principal and interest of which are unconditionally guaranteed by the United States.
- Obligations of Federal agencies and instrumentalities, whether or not they are guaranteed by the United States, including, but not limited to, obligations of the Government National Mortgage Association (GNMA), Small Business Administration (SBA), Federal Housing Administration (FHA), General Services Administration (GSA), Federal National Mortgage Association, (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Student Loan Marketing Association (SLMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Banks (FFCB) and Export Import Bank.
- Bonds, notes, debentures, or other obligations or securities issued by any Federal government agency.
- Non-negotiable and negotiable interest bearing time certificates of deposit and savings accounts.
- Bankers acceptances issued by institutions ranked nationally as being in the top six assets and deposit size within their industry.
- Repurchase agreements only if a Master Repurchase Agreement has been executed between the financial institution or dealer and the City, and the underlying securities conform to authorized instruments in a bank or savings and loan association organized under the laws of the State.
- Commercial paper and corporate bonds provided that such notes are rated “prime” P- I by Moody’s Investors Service and A-1 by Standard Poor’s and Commercial notes of any United States company provided that such notes are rated AAA by either Moody’s Investors Service or Standard Poor’s using the rating scale for corporate notes and bonds.
- Money market fund portfolios consisting of the items listed above.
- The State Treasurer’s investment pool (STAR Ohio).
- NOW Accounts, Super NOW Accounts or any other similar accounts authorized by the Federal Reserve’s Depository Institutions’ Deregulation Committee.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

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

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

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

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

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

Deposits:

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

Investments:

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

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

A. Deposits

At year end, the carrying amount of the City’s deposits was \$3,148,680 and the bank balance was \$4,036,986. Of the bank balance, \$300,000 was covered by federal deposit insurance. The remaining deposits of \$3,736,986 were classified as Category 2 and covered by collateral held by financial institutions, not in the City's name, as specified by Section 135.81 of the Ohio Revised Code. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation. In addition, the City had \$3,225 undeposited cash on hand which is included on the balance sheet of the City as part of “Cash and Cash Equivalents”.

B. Investments

The City’s investments at December 31, 2003 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Federal Home Loan Mortgage Notes	\$0	\$955,723	\$955,723
Federal Farm Credit Bank Notes	0	705,000	705,000
Federal Home Loan Bank Notes	0	2,706,504	2,706,504
Federal National Mortgage Association Notes	0	2,082,347	2,082,347
City's Debt	99,663	0	99,663
Total Categorized Investments	99,663	6,449,574	6,549,237
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	5,243,676
Money Market Mutual Funds	N/A	N/A	19,485
Total Non-Categorized Investments	N/A	N/A	5,263,161
Total Investments	\$99,663	\$6,449,574	\$11,812,398

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

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

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

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

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$8,411,841	\$6,549,237
Investments:		
STAR Ohio	(5,243,676)	5,243,676
Money Market Mutual Funds	(19,485)	19,485
Per GASB Statement No. 3	<u>\$3,148,680</u>	<u>\$11,812,398</u>

* Includes Cash with Fiscal Agent.

NOTE 5 – TAXES

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2003. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20 unless extended.

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 5 – TAXES (Continued)

A. Property Taxes (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Fairborn. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2003, was \$9.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which the 2002 property tax levy, collected in 2003, were based are as follows:

Real Property Assessed Valuation	\$584,467,950
Public Utility Real Property Assessed Valuation	15,803,490
Tangible Personal Property Assessed Valuation	29,402,399
Less: Exemptions	<u>(133,469,880)</u>
Total	<u><u>\$496,203,959</u></u>

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2003. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2003 operations. The receivable is therefore offset by a credit to deferred revenue.

B. Income Tax

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by City Council. In 2003, the proceeds were allocated to the General Fund.

NOTE 6 – RECEIVABLES

Receivables at December 31, 2003, consisted of taxes, interfund receivables, intergovernmental receivables arising from grants, entitlements and shared revenues, special assessments, interest on investments, and utility accounts. All receivables are considered fully collectible.

By statute, local property taxes have been reduced 10 percent, with additional reductions for the elderly and the disabled. The amount of these reductions, estimated to be approximately \$286,048, will be paid to the City by the State of Ohio in the latter part of 2004.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 7 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2003:

Historical Cost:

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Capital assets not being depreciated:				
Land	\$11,130,376	\$0	\$0	\$11,130,376
Construction in Progress	0	71,820	0	71,820
Capital assets being depreciated:				
Buildings	7,061,976	0	(39,064)	7,022,912
Improvements Other than Buildings	674,267	56,700	0	730,967
Machinery and Equipment	5,694,560	658,798	(18,554)	6,334,804
Vehicles	4,557,947	323,264	(355,185)	4,526,026
Infrastructure	59,429,620	1,114,719	(45,883)	60,498,456
Total Cost	<u>\$88,548,746</u>	<u>\$2,225,301</u>	<u>(\$458,686)</u>	<u>\$90,315,361</u>

Accumulated Depreciation:

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$3,586,826)	(\$254,196)	\$2,344	(\$3,838,678)
Improvements Other than Buildings	(347,981)	(36,719)	0	(384,700)
Machinery and Equipment	(4,419,910)	(332,031)	18,554	(4,733,387)
Vehicles	(2,465,525)	(297,456)	341,281	(2,421,700)
Infrastructure	(21,452,886)	(1,564,261)	38,511	(22,978,636)
Total Depreciation	<u>(\$32,273,128)</u>	<u>(\$2,484,663) *</u>	<u>\$400,690</u>	<u>(\$34,357,101)</u>

Net Value:

	<u>\$56,275,618</u>	<u>\$55,958,260</u>
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* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$445,493
Public Health and Welfare Services	4,182
Leisure Time Activities	34,115
Community Environment	35,044
Transportation	63,318
General Government	1,902,511
Total Depreciation Expense	<u>\$2,484,663</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2003:

Historical Cost:

Class	December 31, 2002	Additions	Deletions	December 31, 2003
<i>Capital assets not being depreciated:</i>				
Land	\$400,762	\$0	\$0	\$400,762
Construction In Progress	32,996	1,358,323	0	1,391,319
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	32,834,010	1,803,999	0	34,638,009
Machinery and Equipment	6,253,145	180,881	0	6,434,026
Vehicles	875,194	22,050	0	897,244
Total Cost	\$40,396,107	\$3,365,253	\$0	\$43,761,360

Accumulated Depreciation:

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Buildings and Improvements	(\$16,921,875)	(\$1,281,495)	\$0	(\$18,203,370)
Machinery and Equipment	(3,769,724)	(436,474)	0	(4,206,198)
Vehicles	(765,348)	(35,475)	0	(800,823)
Total Depreciation	(\$21,456,947)	(\$1,753,444)	\$0	(\$23,210,391)
<i>Net Value:</i>	\$18,939,160	\$1,611,809	\$0	\$20,550,969

NOTE 8 – DEFINED BENEFIT PENSION PLANS

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2003, 2002 and 2001 were \$900,360, \$866,392 and \$837,881, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$332,236.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,881. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2003, 2002 and 2001 were \$500,994, \$479,828 and \$477,564 for police and \$694,204, \$679,086 and \$681,477 for firefighters, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The portion of the 2003 covered payroll that was used to fund postemployment health care benefits was \$199,113 representing 7.75% of covered payroll for police and \$224,170 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police and 10,396 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

NOTE 9 – OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 9 – OTHER EMPLOYEE BENEFITS (Continued)

A. Compensated Absences (Continued)

At December 31, 2003, the total accumulated unpaid sick, vacation and compensatory time recorded as Long-Term Obligations by the City was as follows:

Governmental Activities:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	29,046	\$266,093
Vacation and Compensatory Time	26,148	565,271
Total	<u>55,194</u>	<u>\$831,364</u>

Business-Type Activities:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	6,621	\$43,106
Vacation and Compensatory Time	5,016	\$98,116
Total	<u>11,637</u>	<u>141,222</u>

B. Medical, Dental and Life Insurance Benefits

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

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

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

CITY OF FAIRBORN, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 10 – NOTES PAYABLE

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

	Balance December 31, 2002	Issued	(Retired)	Balance December 31, 2003
General Obligation Notes:				
General Fund:				
1.90% Yellow Springs Improvement	\$300,000	\$0	(\$300,000)	\$0
Capital Projects Funds:				
1.75% Yellow Springs Improvement	650,000	0	(650,000)	0
1.50% Yellow Springs Improvement	0	245,000	0	245,000
1.55% Fire Truck Purchase	270,000	0	(270,000)	0
1.52% Fire Truck Purchase	0	225,000	0	225,000
Enterprise Funds:				
1.89% Biosolids Improvement	890,000	0	(890,000)	0
1.30% Biosolids Improvement	0	600,000	0	600,000
1.89% Trebein Road Improvement	300,000	0	(300,000)	0
2.50% WRC Improvement	1,900,000	0	(1,900,000)	0
1.30% WRC Improvement	0	1,900,000	0	1,900,000
2.50% Water Plant Improvement	600,000	0	(600,000)	0
1.30% Water Plant Improvement	0	600,000	0	600,000
Total Notes Payable	<u>\$4,910,000</u>	<u>\$3,570,000</u>	<u>(\$4,910,000)</u>	<u>\$3,570,000</u>

NOTE 11 – LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, loans, compensated absences and intergovernmental payables of the City for the year ended December 31, 2003 is as follows:

Date Purchased	Interest Rate	Description	Balance December 31, 2002	Issued	(Retired)	Balance December 31, 2003	Amount Due Within One Year
Business-Type Activities:							
General Obligation Bonds:							
2001	3.00 - 4.20%	Utility Improvement - Water Unamortized Charge	\$1,640,102	\$2,560	(\$157,500)	\$1,485,162	\$165,000
2001	3.00 - 4.20%	Utility Improvement - Sewer Unamortized Charge	1,640,102	2,560	(157,500)	1,485,162	165,000
2001	3.50 - 4.20%	Various Purpose - Water	852,500	0	(80,000)	772,500	85,000
2001	3.50 - 4.20%	Various Purpose - Sewer	852,500	0	(80,000)	772,500	85,000
2003	2.25 - 5.00%	Various Purpose - Sewer	0	960,000	0	960,000	90,000
Total General Obligation Bonds			<u>4,985,204</u>	<u>965,120</u>	<u>(475,000)</u>	<u>5,475,324</u>	<u>590,000</u>

CITY OF FAIRBORN, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

Date Purchased	Interest Rate	Description	Balance December 31, 2002	Issued	(Retired)	Balance December 31, 2003	Amount Due Within One Year
Business-Type Activities (Continued):							
Ohio Water Development Authority Loans (OWDA):							
1986	8.970%	OWDA Loan	640,560	0	(58,146)	582,414	63,362
1992	5.200%	OWDA Loan	1,576,245	0	(123,762)	1,452,483	130,281
1993	3.540%	OWDA Loan	120,535	0	(9,077)	111,458	10,718
1996	3.910%	OWDA Loan	1,316,609	0	(97,888)	1,218,721	101,753
Total Ohio Water Development Authority Loans			3,653,949	0	(288,873)	3,365,076	306,114
Ohio Public Works Commission Loan			216,911	0	(16,686)	200,225	16,685
Compensated Absences			123,651	19,096	(1,525)	141,222	0
Landfill Closure and Postclosure Care Costs			323,504	0	(20,219)	303,285	20,219
Total Business-Type Activities			\$9,303,219	\$984,216	(\$802,303)	\$9,485,132	\$933,018
Governmental Activities:							
General Obligation Bonds:							
2001	3.00 - 4.20%	Fairborn Library	\$1,150,000	\$0	(\$110,000)	\$1,040,000	\$115,000
1998	Various	Police/Fire Dispatch	345,000	0	(65,000)	280,000	65,000
1999	Various	Downtown Revitalization	85,000	0	(42,000)	43,000	43,000
1999	Various	Street Improvement	190,000	0	(25,000)	165,000	25,000
2003	Various	Dayton-Yellow Springs Improvement	0	305,000	0	305,000	10,000
2003	Various	Municipal Court Building Renovation	0	455,000	0	455,000	15,000
Total General Obligation Bonds			1,770,000	760,000	(242,000)	2,288,000	273,000
Special Assessment Notes:							
1988	5.000%	Curb and Sidewalk	6,374	0	(6,374)	0	0
1999	5.000%	Curb and Sidewalk	23,015	0	(11,507)	11,508	11,508
2002	4.000%	Curb and Sidewalk	56,444	0	(11,289)	45,155	11,289
Total Special Assessment Notes (with Governmental Commitment)			85,833	0	(29,170)	56,663	22,797
Special Assessment Bonds:							
1981	9.250%	Water and Sewer Improvement	225,000	0	(75,000)	150,000	75,000
1986	8.750%	Water System Improvement	9,000	0	(3,000)	6,000	3,000
1988	7.190%	Street Improvement	450,000	0	(75,000)	375,000	75,000
1998	5.150%	Commerce Center/Channingway Drive	1,010,000	0	(40,000)	970,000	45,000
Total Special Assessment Bonds (with Governmental Commitment)			1,694,000	0	(193,000)	1,501,000	198,000
Compensated Absences			889,616	112,094	(170,346)	831,364	40,812
Total Other Long-Term Liabilities			889,616	112,094	(170,346)	831,364	40,812
Total Governmental Activities			\$4,439,449	\$872,094	(\$634,516)	\$4,677,027	\$534,609

