

CITY OF FAIRVIEW PARK, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

Charles E. Harris and Associates, Inc.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

The Honorable Mayor and City Council
City of Fairview Park
Fairview Park, Ohio

We have reviewed the *Report of Independent Accountants* of the City of Fairview Park, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

August 24, 2005

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CITY OF FAIRVIEW PARK, OHIO
AUDIT REPORT
For the Year Ended December 31, 2004

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

The Honorable Mayor and City Council
City of Fairview Park
Fairview Park, Ohio

We have audited the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairview Park, (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated June 24, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2004-FP-01.

We also noted certain additional matters that we reported to management of the City in a separate letter dated June 24, 2005.

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

Charles E. Harris & Associates, Inc.
June 24, 2005

**CITY OF FAIRVIEW PARK
SCHEDULE OF FINDINGS**

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

Finding Number : 2004-FP-001

Section 5705.41 (D), Revised Code, requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

The City did not properly certify the availability of funds for 47 of 60 non-payroll expenditures tested for the audit period.

We recommend the City Finance Director certify the availability of funds prior to the commitment for the expenditure of City money. The City should consider the use of blanket purchase orders and “then and now” certificates to assist in complying with the above requirement.

**CITY OF FAIRVIEW PARK
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: Per ADAM 2001-10-disclose the current year finding in this schedule
2002-FP-001	Ohio Revised Code Section 5705.41 (D)- Failure to certify funds	No	Not corrected See Finding 2004-FP-001

CITY OF FAIRVIEW PARK, OHIO

Comprehensive Annual Financial Report

For the year ended December 31, 2004

Prepared By:
Theodore R. Kowal ski , Finance Director
Department of Finance

CITY OF FAIRVIEW PARK, OHIO
 Comprehensive Annual Financial Report
 For the Year Ending December 31, 2004
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Introductory Section



City of Fairview Park

- Established in 1910 -

Department of Finance

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440-356-4401 Fax 440-356-9077 City Hall 440-333-2200

Eileen Ann Patton

Mayor

T. R. Kowalski

Finance Director

June 30, 2005

The Honorable Mayor Eileen A. Patton
and Members of City Council
20777 Lorain Road
Fairview Park, OH 44126

It gives me great pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of Fairview Park. This report has been carefully prepared in accordance with Generally Accepted Accounting Principles (GAAP) and provides a full and complete disclosure of the financial position and operations of the City for the year ended December 31, 2004. In addition, this report includes the second year of the new reporting model as promulgated by Governmental Accounting Standards Board (GASB) Statement No. 34. Note 2 to the basic financial statements provides additional information concerning this implementation.

The information contained in this report will assist City officials in making management decisions and will provide the taxpayers of the City of Fairview Park with comprehensive financial data in such a format as to enable them to gain a true understanding of the City's financial affairs. The general public, as well as investors, will be able to compare the financial position of the City of Fairview Park and the results of its operations with other governmental entities.

Responsibility for the accuracy, completeness, and fairness of the presentation, including all disclosures, lies with the management of the City of Fairview Park and, in particular, the City's Finance Department. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities and status are included herein.

This is the Seventh Comprehensive Annual Financial Report issued by the City. The report is prepared in accordance with Generally Accepted Accounting Principles, as set forth by the Governmental Accounting Standards Board and other authoritative sources, and the guidelines set by the Government Finance Officers Association (GFOA).

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes this transmittal letter, a list of public officials, the City's organizational chart and the 2003 Certificate of Achievement for Excellence in Financial Reporting. The financial section, which begins with the Report of Independent Accountants, includes the basic financial statements, notes that provide an overview of the City's financial position and operating results, and the combining statements for non-major funds and other schedules that provide detailed information relative to the basic financial statements. The statistical section includes financial and demographic information, which is generally presented on a multi-year basis. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Fairview Park's MD&A can be found immediately following the Report of Independent Accountants.

REPORTING ENTITY

For financial purposes, the City includes all funds, account groups, agencies, boards, and commissions making up the City of Fairview Park (the Primary Government) and its potential component units in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity". The primary government comprises all activities and services, which are not legally, separate for the City. The City provides various services including public safety (police and fire), highways and streets, parks and recreation, public improvements, community development (planning and zoning), sewers, sanitation, and general administrative and legislative services. The operation of each of these activities is directly controlled by Council through the budgetary process.

The City participates in the Rocky River Wastewater Treatment Plan, which is a joint venture, discussed in Note 16 of the notes to the basic financial statements. The City is associated with the Westshore Council of Governments and Tri-City Park, which are identified as jointly governed organizations. These organizations are presented in Note 17 of the notes to the basic financial statements.

A complete discussion of the City's reporting entity is provided in Note 1 of the notes to basic financial statements.

THE CITY AND THE FORM OF GOVERNMENT

The City

The City is located in Cuyahoga County in northeastern Ohio, approximately 10 miles west of the downtown area of the City of Cleveland. It was incorporated as a village in 1910 and became a city in 1951. In 1967, the Village of Parkview was merged into the City.