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

The principal amount of the City’s special assessment bonds outstanding at December 31, 2003, \$1,501,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

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

A. Future Long-Term Financing Requirements

A summary of the City’s future long-term debt funding requirements including principal and interest payments as of December 31, 2003 follows:

Years	Governmental Activities					
	General Obligation Bonds		Special Assessment Bonds		Special Assessment Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$273,000	\$99,619	\$198,000	\$92,855	\$22,797	\$2,382
2005	240,000	88,842	198,000	77,638	11,289	1,354
2006	240,000	78,622	125,000	62,420	11,288	903
2007	260,000	68,327	125,000	54,145	11,289	452
2008	190,000	57,090	130,000	45,870	0	0
2009-2013	615,000	169,115	310,000	156,560	0	0
2014-2018	370,000	61,378	415,000	67,208	0	0
2019-2023	100,000	13,500	0	0	0	0
Totals	<u>\$2,288,000</u>	<u>\$636,493</u>	<u>\$1,501,000</u>	<u>\$556,696</u>	<u>\$56,663</u>	<u>\$5,091</u>

Years	Business-Type Activities					
	General Obligation Bonds		OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$590,000	\$212,130	\$306,114	\$176,618	\$16,685	\$0
2005	610,000	188,880	323,060	159,672	16,686	0
2006	630,000	164,818	341,050	141,682	16,685	0
2007	665,000	141,943	360,154	122,577	16,686	0
2008	690,000	118,580	380,453	102,279	16,685	0
2009-2013	2,230,000	204,540	1,654,245	193,885	83,427	0
2014-2018	50,000	18,200	0	0	33,371	0
2019-2023	50,000	7,050	0	0	0	0
Totals	<u>\$5,515,000</u>	<u>\$1,056,141</u>	<u>\$3,365,076</u>	<u>\$896,713</u>	<u>\$200,225</u>	<u>\$0</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 11 – LONG-TERM OBLIGATIONS (Continued)

B. Conduit Debt

The City has issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of an extended care facility deemed to be in the public interest. In addition, the City has issued Mortgage Revenue Bonds to provide financial assistance in developing a senior citizen housing property. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2003, there was one series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$1,690,000. The original issue amount totaled \$2,500,000. As of December 31, 2003, there was one series of Mortgage Revenue Bonds outstanding with an aggregate principal amount payable of \$3,020,000. The original issue amount totaled \$3,300,000.

C. Defeasance of General Obligation Debt

In September of 2001, the City defeased \$3,615,000 of General Obligation Bonds for Utility Improvements dated October 1, 1991 (the “1991 Utility Improvement Bonds”) through the issuance of \$3,960,000 of General Obligation Bonds for Utility Improvements (the “2001 Utility Improvement Bonds”). Also in September of 2001, the City defeased \$1,245,000 of General Obligation Bonds for Library Improvements dated October 1, 1991 (the “1991 Library Improvement Bonds”) through the issuance of \$1,370,000 of General Obligation Bonds for Library Improvements (the “2001 Library Improvement Bonds”). The net proceeds of the 2001 Utility Improvement Bonds and the 2001 Library Improvement Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded Utility Improvement Bonds, which have an outstanding balance of \$2,885,000 at December 31, 2003, and the Library Improvement Bonds, which have an outstanding balance of \$995,000 at December 31, 2003, are not included in the City’s outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City's landfill placed its final cover in 1989. The \$303,285 reported as landfill postclosure care liability in the Sanitation Enterprise Fund at December 31, 2003, represents the cumulative amount reported to date based on the estimated cost of maintenance and monitoring through 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

NOTE 13 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2003:

Fund	Transfers In	Transfers Out
General	\$3,387	\$1,128,338
General Bond Retirement	31,468	352,695
Water	5,108	0
Sewer	15,693	0
Sanitation	335	0
Nonmajor Governmental Funds:		
Street Maintenance and Repair	45,240	8,500
State Highway	3,693	0
Cemetery	65,000	3,000
Street Lighting	175,000	0
County Motor Vehicle License Tax	175,000	134,918
Municipal Probation Services	0	115,000
Damage Repair	50,000	0
Tax Increment	0	54,832
Issue II Improvement	507,545	31,468
General Capital Improvement	470,235	0
Federal Emergency Management Agency	0	19,556
Buildings and Land	370,603	0
Total Nonmajor Governmental Funds	1,862,316	367,274
Internal Service Fund:		
Self-Insurance	0	70,000
Totals	\$1,918,307	\$1,918,307

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 14 – INTERFUND ASSETS AND LIABILITIES

Individual fund interfund receivable and payable balances at December 31, 2003, were as follows:

	Due From Other Funds	Due To Other Funds
General	\$0	\$13,974
Water	0	1,376
Sewer	1,231	1,465
Sanitation	0	602
Nonmajor Governmental Funds:		
Street Maintenance and Repair	0	1,446
State Highway	0	86
Cemetery	0	125
Community Development	0	19
Total Nonmajor Governmental Funds	0	1,676
Internal Service Fund:		
Equipment	17,896	34
Total All Funds	<u>\$19,127</u>	<u>\$19,127</u>

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2003, the City participated in the Public Entities Pool of Ohio (PEP), established as a risk sharing self insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance program for its members. PEP is a corporation governed by a seven member board of directors, consisting of representatives elected by the 230 participating governments.

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

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Legal Liability for Third Party Claims	\$9,000,000	N/A
Automobile Liability	9,000,000	N/A
Law Enforcement Operations	9,000,000	3,000
Wrongful Acts (Public Officials)	9,000,000	3,000
Real and Personal Property Blanket	31,554,727	1,000
Emergency Vehicles	2,665,000	1,000
Miscellaneous Property	5,699,816	500
Electronic Data Processing	1,748,960	500
Dishonesty	500,000	N/A

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2003**

NOTE 15 – RISK MANAGEMENT (Continued)

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

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

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

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

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

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

The City maintains a self-insurance program for employee dental benefits. The claims liability of \$2,143 reported at December 31, 2003, as estimated through reviewing actual claims filed in the first few months of the year by the third party administrator, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the fund’s claims liability amount in 2003 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2002	\$2,325	\$56,424	(\$57,466)	\$1,283
2003	1,283	55,145	(54,285)	2,143

NOTE 16 – CONTINGENT LIABILITIES

A. Litigation

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2003***

NOTE 16 – CONTINGENT LIABILITIES (Continued)

B. Federal and State Grants

For the period January 1, 2003, to December 31, 2003, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 17 – CONSTRUCTION COMMITMENTS

As of December 31, 2003, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Trebein Road Design	\$1,000	February-04
I-675 Enhancement	538,000	July-04
I-675 Enhancement Design	2,450	February-04
Wellfield Study	8,000	March-04
Loop Dead End Water Mains	21,426	October-04
SE Force Main Design	26,048	June-04
Sanitary System Rehabilitation	300	August-04
Catch Basin Repair	14,799	October-04
Filter Rate Study	9,026	June-04
Well Head Protection	8,256	April-04
Clearwell & Piping	146,376	April-04
Filter Backwash Design	27,663	April-04
Total	<u>\$803,344</u>	

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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



Nonmajor Governmental Funds

Special Revenue Funds

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

Street Maintenance and Repair Fund

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

State Highway Fund

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

Cemetery Fund

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

Community Development Fund

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

Victim Witness Fund

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

Street Lighting Fund

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

County Motor Vehicle License Tax Fund

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

Law Enforcement Trust Fund

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

Drug Law Enforcement Fund

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

(Continued)

Special Revenue Funds (Continued)

City Motor Vehicle License Tax Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Alcohol Enforcement and Education Fund

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

Federal Forfeitures Fund

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

Municipal Probation Services Fund

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

Damage Repair Fund

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

Debt Service Fund

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

Tax Increment Fund

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

Capital Projects Funds

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

Issue II Improvement Fund

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

Municipal Court Improvement Fund

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

Court Special Projects Fund

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

General Capital Improvement Fund

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

Parks and Recreation Improvement Fund

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

Public Safety Equipment/Facility Fund

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

Buildings and Land Fund

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

Special Assessment Construction Fund

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

CITY OF FAIRBORN, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,352,327	\$ 1,514,876	\$ 8,530	\$ 2,875,733
Investments	0	723,957	0	723,957
Receivables (net of allowance for doubtful accounts):				
Taxes	153,331	45,285	0	198,616
Accounts	19,356	107,745	0	127,101
Intergovernmental	540,121	0	0	540,121
Interest	0	97	0	97
Inventory of Supplies, at Cost	83,727	0	0	83,727
Prepaid Items	3,043	0	0	3,043
Total Assets	\$ 2,151,905	\$ 2,391,960	\$ 8,530	\$ 4,552,395
Liabilities:				
Accounts Payable	\$ 284,933	\$ 82,707	\$ 0	\$ 367,640
Accrued Wages and Benefits Payable	46,618	0	0	46,618
Intergovernmental Payable	4,306	0	0	4,306
Due to Other Funds	1,676	0	0	1,676
Deferred Revenue - Taxes	149,229	5,269	0	154,498
Deferred Revenue	450,491	0	0	450,491
Accrued Interest Payable	0	2,221	0	2,221
General Obligation Notes Payable	0	470,000	0	470,000
Total Liabilities	937,253	560,197	0	1,497,450
Fund Balances:				
Reserved for Encumbrances	9,036	853,266	0	862,302
Reserved for Prepaid Items	3,043	0	0	3,043
Reserved for Supplies Inventory	83,727	0	0	83,727
Reserved for Debt Service	0	0	8,530	8,530
Unreserved, Undesignated in:				
Special Revenue Funds	1,118,846	0	0	1,118,846
Capital Projects Funds	0	978,497	0	978,497
Total Fund Balances	1,214,652	1,831,763	8,530	3,054,945
Total Liabilities and Funds Balances	\$ 2,151,905	\$ 2,391,960	\$ 8,530	\$ 4,552,395

CITY OF FAIRBORN, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$ 162,112	\$ 95,147	\$ 0	\$ 257,259
Intergovernmental Revenues	2,019,843	122,952	0	2,142,795
Charges for Services	30,715	109,994	0	140,709
Licenses and Permits	0	0	57,587	57,587
Investment Earnings	0	2,995	0	2,995
Special Assessments	0	176,623	0	176,623
Fines and Forfeitures	128,244	232,572	0	360,816
All Other Revenue	44,573	77,135	0	121,708
Total Revenue	2,385,487	817,418	57,587	3,260,492
Expenditures:				
Current:				
Security of Persons and Property	405,086	0	0	405,086
Public Health and Welfare Services	83,570	0	0	83,570
Leisure Time Activities	0	3,872	0	3,872
Community Environment	301,559	0	0	301,559
Transportation	866,139	0	0	866,139
General Government	12,228	260,500	711	273,439
Capital Outlay	1,010,370	1,013,001	0	2,023,371
Debt Service:				
Principal Retirement	42,000	90,000	0	132,000
Interest & Fiscal Charges	2,880	56,556	0	59,436
Total Expenditures	2,723,832	1,423,929	711	4,148,472
Excess (Deficiency) of Revenues Over Expenditures	(338,345)	(606,511)	56,876	(887,980)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	19,760	0	19,760
Sale of Bonds	0	455,000	0	455,000
Transfers In	513,933	1,348,383	0	1,862,316
Transfers Out	(261,418)	(51,024)	(54,832)	(367,274)
Total Other Financing Sources (Uses)	252,515	1,772,119	(54,832)	1,969,802
Net Change in Fund Balances	(85,830)	1,165,608	2,044	1,081,822
Fund Balances at Beginning of Year	1,255,640	666,155	6,486	1,928,281
Increase in Inventory Reserve	44,842	0	0	44,842
Fund Balances End of Year	\$ 1,214,652	\$ 1,831,763	\$ 8,530	\$ 3,054,945

CITY OF FAIRBORN, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003**

	Street Maintenance and Repair Fund	State Highway Fund	Cemetery Fund	Community Development Fund	Victim Witness Fund
Assets:					
Cash and Cash Equivalents	\$ 155,869	\$ 15,188	\$ 12,207	\$ 96,198	\$ 17,854
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	0
Accounts	1,851	0	0	0	1,111
Intergovernmental	397,246	32,208	0	0	13,477
Inventory of Supplies, at Cost	83,727	0	0	0	0
Prepaid Items	2,454	231	358	0	0
Total Assets	\$ 641,147	\$ 47,627	\$ 12,565	\$ 96,198	\$ 32,442
Liabilities:					
Accounts Payable	\$ 9,445	\$ 56	\$ 583	\$ 912	\$ 243
Accrued Wages and Benefits Payable	32,185	1,040	3,341	4,734	5,318
Intergovernmental Payable	3,126	0	293	425	462
Due to Other Funds	1,446	86	125	19	0
Deferred Revenue - Taxes	0	0	0	0	0
Deferred Revenue	330,261	26,777	0	0	11,552
Total Liabilities	376,463	27,959	4,342	6,090	17,575
Fund Balances:					
Reserved for Encumbrances	6,682	542	65	33	1,514
Reserved for Prepaid Items	2,454	231	358	0	0
Reserved for Supplies Inventory	83,727	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	171,821	18,895	7,800	90,075	13,353
Total Fund Balances	264,684	19,668	8,223	90,108	14,867
Total Liabilities and Funds Balances	\$ 641,147	\$ 47,627	\$ 12,565	\$ 96,198	\$ 32,442

CITY OF FAIRBORN, OHIO

Street Lighting Fund	County Motor Vehicle License Tax Fund	Law Enforcement Trust Fund	Drug Law Enforcement Fund	City Motor Vehicle License Tax Fund	Indigent Drivers Alcohol Treatment Fund
\$ 26,165	\$ 126,026	\$ 2,447	\$ 532	\$ 34,106	\$ 274,528
153,331	0	0	0	0	0
0	0	0	120	0	832
7,456	29,909	0	0	59,825	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 186,952</u>	<u>\$ 155,935</u>	<u>\$ 2,447</u>	<u>\$ 652</u>	<u>\$ 93,931</u>	<u>\$ 275,360</u>
\$ 1,759	\$ 0	\$ 2,240	\$ 0	\$ 0	\$ 269,695
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
149,229	0	0	0	0	0
7,456	24,813	0	0	49,632	0
<u>158,444</u>	<u>24,813</u>	<u>2,240</u>	<u>0</u>	<u>49,632</u>	<u>269,695</u>
0	0	200	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
28,508	131,122	7	652	44,299	5,665
<u>28,508</u>	<u>131,122</u>	<u>207</u>	<u>652</u>	<u>44,299</u>	<u>5,665</u>
<u>\$ 186,952</u>	<u>\$ 155,935</u>	<u>\$ 2,447</u>	<u>\$ 652</u>	<u>\$ 93,931</u>	<u>\$ 275,360</u>

(Continued)

CITY OF FAIRBORN, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2003**

	Alcohol Enforcement and Education Fund	Federal Forfeitures Fund	Municipal Probation Services Fund	Damage Repair Fund	Total Nonmajor Special Revenue Funds
Assets:					
Cash and Cash Equivalents	\$ 9,456	\$ 3,188	\$ 163,196	\$ 415,367	\$ 1,352,327
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	0	153,331
Accounts	121	0	7,001	8,320	19,356
Intergovernmental	0	0	0	0	540,121
Inventory of Supplies, at Cost	0	0	0	0	83,727
Prepaid Items	0	0	0	0	3,043
Total Assets	<u>\$ 9,577</u>	<u>\$ 3,188</u>	<u>\$ 170,197</u>	<u>\$ 423,687</u>	<u>\$ 2,151,905</u>
Liabilities:					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 284,933
Accrued Wages and Benefits Payable	0	0	0	0	46,618
Intergovernmental Payable	0	0	0	0	4,306
Due to Other Funds	0	0	0	0	1,676
Deferred Revenue - Taxes	0	0	0	0	149,229
Deferred Revenue	0	0	0	0	450,491
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>937,253</u>
Fund Balances:					
Reserved for Encumbrances	0	0	0	0	9,036
Reserved for Prepaid Items	0	0	0	0	3,043
Reserved for Supplies Inventory	0	0	0	0	83,727
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	9,577	3,188	170,197	423,687	1,118,846
Total Fund Balances	<u>9,577</u>	<u>3,188</u>	<u>170,197</u>	<u>423,687</u>	<u>1,214,652</u>
Total Liabilities and Funds Balances	<u>\$ 9,577</u>	<u>\$ 3,188</u>	<u>\$ 170,197</u>	<u>\$ 423,687</u>	<u>\$ 2,151,905</u>

CITY OF FAIRBORN, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	Street Maintenance and Repair Fund	State Highway Fund	Cemetery Fund	Community Development Fund	Victim Witness Fund
Revenues:					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	788,916	60,272	0	489,451	69,026
Charges for Services	0	0	30,715	0	0
Fines and Forfeitures	0	0	0	0	17,104
All Other Revenue	11,810	20	1,423	1,732	575
Total Revenue	800,726	60,292	32,138	491,183	86,705
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	90,731
Public Health and Welfare Services	0	0	83,570	0	0
Community Environment	0	0	0	301,559	0
Transportation	804,589	58,205	0	0	0
General Government	0	0	0	0	0
Capital Outlay	9,919	0	7,219	214,168	736
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0
Total Expenditures	814,508	58,205	90,789	515,727	91,467
Excess (Deficiency) of Revenues Over Expenditures	(13,782)	2,087	(58,651)	(24,544)	(4,762)
Other Financing Sources (Uses):					
Transfers In	45,240	3,693	65,000	0	0
Transfers Out	(8,500)	0	(3,000)	0	0
Total Other Financing Sources (Uses)	36,740	3,693	62,000	0	0
Net Change in Fund Balances	22,958	5,780	3,349	(24,544)	(4,762)
Fund Balances (Deficits) at Beginning of Year	196,884	13,888	4,874	114,652	19,629
Increase (Decrease) in Inventory Reserve	44,842	0	0	0	0
Fund Balances (Deficits) End of Year	\$ 264,684	\$ 19,668	\$ 8,223	\$ 90,108	\$ 14,867

(Continued)

CITY OF FAIRBORN, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	Street Lighting Fund	County Motor Vehicle License Tax Fund	Law Enforcement Trust Fund	Drug Law Enforcement Fund	City Motor Vehicle License Tax Fund
Revenues:					
Property Taxes	\$ 162,112	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	14,576	462,528	0	0	135,074
Charges for Services	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	0	0	2,695	735	0
Total Revenue	176,688	462,528	2,695	735	135,074
Expenditures:					
Current:					
Security of Persons and Property	309,538	0	3,695	0	0
Public Health and Welfare Services	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	3,345	0	0	0
General Government	0	0	0	0	0
Capital Outlay	0	391,657	0	0	112,386
Debt Service:					
Principal Retirement	42,000	0	0	0	0
Interest & Fiscal Charges	2,880	0	0	0	0
Total Expenditures	354,418	395,002	3,695	0	112,386
Excess (Deficiency) of Revenues Over Expenditures	(177,730)	67,526	(1,000)	735	22,688
Other Financing Sources (Uses):					
Transfers In	175,000	175,000	0	0	0
Transfers Out	0	(134,918)	0	0	0
Total Other Financing Sources (Uses)	175,000	40,082	0	0	0
Net Change in Fund Balances	(2,730)	107,608	(1,000)	735	22,688
Fund Balances (Deficits) at Beginning of Year	31,238	23,514	1,207	(83)	21,611
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
Fund Balances (Deficits) End of Year	\$ 28,508	\$ 131,122	\$ 207	\$ 652	\$ 44,299

CITY OF FAIRBORN, OHIO

Indigent Drivers Alcohol Treatment Fund	Alcohol Enforcement and Education Fund	Federal Forfeitures Fund	Municipal Probation Services Fund	Damage Repair Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 162,112
0	0	0	0	0	2,019,843
0	0	0	0	0	30,715
17,421	2,986	1,028	89,705	0	128,244
0	0	0	131	25,452	44,573
<u>17,421</u>	<u>2,986</u>	<u>1,028</u>	<u>89,836</u>	<u>25,452</u>	<u>2,385,487</u>
325	797	0	0	0	405,086
0	0	0	0	0	83,570
0	0	0	0	0	301,559
0	0	0	0	0	866,139
0	0	0	0	12,228	12,228
269,370	0	0	0	4,915	1,010,370
0	0	0	0	0	42,000
0	0	0	0	0	2,880
<u>269,695</u>	<u>797</u>	<u>0</u>	<u>0</u>	<u>17,143</u>	<u>2,723,832</u>
(252,274)	2,189	1,028	89,836	8,309	(338,345)
0	0	0	0	50,000	513,933
0	0	0	(115,000)	0	(261,418)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(115,000)</u>	<u>50,000</u>	<u>252,515</u>
(252,274)	2,189	1,028	(25,164)	58,309	(85,830)
257,939	7,388	2,160	195,361	365,378	1,255,640
0	0	0	0	0	44,842
<u>\$ 5,665</u>	<u>\$ 9,577</u>	<u>\$ 3,188</u>	<u>\$ 170,197</u>	<u>\$ 423,687</u>	<u>\$ 1,214,652</u>

CITY OF FAIRBORN, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2003**

	Issue II Improvement Fund	Municipal Court Improvement Fund	Court Special Projects Fund	General Capital Improvement Fund
Assets:				
Cash and Cash Equivalents	\$ 19,546	\$ 194,543	\$ 514,556	\$ 225,683
Investments	0	0	0	309,887
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	7,790	7,482	0
Interest	0	0	0	97
Total Assets	<u>\$ 19,546</u>	<u>\$ 202,333</u>	<u>\$ 522,038</u>	<u>\$ 535,667</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 12,694	\$ 0	\$ 2,813
Deferred Revenue - Taxes	0	0	0	0
Accrued Interest Payable	1,225	0	0	0
General Obligation Notes Payable	245,000	0	0	0
Total Liabilities	<u>246,225</u>	<u>12,694</u>	<u>0</u>	<u>2,813</u>
Fund Balances:				
Reserved for Encumbrances	1,000	48,482	167,010	38,651
Unreserved, Undesignated in:				
Capital Projects Funds (Deficits)	(227,679)	141,157	355,028	494,203
Total Fund Balances	<u>(226,679)</u>	<u>189,639</u>	<u>522,038</u>	<u>532,854</u>
Total Liabilities and Funds Balances	<u>\$ 19,546</u>	<u>\$ 202,333</u>	<u>\$ 522,038</u>	<u>\$ 535,667</u>

CITY OF FAIRBORN, OHIO

<u>Parks and Recreation Improvement Fund</u>	<u>Public Safety Equipment / Facility Fund</u>	<u>Federal Emergency Management Agency Fund</u>	<u>Buildings and Land Fund</u>	<u>Special Assessment Construction Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 117,715 0	\$ 27,841 0	\$ 690 0	\$ 301,558 414,070	\$ 112,744 0	\$ 1,514,876 723,957
33,608 0 0	0 91,026 0	0 0 0	11,677 0 0	0 1,447 0	45,285 107,745 97
<u>\$ 151,323</u>	<u>\$ 118,867</u>	<u>\$ 690</u>	<u>\$ 727,305</u>	<u>\$ 114,191</u>	<u>\$ 2,391,960</u>
\$ 1,819 5,269 0 0	\$ 951 0 798 225,000	\$ 0 0 0 0	\$ 64,430 0 0 0	\$ 0 0 198 0	\$ 82,707 5,269 2,221 470,000
<u>7,088</u>	<u>226,749</u>	<u>0</u>	<u>64,430</u>	<u>198</u>	<u>560,197</u>
1,095	0	0	597,028	0	853,266
143,140	(107,882)	690	65,847	113,993	978,497
<u>144,235</u>	<u>(107,882)</u>	<u>690</u>	<u>662,875</u>	<u>113,993</u>	<u>1,831,763</u>
<u>\$ 151,323</u>	<u>\$ 118,867</u>	<u>\$ 690</u>	<u>\$ 727,305</u>	<u>\$ 114,191</u>	<u>\$ 2,391,960</u>