In the 2000 Census classifications, the City was in the Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area (PMSA), comprised of the six counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina. It was also in the Cleveland-Akron Consolidated Metropolitan Statistical Area (CMSA). Effective in 2003, the PMSA was redefined to exclude Ashtabula County and was re-classified as the Cleveland-Elyria-Mentor Metropolitan Statistical Area (MSA). The CMSA was re-classified as the Cleveland-Akron-Elyria Combined Statistical Area(CSA). Only limited statistics are now available for the new MSA and CSA.

The City's 2003 population was 17,572. The City's Area is approximately 4.77 square miles, broken down by land use as follows:

	<u>Area</u>	<u>Percent of Assessed Valuation of Real Property</u>
Residential	54.5%	81.03%
Commercial/Industrial	9.7	18.97
Public Utility	0.1	0
Governmental (including parks) and Other Tax Exempt	34.3	(a)
Agricultural	0	0
Undeveloped	1.4	(b)

(a) Not applicable. Exempt from property taxation.

(b) Included in above categories.

Sources: City Building Department and County Auditor.

The City is served by diversified transportation facilities, including three States and U.S. highways and interstate highway I-480. It is adjacent to areas served by Conrail and Amtrak, and is served by passenger air services at Cleveland Hopkins International Airport located within two and one-half miles of the City, and by Burke lakefront Airport located within thirteen miles of the City in the County. Public mass transit for the area is provided by the Greater Cleveland Regional Transit Authority.

Banking and financial services are provided to the City area by offices of local commercial banks and savings and loan associations, all of which have their principal offices elsewhere.

One daily newspaper and two weekly newspapers serve the City. The City is within the broadcast area of seven television stations and 30 AM and FM radio stations. Multi-channel cable TV service, including educational, governmental and public access channels, is provided by Cox Cable Communications, Inc. and WOW.

Within commuting distance are several public and private two-year and four-year colleges and universities providing a wide range of educational facilities and opportunities. These include Baldwin-Wallace College, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, John Carroll University, Kent State University, Lorain County Community College, Ursuline College, Notre Dame College, Oberlin College, and The University of Akron.

City residents are served by five hospitals within a ten-mile radius of the City – Fairview General Hospital, Lakewood Hospital, the Metrohealth Medical Center, Southwest General Hospital and St. John West Shore Hospital – and by numerous other hospitals in the County, including The Cleveland Clinic Foundation Hospital and University Hospitals of Cleveland, two tertiary care facilities.

The City is served by varied recreational facilities. The City operates a system of parks with a total of 54.2 acres which offer playgrounds, ball diamonds and other athletic fields, playing courts, nature and jogging trails, The Bain Park Community Cabin and picnic areas. The City's Recreation Department, in cooperation with the Fairview Park City School District, provides various recreational programs and activities for City residents in those parks and indoor swimming, tennis and skating facilities. The City also participated (with the Cities of Rocky River and Westlake) in the operation of the 14-acre Tri-City Park which offers a baseball diamond, soccer field, basketball court, playground area, parking facility and four tennis courts. A portion of the City lies within the Rocky River Reservation of the Cleveland Metropolitan Park District.

City Government

The City operates under and is governed by its Charter, first adopted by the voters in 1958 and which has been and may be amended by the voters from time to time. The City is also subject to some general laws applicable to all cities. Under the Ohio Constitution the City may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws. The Charter provides for a Council-Mayor form of government.

Legislative authority is vested in a seven-member Council, of whom two are elected at-large and five are elected from wards, for two-year terms. The presiding officer is the President of Council, who is one of the Council members elected at-large, but has no vote except if necessary to break a tie. The Council fixes compensation of City officials and employees, and enacts ordinances and resolutions relating to the City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The Charter establishes certain administrative departments; the Council may establish divisions of those departments, and additional departments.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term.

The Mayor appoints, subject to the approval of Council, the directors of the City departments. The Mayor also appoints members to a number of boards and commissions, and appoints and removes, in accordance with civil service requirements, all appointed officers and employees, except Council officers and employees.

The Mayor may veto any legislation passed by the Council. A veto may be overridden by a two-thirds vote of all members of the Council.

ECONOMIC CONDITION AND OUTLOOK

Phase II of the Lorain Road Revitalization Program was completed with the opening of West Valley medical in July, 2003, a 43,000 square foot Georgian style colonial office building. This entire project is now finished and includes two new colonial office buildings totaling 90,000 square feet on a total of 9 acres of redeveloped property. Both of these facilities are now each providing the City with well in excess of \$100,000 in annual income tax. Total revenue is expected to be over \$450,000 per year.

In July 2004, Metroparks opened the new Metroparks Ranger Station and Service Garage at the bottom of Wooster Hill. This 10 million dollar construction project will bring 54 full time jobs and 16 new part time positions to the income tax base of the City.

The Zaremba office condominium project continued at W. 227th and Brookpark with the construction of the second of six office buildings. This project, when completed will encompass 6 buildings totaling approximately 106,000 square feet and will employ upwards of 400.