CITY OF FAIRBORN, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003**

	Issue II Improvement Fund	Municipal Court Improvement Fund	Court Special Projects Fund	General Capital Improvement Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	103,397	0	0	0
Charges for Services	0	0	0	0
Investment Earnings	713	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	119,710	112,862	0
All Other Revenue	0	482	0	15,431
Total Revenue	<u>104,110</u>	<u>120,192</u>	<u>112,862</u>	<u>15,431</u>
Expenditures:				
Current:				
Leisure Time Activities	0	0	0	0
General Government	19,845	81,779	0	1,600
Capital Outlay	194,900	63,246	78,620	470,612
Debt Service:				
Principal Retirement	0	0	0	25,000
Interest & Fiscal Charges	20,519	0	0	9,500
Total Expenditures	<u>235,264</u>	<u>145,025</u>	<u>78,620</u>	<u>506,712</u>
Excess (Deficiency) of Revenues Over Expenditures	(131,154)	(24,833)	34,242	(491,281)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Sale of Bonds	0	0	0	0
Transfers In	507,545	0	0	470,235
Transfers Out	(31,468)	0	0	0
Total Other Financing Sources (Uses)	<u>476,077</u>	<u>0</u>	<u>0</u>	<u>470,235</u>
Net Change in Fund Balances	344,923	(24,833)	34,242	(21,046)
Fund Balances (Deficits) at Beginning of Year	<u>(571,602)</u>	<u>214,472</u>	<u>487,796</u>	<u>553,900</u>
Fund Balances (Deficits) End of Year	<u>\$ (226,679)</u>	<u>\$ 189,639</u>	<u>\$ 522,038</u>	<u>\$ 532,854</u>

CITY OF FAIRBORN, OHIO

<u>Parks and Recreation Improvement Fund</u>	<u>Public Safety Equipment / Facility Fund</u>	<u>Federal Emergency Management Agency Fund</u>	<u>Buildings and Land Fund</u>	<u>Special Assessment Construction Fund</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ 95,147	\$ 0	\$ 0	\$ 0	\$ 0	\$ 95,147
0	0	19,555	0	0	122,952
12,000	97,994	0	0	0	109,994
0	0	0	2,282	0	2,995
0	0	0	0	176,623	176,623
0	0	0	0	0	232,572
12,575	6,643	2,925	23,890	15,189	77,135
<u>119,722</u>	<u>104,637</u>	<u>22,480</u>	<u>26,172</u>	<u>191,812</u>	<u>817,418</u>
3,872	0	0	0	0	3,872
9,933	6,080	2,234	138,014	1,015	260,500
102,940	7,384	0	69,550	25,749	1,013,001
0	0	0	65,000	0	90,000
0	4,077	0	18,846	3,614	56,556
<u>116,745</u>	<u>17,541</u>	<u>2,234</u>	<u>291,410</u>	<u>30,378</u>	<u>1,423,929</u>
2,977	87,096	20,246	(265,238)	161,434	(606,511)
0	19,760	0	0	0	19,760
0	0	0	455,000	0	455,000
0	0	0	370,603	0	1,348,383
0	0	(19,556)	0	0	(51,024)
<u>0</u>	<u>19,760</u>	<u>(19,556)</u>	<u>825,603</u>	<u>0</u>	<u>1,772,119</u>
2,977	106,856	690	560,365	161,434	1,165,608
141,258	(214,738)	0	102,510	(47,441)	666,155
<u>\$ 144,235</u>	<u>\$ (107,882)</u>	<u>\$ 690</u>	<u>\$ 662,875</u>	<u>\$ 113,993</u>	<u>\$ 1,831,763</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 2,426,915	\$ 2,426,915	\$ 2,511,217	\$ 84,302
Municipal Income Taxes	6,086,750	6,086,750	6,317,577	230,827
Intergovernmental Revenues	2,864,078	2,884,078	2,702,969	(181,109)
Charges for Services	3,345,407	3,370,407	3,280,340	(90,067)
Licenses and Permits	271,150	271,150	302,624	31,474
Investment Earnings	410,000	365,000	252,070	(112,930)
Fines and Forfeitures	1,124,000	1,124,000	1,022,059	(101,941)
All Other Revenues	356,284	356,284	289,723	(66,561)
Total Revenues	<u>16,884,584</u>	<u>16,884,584</u>	<u>16,678,579</u>	<u>(206,005)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police Law Enforcement				
Personal Services	4,716,259	4,729,559	4,460,812	268,747
Other Expenditures	609,136	591,432	533,492	57,940
Fire Prevention and Control				
Personal Services	4,391,120	4,390,620	4,284,385	106,235
Other Expenditures	367,681	367,117	354,104	13,013
Total Security of Persons and Property	<u>10,084,196</u>	<u>10,078,728</u>	<u>9,632,793</u>	<u>445,935</u>
Public Health and Welfare Services:				
Other Expenditures	73,319	73,319	71,439	1,880
Total Public Health and Welfare Services	<u>73,319</u>	<u>73,319</u>	<u>71,439</u>	<u>1,880</u>
Leisure Time Activities:				
Recreation Programs				
Personal Services	76,433	76,433	76,003	430
Other Expenditures	106,459	105,523	95,988	9,535
Total Leisure Time Activities	<u>182,892</u>	<u>181,956</u>	<u>171,991</u>	<u>9,965</u>
Community Environment:				
Urban Planner				
Personal Services	206,688	210,288	209,690	598
Other Expenditures	11,905	7,533	7,178	355
Building Inspection				
Personal Services	323,855	323,855	312,262	11,593
Other Expenditures	50,470	50,470	42,681	7,789
Total Community Environment	<u>592,918</u>	<u>592,146</u>	<u>571,811</u>	<u>20,335</u>

(Continued)

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government:				
City Manager				
Personal Services	363,104	399,904	399,237	667
Other Expenditures	15,040	12,240	11,786	454
Council				
Personal Services	43,960	44,360	43,654	706
Other Expenditures	33,385	36,785	35,033	1,752
Municipal Court				
Personal Services	1,288,993	1,278,993	1,217,720	61,273
Other Expenditures	237,903	247,903	234,751	13,152
Finance				
Personal Services	823,740	809,746	794,141	15,605
Other Expenditures	251,560	262,891	238,061	24,830
Solicitor				
Personal Services	141,559	139,759	139,187	572
Other Expenditures	95,210	128,568	128,505	63
Personnel				
Personal Services	136,604	136,604	135,716	888
Other Expenditures	34,479	33,879	33,133	746
Engineering and Drafting				
Personal Services	283,279	321,779	317,958	3,821
Other Expenditures	40,936	39,350	38,202	1,148
Public Works Director				
Personal Services	75,769	74,337	22,639	51,698
Other Expenditures	1,619	1,719	1,696	23
Plant Maintenance				
Personal Services	417,850	426,170	422,846	3,324
Other Expenditures	131,224	130,104	129,872	232
Audio Visual				
Personal Services	53,228	53,228	52,642	586
Other Expenditures	16,950	15,885	15,533	352
Other General Government				
Personal Services	5,000	9,968	9,968	0
Other Expenditures	<u>1,097,693</u>	<u>1,095,585</u>	<u>1,092,824</u>	<u>2,761</u>
Total General Government	<u>5,589,085</u>	<u>5,699,757</u>	<u>5,515,104</u>	<u>184,653</u>
Capital Outlay	<u>666,638</u>	<u>675,144</u>	<u>668,522</u>	<u>6,622</u>

(Continued)

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Debt Service:				
Principal Retirement	60,000	300,100	300,000	100
Interest and Fiscal Charges	<u>5,670</u>	<u>5,670</u>	<u>5,684</u>	<u>(14)</u>
Total Expenditures	<u>17,254,718</u>	<u>17,606,820</u>	<u>16,937,344</u>	<u>669,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(370,134)	(722,236)	(258,765)	463,471
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	8,000	8,000	11,547	3,547
Transfers In	0	0	3,387	3,387
Transfers Out	<u>(1,117,338)</u>	<u>(1,128,338)</u>	<u>(1,128,338)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(1,109,338)</u>	<u>(1,120,338)</u>	<u>(1,113,404)</u>	<u>6,934</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,479,472)	(1,842,574)	(1,372,169)	470,405
Fund Balance at Beginning of Year	3,874,172	3,874,172	3,874,172	0
Prior Year Encumbrances	<u>707,801</u>	<u>707,801</u>	<u>707,801</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,102,501</u>	<u>\$ 2,739,399</u>	<u>\$ 3,209,804</u>	<u>\$ 470,405</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund
For the Year Ended December 31, 2003**

GENERAL BOND RETIREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 86,830	\$ 86,830	\$ 88,215	\$ 1,385
Intergovernmental Revenues	10,426	10,426	10,426	0
Investment Earnings	15,000	15,000	20,317	5,317
Special Assessments	269,103	269,103	274,019	4,916
All Other Revenues	20,000	20,000	27,532	7,532
Total Revenues	<u>401,359</u>	<u>401,359</u>	<u>420,509</u>	<u>19,150</u>
Expenditures:				
General Government:				
Other Expenditures	31,256	24,556	23,938	618
Total General Government	<u>31,256</u>	<u>24,556</u>	<u>23,938</u>	<u>618</u>
Debt Service:				
Principal Retirement	303,000	309,221	303,000	6,221
Interest and Fiscal Charges	152,429	171,588	176,911	(5,323)
Total Debt Service	<u>455,429</u>	<u>480,809</u>	<u>479,911</u>	<u>898</u>
Total Expenditures	<u>486,685</u>	<u>505,365</u>	<u>503,849</u>	<u>1,516</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(85,326)	(104,006)	(83,340)	20,666
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds	0	0	305,000	305,000
Transfers In	42,655	42,655	31,468	(11,187)
Transfers Out	(26,376)	(352,695)	(352,695)	0
Total Other Financing Sources (Uses)	<u>16,279</u>	<u>(310,040)</u>	<u>(16,227)</u>	<u>293,813</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(69,047)	(414,046)	(99,567)	314,479
Fund Balance at Beginning of Year	642,267	642,267	642,267	0
Prior Year Encumbrances	1,256	1,256	1,256	0
Fund Balance at End of Year	<u>\$ 574,476</u>	<u>\$ 229,477</u>	<u>\$ 543,956</u>	<u>\$ 314,479</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

STREET MAINTENANCE AND REPAIR FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 734,000	\$ 734,000	\$ 777,703	\$ 43,703
All Other Revenues	15,378	15,378	11,457	(3,921)
Total Revenues	<u>749,378</u>	<u>749,378</u>	<u>789,160</u>	<u>39,782</u>
Expenditures:				
Transportation:				
General Administration				
Personal Services	71,720	71,720	71,175	545
Other Expenditures	137,334	135,768	136,218	(450)
Total General Administration	209,054	207,488	207,393	95
Street Resurfacing Projects				
Personal Services	291,053	288,903	289,086	(183)
Other Expenditures	99,886	88,111	62,707	25,404
Total Street Resurfacing Projects	390,939	377,014	351,793	25,221
Ice and Snow Removal				
Other Expenditures	58,100	81,145	81,044	101
Traffic Signs and Signals				
Personal Services	115,556	110,606	110,458	148
Other Expenditures	75,402	86,210	86,152	58
Total Traffic Signs and Signals	190,958	196,816	196,610	206
Total Transportation	<u>849,051</u>	<u>862,463</u>	<u>836,840</u>	<u>25,623</u>
Capital Outlay	8,450	10,038	9,919	119
Total Expenditures	<u>857,501</u>	<u>872,501</u>	<u>846,759</u>	<u>25,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(108,123)	(123,123)	(57,599)	65,524
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	750	750	0	(750)
Transfers In	34,000	34,000	45,240	11,240
Transfers Out	(8,500)	(8,500)	(8,500)	0
Total Other Financing Sources (Uses)	<u>26,250</u>	<u>26,250</u>	<u>36,740</u>	<u>10,490</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(81,873)	(96,873)	(20,859)	76,014
Fund Balance at Beginning of Year	129,835	129,835	129,835	0
Prior Year Encumbrances	36,725	36,725	36,725	0
Fund Balance at End of Year	<u>\$ 84,687</u>	<u>\$ 69,687</u>	<u>\$ 145,701</u>	<u>\$ 76,014</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

STATE HIGHWAY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 55,415	\$ 55,415	\$ 59,364	\$ 3,949
All Other Revenues	653	653	20	(633)
Total Revenues	<u>56,068</u>	<u>56,068</u>	<u>59,384</u>	<u>3,316</u>
Expenditures:				
Transportation:				
State Highway Maintenance:				
Personal Services	43,350	43,350	43,309	41
Other Expenditures	19,666	19,666	17,684	1,982
Total Expenditures	<u>63,016</u>	<u>63,016</u>	<u>60,993</u>	<u>2,023</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,948)	(6,948)	(1,609)	5,339
Other Financing Sources (Uses):				
Transfers In	3,693	3,693	3,693	0
Total Other Financing Sources (Uses)	<u>3,693</u>	<u>3,693</u>	<u>3,693</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,255)	(3,255)	2,084	5,339
Fund Balance at Beginning of Year	8,718	8,718	8,718	0
Prior Year Encumbrances	3,789	3,789	3,789	0
Fund Balance at End of Year	<u>\$ 9,252</u>	<u>\$ 9,252</u>	<u>\$ 14,591</u>	<u>\$ 5,339</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

CEMETERY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 27,350	\$ 27,350	\$ 30,715	\$ 3,365
All Other Revenues	2,024	2,024	1,423	(601)
Total Revenues	<u>29,374</u>	<u>29,374</u>	<u>32,138</u>	<u>2,764</u>
Expenditures:				
Current:				
Public Health and Welfare Services:				
Cemetery:				
Personal Services	64,389	64,389	63,744	645
Other Expenditures	20,909	20,909	18,986	1,923
Total Public Health and Welfare Services	<u>85,298</u>	<u>85,298</u>	<u>82,730</u>	<u>2,568</u>
Capital Outlay	9,350	9,350	7,219	2,131
Total Expenditures	<u>94,648</u>	<u>94,648</u>	<u>89,949</u>	<u>4,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,274)	(65,274)	(57,811)	7,463
Other Financing Sources (Uses):				
Transfers In	59,000	59,000	65,000	6,000
Transfers Out	(3,000)	(3,000)	(3,000)	0
Total Other Financing Sources (Uses)	<u>56,000</u>	<u>56,000</u>	<u>62,000</u>	<u>6,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9,274)	(9,274)	4,189	13,463
Fund Balance at Beginning of Year	6,451	6,451	6,451	0
Prior Year Encumbrances	1,021	1,021	1,021	0
Fund Balance at End of Year	<u>\$ (1,802)</u>	<u>\$ (1,802)</u>	<u>\$ 11,661</u>	<u>\$ 13,463</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

COMMUNITY DEVELOPMENT FUND				variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 632,154	\$ 632,154	\$ 489,451	\$ (142,703)
All Other Revenues	8,104	8,104	1,732	(6,372)
Total Revenues	<u>640,258</u>	<u>640,258</u>	<u>491,183</u>	<u>(149,075)</u>
Expenditures:				
Current:				
Community Environment:				
Entitlement Administration				
Personal Services	42,597	44,531	41,240	3,291
Other Expenditures	57,157	82,744	73,095	9,649
Total Entitlement Administration	<u>99,754</u>	<u>127,275</u>	<u>114,335</u>	<u>12,940</u>
Entitlement Rehabilitation				
Personal Services	9,705	9,705	7,551	2,154
Other Expenditures	41,647	24,410	15,519	8,891
Total Entitlement Rehabilitation	<u>51,352</u>	<u>34,115</u>	<u>23,070</u>	<u>11,045</u>
Emergency Rehabilitation				
Other Expenditures	16,139	9,225	8,047	1,178
Total Emergency Rehabilitation	<u>16,139</u>	<u>9,225</u>	<u>8,047</u>	<u>1,178</u>
Public/Private Rehabilitation				
Personal Services	1,772	1,772	1,618	154
Other Expenditures	1,250	1,250	172	1,078
Total Public/Private Rehabilitation	<u>3,022</u>	<u>3,022</u>	<u>1,790</u>	<u>1,232</u>
Code Enforcement				
Personal Services	34,084	38,135	37,074	1,061
Other Expenditures	9,639	5,588	2,887	2,701
Total Code Enforcement	<u>43,723</u>	<u>43,723</u>	<u>39,961</u>	<u>3,762</u>
Neighborhood Garden Project				
Other Expenditures	6,100	0	0	0
Total Neighborhood Garden Project	<u>6,100</u>	<u>0</u>	<u>0</u>	<u>0</u>
Neighborhood Clean-Up				
Other Expenditures	0	2,399	2,399	0
Total Neighborhood Clean-Up	<u>0</u>	<u>2,399</u>	<u>2,399</u>	<u>0</u>

(Continued)

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

COMMUNITY DEVELOPMENT FUND				variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Greene County Habitat For Humanity				
Other Expenditures	10,280	4,120	4,120	0
Total Greene County Habitat For Humanity	10,280	4,120	4,120	0
CHIP				
Other Expenditures	227,932	127,932	125,123	2,809
Total CHIP	227,932	127,932	125,123	2,809
Total Community Environment	458,302	351,811	318,845	32,966
Capital Outlay	206,525	219,247	214,668	4,579
Total Expenditures	664,827	571,058	533,513	37,545
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,569)	83,200	(42,330)	(111,530)
Fund Balance at Beginning of Year	105,697	105,697	105,697	0
Prior Year Encumbrances	32,673	32,673	32,673	0
Fund Balance at End of Year	<u>\$ 113,801</u>	<u>\$ 221,570</u>	<u>\$ 96,040</u>	<u>\$ (111,530)</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

VICTIM WITNESS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 77,000	\$ 77,000	\$ 69,026	\$ (7,974)
Fines and Forfeitures	19,500	19,500	17,462	(2,038)
All Other Revenues	1,503	1,503	575	(928)
Total Revenues	<u>98,003</u>	<u>98,003</u>	<u>87,063</u>	<u>(10,940)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement				
Personal Services	97,615	97,615	85,759	11,856
Other Expenditures	10,936	10,436	6,349	4,087
Total Security of Persons and Property	<u>108,551</u>	<u>108,051</u>	<u>92,108</u>	<u>15,943</u>
Capital Outlay	300	800	736	64
Total Expenditures	<u>108,851</u>	<u>108,851</u>	<u>92,844</u>	<u>16,007</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,848)	(10,848)	(5,781)	5,067
Fund Balance at Beginning of Year	20,771	20,771	20,771	0
Prior Year Encumbrances	1,350	1,350	1,350	0
Fund Balance at End of Year	<u>\$ 11,273</u>	<u>\$ 11,273</u>	<u>\$ 16,340</u>	<u>\$ 5,067</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	STREET LIGHTING FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 150,424	\$ 150,424	\$ 162,535	\$ 12,111
Intergovernmental Revenues	14,576	14,576	14,576	0
Total Revenues	<u>165,000</u>	<u>165,000</u>	<u>177,111</u>	<u>12,111</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Street Lighting				
Other Expenditures	308,800	338,300	309,047	29,253
Total Security of Persons and Property	<u>308,800</u>	<u>338,300</u>	<u>309,047</u>	<u>29,253</u>
Debt Service:				
Principal Retirement	42,000	42,000	42,000	0
Interest and Fiscal Charges	2,880	2,880	2,880	0
Total Expenditures	<u>353,680</u>	<u>383,180</u>	<u>353,927</u>	<u>29,253</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(188,680)	(218,180)	(176,816)	41,364
Other Financing Sources (Uses):				
Transfers In	175,000	175,000	175,000	0
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(13,680)	(43,180)	(1,816)	41,364
Fund Balance at Beginning of Year	27,981	27,981	27,981	0
Fund Balance at End of Year	<u>\$ 14,301</u>	<u>\$ (15,199)</u>	<u>\$ 26,165</u>	<u>\$ 41,364</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

COUNTY MOTOR VEHICLE LICENSE TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 740,500	\$ 740,500	\$ 462,264	\$ (278,236)
Total Revenues	<u>740,500</u>	<u>740,500</u>	<u>462,264</u>	<u>(278,236)</u>
Expenditures:				
Current:				
Transportation:				
Street Resurfacing Projects				
Other Expenditures	32,000	35,345	35,345	0
Total Transportation	<u>32,000</u>	<u>35,345</u>	<u>35,345</u>	<u>0</u>
Capital Outlay	993,359	402,014	399,237	2,777
Total Expenditures	<u>1,025,359</u>	<u>437,359</u>	<u>434,582</u>	<u>2,777</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(284,859)	303,141	27,682	(275,459)
Other Financing Sources (Uses):				
Transfers In	175,000	175,000	175,000	0
Transfers Out	(136,208)	(136,208)	(134,918)	1,290
Total Other Financing Sources (Uses)	<u>38,792</u>	<u>38,792</u>	<u>40,082</u>	<u>1,290</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(246,067)	341,933	67,764	(274,169)
Fund Balance at Beginning of Year	7,695	7,695	7,695	0
Prior Year Encumbrances	50,567	50,567	50,567	0
Fund Balance at End of Year	<u>\$ (187,805)</u>	<u>\$ 400,195</u>	<u>\$ 126,026</u>	<u>\$ (274,169)</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

LAW ENFORCEMENT TRUST FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 4,500	\$ 4,500	\$ 2,695	\$ (1,805)
Total Revenues	<u>4,500</u>	<u>4,500</u>	<u>2,695</u>	<u>(1,805)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement				
Other Expenditures	5,000	5,000	3,895	1,105
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>3,895</u>	<u>1,105</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(500)	(500)	(1,200)	(700)
Fund Balance at Beginning of Year	1,207	1,207	1,207	0
Fund Balance at End of Year	<u>\$ 707</u>	<u>\$ 707</u>	<u>\$ 7</u>	<u>\$ (700)</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

DRUG LAW ENFORCEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 2,000	\$ 2,000	\$ 665	\$ (1,335)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>665</u>	<u>(1,335)</u>
Expenditures:				
Security of Persons and Property:				
Drug Law Enforcement				
Other Expenditures	2,000	2,000	0	2,000
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	665	665
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	500	500	0	(500)
Total Other Financing Sources (Uses)	<u>500</u>	<u>500</u>	<u>0</u>	<u>(500)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	500	500	665	165
Fund Balance at Beginning of Year	(133)	(133)	(133)	0
Fund Balance at End of Year	<u>\$ 367</u>	<u>\$ 367</u>	<u>\$ 532</u>	<u>\$ 165</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 135,000	\$ 135,000	\$ 134,547	\$ (453)
Total Revenues	<u>135,000</u>	<u>135,000</u>	<u>134,547</u>	<u>(453)</u>
Expenditures:				
Capital Outlay	<u>135,000</u>	<u>135,000</u>	<u>112,386</u>	<u>22,614</u>
Total Expenditures	<u>135,000</u>	<u>135,000</u>	<u>112,386</u>	<u>22,614</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	22,161	22,161
Fund Balance at Beginning of Year	<u>11,945</u>	<u>11,945</u>	<u>11,945</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,945</u>	<u>\$ 11,945</u>	<u>\$ 34,106</u>	<u>\$ 22,161</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 30,000	\$ 30,000	\$ 24,987	\$ (5,013)
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>24,987</u>	<u>(5,013)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement				
Other Expenditures	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	15,000	24,987	9,987
Fund Balance at Beginning of Year	<u>249,541</u>	<u>249,541</u>	<u>249,541</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 264,541</u>	<u>\$ 264,541</u>	<u>\$ 274,528</u>	<u>\$ 9,987</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 3,200	\$ 3,200	\$ 3,136	\$ (64)
Total Revenues	<u>3,200</u>	<u>3,200</u>	<u>3,136</u>	<u>(64)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement				
Other Expenditures	<u>5,300</u>	<u>5,300</u>	<u>797</u>	<u>4,503</u>
Total Expenditures	<u>5,300</u>	<u>5,300</u>	<u>797</u>	<u>4,503</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,100)	(2,100)	2,339	4,439
Fund Balance at Beginning of Year	6,817	6,817	6,817	0
Prior Year Encumbrances	<u>300</u>	<u>300</u>	<u>300</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,017</u>	<u>\$ 5,017</u>	<u>\$ 9,456</u>	<u>\$ 4,439</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 500	\$ 500	\$ 1,028	\$ 528
Total Revenues	<u>500</u>	<u>500</u>	<u>1,028</u>	<u>528</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	500	500	1,028	528
Fund Balance at Beginning of Year	<u>2,160</u>	<u>2,160</u>	<u>2,160</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 2,660</u></u>	<u><u>\$ 2,660</u></u>	<u><u>\$ 3,188</u></u>	<u><u>\$ 528</u></u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003***

MUNICIPAL PROBATION SERVICES FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 75,000	\$ 75,000	\$ 89,143	\$ 14,143
All Other Revenues	0	0	131	131
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>89,274</u>	<u>14,274</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Law Enforcement				
Personal Services	<u>51,564</u>	<u>51,564</u>	<u>0</u>	<u>51,564</u>
Total Expenditures	<u>51,564</u>	<u>51,564</u>	<u>0</u>	<u>51,564</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,436	23,436	89,274	65,838
Other Financing Sources (Uses):				
Transfers Out	<u>(115,000)</u>	<u>(115,000)</u>	<u>(115,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(115,000)</u>	<u>(115,000)</u>	<u>(115,000)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(91,564)	(91,564)	(25,726)	65,838
Fund Balance at Beginning of Year	<u>188,922</u>	<u>188,922</u>	<u>188,922</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 97,358</u>	<u>\$ 97,358</u>	<u>\$ 163,196</u>	<u>\$ 65,838</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2003**

	DAMAGE REPAIR FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 20,000	\$ 20,000	\$ 20,051	\$ 51
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>20,051</u>	<u>51</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	26,973	21,973	13,579	8,394
Total General Government	<u>26,973</u>	<u>21,973</u>	<u>13,579</u>	<u>8,394</u>
Capital Outlay	19,607	24,607	24,522	85
Total Expenditures	<u>46,580</u>	<u>46,580</u>	<u>38,101</u>	<u>8,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,580)	(26,580)	(18,050)	8,530
Other Financing Sources (Uses):				
Transfers In	50,000	50,000	50,000	0
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	23,420	23,420	31,950	8,530
Fund Balance at Beginning of Year	361,837	361,837	361,837	0
Prior Year Encumbrances	21,580	21,580	21,580	0
Fund Balance at End of Year	<u>\$ 406,837</u>	<u>\$ 406,837</u>	<u>\$ 415,367</u>	<u>\$ 8,530</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2003**

TAX INCREMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 43,000	\$ 43,000	\$ 57,587	\$ 14,587
Total Revenues	<u>43,000</u>	<u>43,000</u>	<u>57,587</u>	<u>14,587</u>
Expenditures:				
General Government:				
Other Expenditures	<u>0</u>	<u>720</u>	<u>711</u>	<u>9</u>
Total General Government	<u>0</u>	<u>720</u>	<u>711</u>	<u>9</u>
Debt Service:				
Principal Retirement	30,000	239,148	0	239,148
Interest and Fiscal Charges	<u>6,000</u>	<u>6,000</u>	<u>0</u>	<u>6,000</u>
Total Debt Service	<u>36,000</u>	<u>245,148</u>	<u>0</u>	<u>245,148</u>
Total Expenditures	<u>36,000</u>	<u>245,868</u>	<u>711</u>	<u>245,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,000	(202,868)	56,876	259,744
Other Financing Sources (Uses):				
Transfers Out	<u>0</u>	<u>(54,832)</u>	<u>(54,832)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(54,832)</u>	<u>(54,832)</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	7,000	(257,700)	2,044	259,744
Fund Balance at Beginning of Year	<u>6,486</u>	<u>6,486</u>	<u>6,486</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,486</u>	<u>\$ (251,214)</u>	<u>\$ 8,530</u>	<u>\$ 259,744</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003**

	ISSUE II IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 2,429,697	\$ 2,429,697	\$ 135,397	\$ (2,294,300)
Investment Earnings	0	0	840	840
All Other Revenues	80,000	80,000	0	(80,000)
Total Revenues	<u>2,509,697</u>	<u>2,509,697</u>	<u>136,237</u>	<u>(2,373,460)</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	0	20,995	20,845	150
Total General Government	0	20,995	20,845	150
Capital Outlay	2,937,697	217,702	194,900	22,802
Debt Service:				
Principal Retirement	663,315	662,315	650,000	12,315
Interest and Fiscal Charges	23,022	23,022	23,022	0
Total Expenditures	<u>3,624,034</u>	<u>924,034</u>	<u>888,767</u>	<u>35,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,114,337)	1,585,663	(752,530)	(2,338,193)
Other Financing Sources (Uses):				
Proceeds from General Obligation Notes	245,000	245,000	245,000	0
Transfers In	892,337	892,337	507,545	(384,792)
Transfers Out	(36,655)	(36,655)	(31,468)	5,187
Total Other Financing Sources (Uses)	<u>1,100,682</u>	<u>1,100,682</u>	<u>721,077</u>	<u>(379,605)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(13,655)	2,686,345	(31,453)	(2,717,798)
Fund Balance at Beginning of Year	(103,398)	(103,398)	(103,398)	0
Prior Year Encumbrances	153,397	153,397	153,397	0
Fund Balance at End of Year	<u>\$ 36,344</u>	<u>\$ 2,736,344</u>	<u>\$ 18,546</u>	<u>\$ (2,717,798)</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

MUNICIPAL COURT IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 121,000	\$ 121,000	\$ 122,172	\$ 1,172
All Other Revenues	0	0	482	482
Total Revenues	<u>121,000</u>	<u>121,000</u>	<u>122,654</u>	<u>1,654</u>
Expenditures:				
Current:				
General Government:				
Personal Services	74,000	77,400	77,243	157
Other Expenditures	7,320	3,920	1,354	2,566
Total General Government	<u>81,320</u>	<u>81,320</u>	<u>78,597</u>	<u>2,723</u>
Capital Outlay	255,216	255,216	195,523	59,693
Total Expenditures	<u>336,536</u>	<u>336,536</u>	<u>274,120</u>	<u>62,416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(215,536)	(215,536)	(151,466)	64,070
Fund Balance at Beginning of Year	127,318	127,318	127,318	0
Prior Year Encumbrances	161,216	161,216	161,216	0
Fund Balance at End of Year	<u>\$ 72,998</u>	<u>\$ 72,998</u>	<u>\$ 137,068</u>	<u>\$ 64,070</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 125,000	\$ 125,000	\$ 114,984	\$ (10,016)
Total Revenues	<u>125,000</u>	<u>125,000</u>	<u>114,984</u>	<u>(10,016)</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	<u>80,000</u>	<u>80,000</u>	<u>0</u>	<u>80,000</u>
Total General Government	<u>80,000</u>	<u>80,000</u>	<u>0</u>	<u>80,000</u>
Capital Outlay	<u>515,000</u>	<u>515,000</u>	<u>515,000</u>	<u>0</u>
Total Expenditures	<u>595,000</u>	<u>595,000</u>	<u>515,000</u>	<u>80,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(470,000)	(470,000)	(400,016)	69,984
Fund Balance at Beginning of Year	<u>478,192</u>	<u>478,192</u>	<u>478,192</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,192</u>	<u>\$ 8,192</u>	<u>\$ 78,176</u>	<u>\$ 69,984</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

GENERAL CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Municipal Income Taxes	\$ 121,735	\$ 121,735	\$ 0	\$ (121,735)
Investment Earnings	0	0	1,273	1,273
All Other Revenues	0	0	15,750	15,750
Total Revenues	<u>121,735</u>	<u>121,735</u>	<u>17,023</u>	<u>(104,712)</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	0	1,600	1,600	0
Total General Government	0	1,600	1,600	0
Capital Outlay	680,655	679,055	512,611	166,444
Debt Service:				
Principal Retirement	34,500	34,500	25,000	9,500
Interest and Fiscal Charges	0	0	9,500	(9,500)
Total Expenditures	<u>715,155</u>	<u>715,155</u>	<u>548,711</u>	<u>166,444</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(593,420)	(593,420)	(531,688)	61,732
Other Financing Sources (Uses):				
Transfers In	346,500	346,500	470,235	123,735
Total Other Financing Sources (Uses)	<u>346,500</u>	<u>346,500</u>	<u>470,235</u>	<u>123,735</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(246,920)	(246,920)	(61,453)	185,467
Fund Balance at Beginning of Year	479,778	479,778	479,778	0
Prior Year Encumbrances	75,055	75,055	75,055	0
Fund Balance at End of Year	<u>\$ 307,913</u>	<u>\$ 307,913</u>	<u>\$ 493,380</u>	<u>\$ 185,467</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003**

PARKS AND RECREATION IMPROVEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 101,000	\$ 101,000	\$ 88,444	\$ (12,556)
Charges for Services	12,000	12,000	12,000	0
All Other Revenues	5,000	5,000	12,575	7,575
Total Revenues	<u>118,000</u>	<u>118,000</u>	<u>113,019</u>	<u>(4,981)</u>
Expenditures:				
Current:				
Leisure time Activities:				
Other Expenditures	0	14,335	13,805	530
Total Leisure Time Activities	0	14,335	13,805	530
Capital Outlay	191,887	177,552	108,092	69,460
Total Expenditures	<u>191,887</u>	<u>191,887</u>	<u>121,897</u>	<u>69,990</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,887)	(73,887)	(8,878)	65,009
Fund Balance at Beginning of Year	89,292	89,292	89,292	0
Prior Year Encumbrances	34,387	34,387	34,387	0
Fund Balance at End of Year	<u>\$ 49,792</u>	<u>\$ 49,792</u>	<u>\$ 114,801</u>	<u>\$ 65,009</u>

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

PUBLIC SAFETY EQUIPMENT/FACILITY FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 60,000	\$ 60,000	\$ 61,362	\$ 1,362
All Other Revenues	0	0	6,643	6,643
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>68,005</u>	<u>8,005</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	0	5,210	5,129	81
Total General Government	0	5,210	5,129	81
Capital Outlay	23,073	31,263	29,960	1,303
Debt Service:				
Principal Retirement	54,000	270,000	270,000	0
Interest and Fiscal Charges	5,000	4,600	4,232	368
Total Expenditures	<u>82,073</u>	<u>311,073</u>	<u>309,321</u>	<u>1,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,073)	(251,073)	(241,316)	9,757
Other Financing Sources (Uses):				
Proceeds from the Sale of Fixed Assets	0	0	19,760	19,760
Proceeds from General Obligation Notes	0	0	225,000	225,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>244,760</u>	<u>244,760</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(22,073)	(251,073)	3,444	254,517
Fund Balance at Beginning of Year	1,324	1,324	1,324	0
Prior Year Encumbrances	23,073	23,073	23,073	0
Fund Balance at End of Year	<u>\$ 2,324</u>	<u>\$ (226,676)</u>	<u>\$ 27,841</u>	<u>\$ 254,517</u>

CITY OF FAIRBORN, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FUND				
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 19,555	\$ 19,555
All Other Revenues	0	0	2,925	2,925
Total Revenues	0	0	22,480	22,480
Expenditures:				
Current:				
General Government:				
Personal Services	0	2,300	2,234	66
Total Expenditures	0	2,300	2,234	66
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(2,300)	20,246	22,546
Other Financing Sources (Uses):				
Transfers Out	0	(19,700)	(19,556)	144
Total Other Financing Sources (Uses)	0	(19,700)	(19,556)	144
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	(22,000)	690	22,690
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ (22,000)	\$ 690	\$ 22,690

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUILDINGS AND LAND FUND				
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 1,315	\$ 1,315
All Other Revenues	0	0	23,890	23,890
Total Revenues	0	0	25,205	25,205
Expenditures:				
Current:				
General Government:				
Other Expenditures	21,030	140,442	139,616	826
Total General Government	21,030	140,442	139,616	826
Capital Outlay	205,387	673,495	673,269	226
Debt Service:				
Principal Retirement	80,390	80,390	65,000	15,390
Interest and Fiscal Charges	0	3,500	18,846	(15,346)
Total Expenditures	306,807	897,827	896,731	1,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	(306,807)	(897,827)	(871,526)	26,301
Other Financing Sources (Uses):				
Proceeds from General Obligation Bonds	0	0	455,000	455,000
Transfers In	252,603	252,603	370,603	118,000
Total Other Financing Sources (Uses)	252,603	252,603	825,603	573,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(54,204)	(645,224)	(45,923)	599,301
Fund Balance at Beginning of Year	69,332	69,332	69,332	0
Prior Year Encumbrances	30,417	30,417	30,417	0
Fund Balance at End of Year	\$ 45,545	\$ (545,475)	\$ 53,826	\$ 599,301

CITY OF FAIRBORN, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2003***

SPECIAL ASSESSMENT CONSTRUCTION FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 140,197	\$ 140,197	\$ 119,960	\$ (20,237)
All Other Revenues	0	0	15,324	15,324
Total Revenues	<u>140,197</u>	<u>140,197</u>	<u>135,284</u>	<u>(4,913)</u>
Expenditures:				
Current:				
General Government:				
Other Expenditures	0	1,100	1,015	85
Total General Government	0	1,100	1,015	85
Capital Outlay	45,071	43,971	37,287	6,684
Debt Service:				
Principal Retirement	29,169	29,170	29,170	0
Interest and Fiscal Charges	3,727	3,727	3,727	0
Total Expenditures	<u>77,967</u>	<u>77,968</u>	<u>71,199</u>	<u>6,769</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	62,230	62,229	64,085	1,856
Fund Balance at Beginning of Year	33,588	33,588	33,588	0
Prior Year Encumbrances	15,071	15,071	15,071	0
Fund Balance at End of Year	<u>\$ 110,889</u>	<u>\$ 110,888</u>	<u>\$ 112,744</u>	<u>\$ 1,856</u>

Internal Service Funds

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

Equipment Fund

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

Self Insurance Fund

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

CITY OF FAIRBORN, OHIO

**Combining Statement of Net Assets
Internal Service Funds
December 31, 2003**

	<u>Equipment</u>	<u>Self-Insurance</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 215,287	\$ 178,106	\$ 393,393
Investments	0	244,558	244,558
Intergovernmental	22,544	0	22,544
Interest	0	187	187
Due from Other Funds	17,896	0	17,896
Inventory of Supplies at Cost	78,608	0	78,608
Prepaid Items	1,211	0	1,211
<i>Total Current Assets</i>	<u>335,546</u>	<u>422,851</u>	<u>758,397</u>
Capital Assets, Net	391,227	0	391,227
Total Assets	<u>726,773</u>	<u>422,851</u>	<u>1,149,624</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	27,811	0	27,811
Accrued Wages and Benefits	30,694	0	30,694
Intergovernmental Payable	16,651	0	16,651
Claims Payable	0	2,143	2,143
Due to Other Funds	34	0	34
<i>Total Current Liabilities</i>	<u>75,190</u>	<u>2,143</u>	<u>77,333</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	39,072	0	39,072
Total Liabilities	<u>114,262</u>	<u>2,143</u>	<u>116,405</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	391,227	0	391,227
Unrestricted	221,284	420,708	641,992
Total Net Assets	<u>\$ 612,511</u>	<u>\$ 420,708</u>	<u>\$ 1,033,219</u>

CITY OF FAIRBORN, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2003**

	<u>Equipment</u>	<u>Self-Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 1,026,536	\$ 41,316	\$ 1,067,852
Total Operating Revenues	<u>1,026,536</u>	<u>41,316</u>	<u>1,067,852</u>
Operating Expenses:			
Personal Services	536,986	0	536,986
Materials and Supplies	417,550	0	417,550
Contractual Services	47,444	0	47,444
Dental Insurance Claims	0	54,285	54,285
Depreciation	<u>56,326</u>	<u>0</u>	<u>56,326</u>
Total Operating Expenses	<u>1,058,306</u>	<u>54,285</u>	<u>1,112,591</u>
Operating Income (Loss)	(31,770)	(12,969)	(44,739)
Nonoperating Revenue (Expenses):			
Investment Earnings	<u>0</u>	<u>7,182</u>	<u>7,182</u>
Total Nonoperating Revenues (Expenses)	<u>0</u>	<u>7,182</u>	<u>7,182</u>
Income (Loss) Before Transfers	(31,770)	(5,787)	(37,557)
Transfers Out	<u>0</u>	<u>(70,000)</u>	<u>(70,000)</u>
Change in Net Assets	(31,770)	(75,787)	(107,557)
Net Assets Beginning of Year	<u>644,281</u>	<u>496,495</u>	<u>1,140,776</u>
Net Assets End of Year	<u>\$ 612,511</u>	<u>\$ 420,708</u>	<u>\$ 1,033,219</u>

CITY OF FAIRBORN, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2003***

	<u>Equipment</u>	<u>Self-Insurance</u>	<u>Totals</u>
<u>Cash Flows from Operating Activities:</u>			
Cash Receipts from Interfund Services Provided	\$1,004,270	\$41,316	\$1,045,586
Cash Payments for Goods and Services	(462,793)	0	(462,793)
Cash Payments to Employees	(516,551)	0	(516,551)
Cash Payments for Employee Medical/Dental Claims	0	(53,425)	(53,425)
Net Cash Provided (Used) by Operating Activities	<u>24,926</u>	<u>(12,109)</u>	<u>12,817</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	0	(70,000)	(70,000)
Net Cash Used for Noncapital Financing Activities	<u>0</u>	<u>(70,000)</u>	<u>(70,000)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(3,301)	0	(3,301)
Net Cash Used for Capital and Related Financing Activities	<u>(3,301)</u>	<u>0</u>	<u>(3,301)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	0	8,841	8,841
Sale of Investments	0	90,157	90,157
Net Cash Provided by Investing Activities	<u>0</u>	<u>98,998</u>	<u>98,998</u>
Net Increase in Cash and Cash Equivalents	21,625	16,889	38,514
Cash and Cash Equivalents at Beginning of Year	193,662	161,217	354,879
Cash and Cash Equivalents at End of Year	<u>\$215,287</u>	<u>\$178,106</u>	<u>\$393,393</u>
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Loss	(\$31,770)	(\$12,969)	(\$44,739)
Adjustments to Reconcile Operating Loss to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	56,326	0	56,326
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	414	0	414
Increase in Due from Other Funds	(10,576)	0	(10,576)
Increase in Intergovernmental Receivables	(12,104)	0	(12,104)
Increase in Inventory	(2,015)	0	(2,015)
Increase in Prepaid Items	(141)	0	(141)
Increase in Accounts Payable	4,357	0	4,357
Increase in Accrued Wages and Benefits	7,392	0	7,392
Decrease in Intergovernmental Payables	(167)	0	(167)
Increase in Compensated Absences Payable	13,210	0	13,210
Increase in Claims Payable	0	860	860
Total Adjustments	<u>56,696</u>	<u>860</u>	<u>57,556</u>
Net Cash Provided (Used) by Operating Activities	<u>\$24,926</u>	<u>(\$12,109)</u>	<u>\$12,817</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2003, the Equipment Fund had an outstanding liability of \$2,343 for the purchase of certain capital assets.

During 2003, the fair value of investments increased by \$571 in the Self-Insurance Fund.

Fiduciary Funds

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

Agency Fund

Municipal Court Fund

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

CITY OF FAIRBORN, OHIO

***Statement Of Changes In Assets And Liabilities
Agency Fund
For the Year Ended December 31, 2003***

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
<u>Municipal Court</u>				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	\$224,007	\$3,252,964	(\$3,113,188)	\$363,783
Total Assets	<u>\$224,007</u>	<u>\$3,252,964</u>	<u>(\$3,113,188)</u>	<u>\$363,783</u>
Liabilities:				
Intergovernmental Payable	\$95,181	\$875,119	(\$855,243)	\$115,057
Undistributed Monies	128,826	2,377,845	(2,257,945)	248,726
Total Liabilities	<u>\$224,007</u>	<u>\$3,252,964</u>	<u>(\$3,113,188)</u>	<u>\$363,783</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF FAIRBORN, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2003***

Capital Assets:

Land	\$11,130,376
Buildings	7,022,912
Improvements Other than Buildings	730,967
Machinery and Equipment	6,334,804
Vehicles	4,526,026
Infrastructure	60,498,456
Construction in Progress	<u>71,820</u>
Total Capital Assets	<u><u>\$90,315,361</u></u>

Investment in Capital Assets:

General Fund	\$6,308,841
Special Revenue Funds	1,768,986
Capital Project Funds	9,491,300
Enterprise Funds	178,752
Internal Service Funds	820,158
Acquired prior to January 1, 1989	5,590,896
Infrastructure and related Land acquired prior to January 1, 1989	<u>66,156,428</u>
Total Investment in Capital Assets	<u><u>\$90,315,361</u></u>

CITY OF FAIRBORN, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2003**

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings</u>
Security of Persons and Property:			
Police	\$0	\$0	\$271,056
Fire	45,711	0	488,829
Total	45,711	0	759,885
Public Health and Welfare Services:			
Cemetery	0	0	22,681
Leisure Time Activities:			
Parks	1,006,836	0	105,706
Parks and Recreation	70,910	0	68,545
Total	1,077,746	0	174,251
Community Environment:			
Building Inspection	0	0	0
Community Development	0	0	15,682
Total	0	0	15,682
Transportation:			
Street	380,250	0	281,295
State Highway	0	0	0
Total	380,250	0	281,295
General Government:			
City Manager	0	0	20,952
Audio Visual	0	0	0
Council	0	0	0
Municipal Court	0	71,820	47,243
Finance	0	0	0
Legal	0	0	0
Personnel	0	0	0
Engineering/Draft	9,322,520	0	0
Plant Maintenance	304,149	0	5,392,574
Electronic Maintenance	0	0	0
Library	0	0	0
Total	9,626,669	71,820	5,460,769
Governmental Internal Service:			
Equipment	0	0	308,349
Total Capital Assets	\$11,130,376	\$71,820	\$7,022,912

CITY OF FAIRBORN, OHIO

<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Total</u>
\$3,982	\$2,192,879	\$884,716	\$0	\$3,352,633
9,422	523,230	2,412,785	0	3,479,977
<u>13,404</u>	<u>2,716,109</u>	<u>3,297,501</u>	<u>0</u>	<u>6,832,610</u>
<u>3,584</u>	<u>30,569</u>	<u>23,890</u>	<u>0</u>	<u>80,724</u>
94,616	89,089	0	0	1,296,247
249,959	40,063	0	0	429,477
<u>344,575</u>	<u>129,152</u>	<u>0</u>	<u>0</u>	<u>1,725,724</u>
0	44,452	26,114	0	70,566
26,874	100,833	13,259	210,000	366,648
<u>26,874</u>	<u>145,285</u>	<u>39,373</u>	<u>210,000</u>	<u>437,214</u>
23,543	230,752	655,184	0	1,571,024
0	34,567	40,970	0	75,537
<u>23,543</u>	<u>265,319</u>	<u>696,154</u>	<u>0</u>	<u>1,646,561</u>
0	43,982	11,762	0	76,696
0	127,614	0	0	127,614
0	43,276	0	0	43,276
0	1,375,506	35,148	0	1,529,717
0	329,520	0	0	329,520
0	2,208	0	0	2,208
0	11,016	0	0	11,016
101,392	113,265	74,873	60,288,456	69,900,506
214,560	375,031	143,737	0	6,430,051
0	100,680	0	0	100,680
1,769	219,317	0	0	221,086
<u>317,721</u>	<u>2,741,415</u>	<u>265,520</u>	<u>60,288,456</u>	<u>78,772,370</u>
<u>1,266</u>	<u>306,955</u>	<u>203,588</u>	<u>0</u>	<u>820,158</u>
<u>\$730,967</u>	<u>\$6,334,804</u>	<u>\$4,526,026</u>	<u>\$60,498,456</u>	<u>\$90,315,361</u>

CITY OF FAIRBORN, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2003**

Function and Activity	December 31, 2002	Transfers	Additions	Deletions	December 31, 2003
Security of Persons and Property:					
Police	\$2,859,009	\$51,467	\$534,626	(\$92,469)	\$3,352,633
Fire	3,629,662	(82,252)	206,262	(273,695)	3,479,977
Total	6,488,671	(30,785)	740,888	(366,164)	6,832,610
Public Health and Welfare Services:					
Cemetery	73,961	0	6,763	0	80,724
Leisure Time Activities:					
Parks	1,195,475	0	100,772	0	1,296,247
Parks and Recreation	428,377	0	1,100	0	429,477
Total	1,623,852	0	101,872	0	1,725,724
Community Environment:					
Building Inspection	69,379	1,187	0	0	70,566
Community Development	195,712	0	210,000	(39,064)	366,648
Total	265,091	1,187	210,000	(39,064)	437,214
Transportation:					
Street	1,433,849	0	137,175	0	1,571,024
State Highway	75,537	0	0	0	75,537
Total	1,509,386	0	137,175	0	1,646,561
General Government:					
City Manager	76,696	0	0	0	76,696
Audio Visual	118,715	0	8,899	0	127,614
Council	43,276	0	0	0	43,276
Municipal Court	1,430,795	0	98,922	0	1,529,717
Finance	320,936	0	8,584	0	329,520
Legal	2,208	0	0	0	2,208
Personnel	11,016	0	0	0	11,016
Engineering/Draft	69,040,338	0	906,051	(45,883)	69,900,506
Plant Maintenance	6,399,458	29,598	995	0	6,430,051
Electronic Maintenance	99,257	0	1,423	0	100,680
Library	221,086	0	0	0	221,086
Total	77,763,781	29,598	1,024,874	(45,883)	78,772,370
Governmental Internal Service:					
Equipment	824,004	0	3,729	(7,575)	820,158
Total Capital Assets	\$88,548,746	\$0	\$2,225,301	(\$458,686)	\$90,315,361

STATISTICAL SECTION



STATISTICAL TABLES

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

CITY OF FAIRBORN, OHIO

GENERAL FUND EXPENDITURES BY FUNCTION LAST TEN YEARS

Year	Security of Persons and Property	Public Health Services	Leisure Time Activities	Community Environment	General Government	Capital Outlay	Debt Service	Total
1994	\$6,179,444	\$65,195	\$123,014	\$370,689	\$4,174,180	\$505,880	\$11,940	\$11,430,342
1995	6,677,504	68,489	147,512	395,233	4,162,483	477,860	8,157	11,937,238
1996	7,116,947	71,153	155,852	387,947	4,261,869	212,708	1,264	12,207,740
1997	7,575,202	70,017	155,675	417,378	4,209,186	247,566	7,501	12,682,525
1998	7,697,492	73,050	176,781	437,740	4,454,711	462,750	2,146	13,304,670
1999	7,962,947	67,886	171,794	477,321	4,914,849	385,490	180	13,980,467
2000	8,415,019	72,023	174,572	522,914	5,255,363	603,793	0	15,043,684
2001	9,257,665	73,873	171,151	384,818	5,178,492	388,839	0	15,454,838
2002	9,418,101	74,624	124,315	477,969	5,445,508	450,082	301	15,990,900
2003	9,571,121	71,439	166,251	572,434	5,541,941	446,098	5,383	16,374,667

SOURCE: Finance Office, City of Fairborn

CITY OF FAIRBORN, OHIO

GENERAL FUND REVENUES BY SOURCE LAST TEN YEARS

<u>Year</u>	<u>Property Taxes</u>	<u>Municipal Income Taxes</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Licenses and Permits</u>	<u>Investment Earnings</u>	<u>Fines and Forfeitures</u>	<u>All Other Revenues</u>	<u>Total</u>
1994	\$1,862,299	\$4,875,417	\$1,589,552	\$1,880,373	\$123,707	\$269,778	\$864,349	\$132,620	\$11,598,095
1995	1,947,597	5,016,181	1,693,485	1,876,208	197,761	396,923	1,099,363	163,166	12,390,684
1996	1,908,867	4,972,990	2,244,408	1,998,890	150,375	408,274	1,072,148	105,884	12,861,836
1997	2,130,308	4,953,189	2,735,826	1,939,160	287,460	510,156	1,091,511	211,986	13,859,596
1998	2,183,432	5,197,699	2,522,807	2,092,009	305,522	541,442	1,091,726	417,117	14,351,754
1999	2,173,588	5,532,125	2,526,711	2,550,169	321,738	457,760	1,187,002	190,684	14,939,777
2000	2,332,918	5,964,964	3,049,305	2,489,030	305,606	764,261	1,179,021	167,010	16,252,115
2001	2,317,030	5,993,509	3,042,854	3,100,331	268,937	598,566	1,056,012	357,486	16,734,725
2002	2,432,365	6,150,816	2,648,924	3,247,570	245,372	336,062	1,105,497	349,275	16,515,881
2003	2,513,266	6,481,150	2,709,772	3,411,932	302,624	212,503	1,012,527	290,075	16,933,849

SOURCE: Finance Office, City of Fairborn

CITY OF FAIRBORN, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Collection Year	Total Tax Levy	Total Tax Collections (1)	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy (1)
1994	\$2,045,036	\$2,002,226	97.9%	\$49,848	2.4%
1995	2,132,923	2,036,927	95.5%	66,044	3.1%
1996	2,073,854	1,937,412	93.4%	116,916	5.6%
1997	2,219,353	2,144,459	96.6%	75,700	3.4%
1998	2,232,743	1,965,008	88.0%	76,862	3.4%
1999	2,267,425	1,906,485	84.1%	104,351	4.6%
2000	2,644,251	2,443,725	92.4%	154,434	5.8%
2001	2,378,075	2,283,316	96.0%	100,850	4.2%
2002	2,312,652	2,236,001	96.7%	86,813	3.8%
2003	2,391,232	2,295,337	96.0%	76,827	3.2%

SOURCE: County Auditor; Green County, Ohio

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

CITY OF FAIRBORN, OHIO

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

Year	Assessed Real	Assessed Public Utility Real	* Assessed Tangible Personal	Exemptions (1)	Total Assessed Value	Estimated True Value	Percentage of Assessed Value To Estimated True Value
1994	\$373,593,840	\$18,207,770	\$26,247,197	(\$85,794,370)	\$332,254,437	\$979,267,645	33.93%
1995	380,053,050	18,231,870	26,233,097	(85,922,180)	338,595,837	967,388,110	35.00%
1996	413,973,720	19,089,980	29,346,396	(84,655,070)	377,755,026	1,112,554,092	33.95%
1997	422,618,920	19,908,590	29,748,447	(88,125,310)	384,150,647	1,097,573,277	35.00%
1998	429,132,780	21,750,640	28,479,115	(89,344,780)	390,017,755	1,114,336,443	35.00%
1999	455,514,920	22,875,640	28,685,873	(91,143,620)	415,932,813	1,188,379,466	35.00%
2000	469,317,930	19,736,500	34,479,275	(91,540,420)	431,993,285	1,170,233,589	36.92%
2001	484,894,510	15,055,150	29,381,672	(95,739,760)	433,591,572	1,184,267,100	36.61%
2002	584,467,950	15,803,490	29,402,399	(133,469,880)	496,203,959	1,363,121,142	36.40%
2003	591,637,070	15,059,190	28,546,698	(133,790,350)	501,452,608	1,379,706,441	36.34%

SOURCE: County Auditor; Greene County, Ohio

* Includes Assessed Tangible Public Utility

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

CITY OF FAIRBORN, OHIO

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

Collection Year	City of Fairborn				Fairborn City Schools (2)	Greene County (2)	Joint Vocational School (2)	General Health District (2)	Bath Township (2)	Fairborn Library (2)
	General Fund	Bond Retirement Fund	Street Lighting Fund	Total City (1)						
1994	8.30	1.00	0.90	10.20	41.80	8.78	3.45	0.30	0.30	0.35
1995	8.30	0.90	0.90	10.10	41.80	8.78	3.45	0.30	0.30	0.35
1996	8.30	0.80	0.90	10.00	41.80	8.78	3.45	0.30	0.30	0.35
1997	8.30	0.80	0.90	10.00	43.00	8.78	3.45	0.30	0.30	0.35
1998	8.30	0.80	0.90	10.00	41.80	8.78	3.45	0.30	0.30	0.35
1999	8.30	0.70	0.90	9.90	41.80	8.78	3.45	0.30	0.40	0.35
2000	8.30	0.51	0.90	9.71	44.70	8.73	3.45	0.30	0.40	0.35
2001	8.30	0.53	0.90	9.73	44.64	9.98	3.45	0.30	0.40	0.35
2002	8.30	0.40	0.90	9.60	44.70	9.98	3.45	0.30	0.40	0.35
2003	8.30	0.20	0.90	9.40	44.70	9.98	3.45	0.55	0.40	0.30

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

CITY OF FAIRBORN, OHIO

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS LAST TEN YEARS

<u>Collection Year</u>	<u>Billed (1)</u>	<u>Amount Collected (2)</u>	<u>Percent Collected</u>
1994	\$476,528	\$448,867	94.20%
1995	460,954	437,147	94.84%
1996	408,048	280,982	68.86%
1997	494,384	315,111	63.74%
1998	489,248	430,341	87.96%
1999	468,385	414,418	88.48%
2000	525,638	354,667	67.47%
2001	533,882	516,937	96.83%
2002	390,140	359,756	92.21%
2003	334,105	332,774	99.60%

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

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

CITY OF FAIRBORN, OHIO

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2003**

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$501,452,608	\$501,452,608
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	52,652,524	27,579,893
Applicable City Debt Outstanding (2)	2,288,000	2,288,000
Less: Applicable Debt Service Fund Amounts	(549,673)	(549,673)
Net Indebtedness Subject to Limitation	1,738,327	1,738,327
Legal Debt Margin	\$50,914,197	\$25,841,566

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

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

CITY OF FAIRBORN, OHIO

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

Year	Population (1)	Assessed Value	Gross Bonded Debt (2)	Debt Service Funds Available	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1994	a 31,469	\$332,254,437	\$7,770,000	\$477,297	\$5,565,000	\$1,727,703	0.52%	\$54.90
1995	a 31,469	338,585,837	7,335,000	572,139	5,285,000	1,477,861	0.44%	46.96
1996	a 31,469	377,755,026	6,885,000	515,802	4,995,000	1,374,198	0.36%	43.67
1997	a 31,469	384,150,647	6,415,000	501,844	4,690,000	1,223,156	0.32%	38.87
1998	a 31,469	390,017,755	6,505,000	655,099	4,370,000	1,479,901	0.38%	47.03
1999	a 33,260	415,932,813	6,400,000	600,376	4,040,000	1,759,624	0.42%	52.91
2000	b 32,054	431,993,285	5,833,000	679,335	3,695,000	1,458,665	0.34%	45.51
2001	b 32,054	433,591,572	7,485,000	769,706	5,485,000	1,230,294	0.28%	38.38
2002	b 32,054	496,203,959	6,800,000	629,634	5,030,000	1,140,366	0.23%	35.58
2003	b 32,054	501,452,608	7,803,000	549,673	5,515,000	1,738,327	0.35%	54.23

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

CITY OF FAIRBORN, OHIO

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

<u>Year</u>	<u>Debt Principal and Interest</u>	<u>General Fund Expenditures</u>	<u>Ratio of Debt Principal and Interest to General Fund Expenditures</u>
1994	\$314,890	\$11,430,342	2.8%
1995	305,222	11,937,238	2.6%
1996	300,503	12,207,740	2.5%
1997	295,426	12,682,525	2.3%
1998	344,900	13,304,670	2.6%
1999	360,009	13,980,467	2.6%
2000	364,342	15,043,684	2.4%
2001	355,176	15,454,838	2.3%
2002	311,803	15,990,900	1.9%
2003	323,344	16,374,667	2.0%

SOURCE: Finance Office, City of Fairborn

CITY OF FAIRBORN, OHIO

COMPUTATION OF ALL DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2003

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City of Fairborn</u>	<u>Amount Applicable to the City of Fairborn</u>
Direct:			
City of Fairborn	\$1,738,327	100.00%	\$1,738,327
Overlapping:			
Greene County	21,250,000	16.20%	<u>3,442,500</u>
Total			<u><u>\$5,180,827</u></u>

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

CITY OF FAIRBORN, OHIO

DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Greene County (3)</u>
1994 a	31,469	6,361	4.10 %
1995 a	31,469	6,287	3.80 %
1996 a	31,469	6,251	3.80 %
1997 a	31,469	5,935	3.70 %
1998 a	31,469	5,640	3.30 %
1999 a	33,260	5,825	3.30 %
2000 b	32,054	5,765	3.20 %
2001 b	32,054	5,742	3.40 %
2002 b	32,054	5,546	4.50 %
2003 b	32,054	5,429	5.00 %

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

CITY OF FAIRBORN, OHIO

PROPERTY VALUES AND CONSTRUCTION PERMITS LAST TEN YEARS

Year	Residential Construction (1)		Commercial Construction (1)	
	Number of Permits	Value	Number of Permits	Value
1994	57	\$6,320,000	8	\$1,264,000
1995	50	9,914,410	9	7,330,803
1996	60	8,922,200	8	3,089,000
1997	134	20,279,810	10	1,536,986
1998	124	15,738,746	7	4,292,500
1999	112	19,325,451	14	8,491,620
2000	90	16,986,720	15	11,269,491
2001	80	12,870,250	20	4,260,177
2002	150	14,536,247	1	54,000
2003	130	14,000,205	5	3,819,000

SOURCE: (1) City of Fairborn Building Department

CITY OF FAIRBORN, OHIO

**PRINCIPAL TAXPAYERS
DECEMBER 31, 2003**

<u>Taxpayer</u>	<u>2003 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1. Presidential Drive, LLC	\$10,698,030	2.13%
2. Paramount Place, LLC	2,398,620	0.48%
3. Peppertree Associates	2,299,270	0.46%
4. Wright Pat Credit	2,296,650	0.46%
5. Cemex Inc.	2,266,720	0.45%
6. Trebein Limited	2,252,540	0.45%
7. Sandelman Sanford Trustee	1,945,910	0.39%
8. Brown, Grover Jr.	1,880,600	0.38%
9. CK Arlington Village, LLC	1,794,460	0.36%
10. Fairborn Senior Apartments Limited	1,725,400	0.33%
Subtotal	29,558,200	5.89%
All Others	471,894,408	94.11%
Total	<u>\$501,452,608</u>	<u>100.00%</u>

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

CITY OF FAIRBORN, OHIO

MISCELLANEOUS STATISTICS DECEMBER 31, 2003

Year of Incorporation	1950	Area - square miles	13.40
Form of Government	Council-Manager	Miles of Streets	127.21
		Number of Street Lights	1,900
Number of Employees (excluding police and fire)		Sewers:	
Classified	66	Miles of Sanitary Sewers	131.76
Unclassified	56	Miles of Storm Sewers	105.58
Exempt	25	Number of Treatment Plants	1
		Number of Service Connections	12,275
Recreation and Culture:		Daily Average Treatment in Gallons	4,500,000
Number of Parks	15	Maximum Daily Capacity of Plant in Gallons	6,000,000
Park Acreage	513		
Bikeway	1	Water:	
Number of Tennis Courts	14	Miles of Water Mains	144.34
		Number of Service Connections	12,222
Fire Protection:		Number of Fire Hydrants	1,339
Number of Stations	3	Daily average consumption in gallons	4,300,000
Number of Fire Personnel and Officers	49	Maximum Daily Capacity of Plant in Gallons	4,600,000
Number of Calls Answered	5,478		
Number of Inspections Conducted	1,503	Education:	
		Number of Elementary Schools	5
Police Protection:		Number of Elementary School Instructors	127
Number of Stations	1	Number of Secondary Schools	2
Number of Policemen and Officers	42	Number of Secondary School Instructors	312
Number of Patrol Units	31	Number of Universities	1
Number of Citations Issued:			
Criminal Arrests	2,798		
Traffic	5,217		
Parking Citations	1,132		

SOURCE: Finance Office, City of Fairborn





**Auditor of State
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CITY OF FAIRBORN

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 24, 2004**