In addition to these new facilities, 27 new businesses opened in the City in 2004 including a new Laser Car Wash at W. 210th and Lorain. Finally, during 2005, the City opened a Dunkin Donuts/Baskin Robbins facility on the opposite corner of W. 210 and Lorain, the renovation and grand reopening of the Westgate Medical Arts Building, the maintenance of NASA in the community with its 635 employees and working closely with the Jacobs Group, assisted in the development of a plan for the eventual complete renovation and revitalization of Westgate Mall.

FIRST RING CONSORTIUM

Fairview Park continues to be deeply involved in the First Ring Consortium, an organization comprised of 15 mature cities that surround Cleveland whose objective is to foster community and economic development through the identification of common problems and the implementation of common solutions. Current projects in process include support for a future County Development Levy, identification of sources of gap financing and advocacy at the regional, State and County levels.

SERVICE

The 2004 Street resurfacing program begin in July 2004. Ten streets were repaired at a cost of \$745,000. The resurfacing of Lorain Road, which began in 2003, was completed in 2004 at a cost of \$980,647, 80% of which is payable from ODOT.

The joint Fairview Park/Rocky River Wooster Road Sewer Rehabilitation project began in March 2004. The actual cost of the contract with Fabrizi Construction is \$2,143,866. Each City will share 50% of the expenses less \$423,000 received in the form of a grant from State Issue 2 funds and \$500,000 from the County Engineer for related road reconstruction costs. Between last fall and the spring of 2004, the pumping station at W. 220th was completely upgraded to include the installation of new pumps and generator equipment. The West 227th Street station will be done this year.

The Lorain Road Sidewalk and Apron Program began this year in the area between W. 223rd and Wooster Rd. This project is being funded by a \$106,000 grant from the County and \$81,000 match by the City. Project costs will be billed to the property owner. These receipts will eventually provide for a revolving fund for repair and replacement of sidewalks, as needed, in other areas of the City.

BUILDING

In calendar year 2004, 436 permits were issued and residential and commercial construction for the year was valued at \$4,872,485. During the year, the department continued with the special summer property maintenance program to continue to ensure the viability and improvement of property values.

FINANCIAL INFORMATION

Basis of Accounting

The City of Fairview Park's accounting system is organized on a "fund basis". Each fund or account group is a self-balancing set of accounts. General government operations are reported on a modified accrual basis in the fund level statements. Revenues are recognized when measurable and available. Expenditures are recognized when measurable and incurred. The City's proprietary funds, as well as the government-wide statements are reported on the accrual basis. Revenues are recognized when earned. Expenses are recognized when incurred.

Internal Accounting Controls

In developing the City's accounting system, consideration was given to the adequacy of internal accounting controls. Such controls are designed to provide reasonable, but not absolute, assurance regarding both the safeguarding of assets against loss and misuse, and assurance regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal controls should not exceed the benefits expected to be derived from their implementation.

The City utilizes a fully automated accounting system as well as an automated system for payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

Budgetary Controls

By statute, City Council adopts a temporary appropriation measure for the City on or about the first day of January. The City Council adopts a permanent appropriation measure by the first day of April. All disbursements and transfers of cash among funds require appropriation authority from City Council. Budgets are controlled at the department level in the General Fund, and the fund level in all other funds.

Additional information regarding the City's budgetary accounting can be found in Note 2 of the basic financial statements.

CASH MANAGEMENT

The City of Fairview Park continued to maintain its strong financial reserves during 2004. The City's general fund unencumbered cash balance at year-end was \$1,526,595. This represents 15.7% of 2004 general fund expenditures. The General Fund unencumbered cash balance decreased by \$585,570 (28%) during the year 2004.

Cash management is a vital component of the City's overall financial strategy. The Finance Director maintains an aggressive cash management program. Major considerations are cash flows necessary to pay City liabilities and available interest rates. As City funds become available, they are invested immediately in sweep accounts maintained at the City approved depository banks, short-term federal agencies or other securities authorized by state statutes. During 2004, \$52,682 of interest was deposited in the General Fund, \$15,761 in the Capital Projects Fund, \$1,067 in the Recreation Fund, \$2,645 in the Cable TV Fund, \$2,612 in the Permanent Improvement Fund, \$859 in the Lorain Road Revitalization Fund and \$10,364 in the Sanitary Sewer Fund in accordance with City ordinances. The increase from the previous year was due to increasing interest rates.

RISK MANAGEMENT

In fiscal year 2004, the City of Fairview Park purchased insurance policies from three carriers to manage the risks that the City was exposed. The coverage limits on December 31, 2004 for all types of coverage are as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Westfield Companies	General Liability	
	Bodily Injury and Property Damage Limit	\$1,000,000
	Personal Injury and Advertising Injury Limit	\$1,000,000
	Employee Benefits Injury Limit	\$1,000,000
	Fire, Lighting or Explosion Limit	\$500,000
	Medical Payments	\$500
	Products & Completed Operations Aggregate	\$2,000,000
	General Aggregate Limit	\$2,000,000
	Blanket, Building & Contests	\$7,899,563
Automobile Liability	\$1,000,000	
Arch Insurance Group	Law Enforcement Liability	
	For Each Person	\$1,000,000
	For Law Enforcement Wrongful Act	\$1,000,000
	For Annual Aggregate	\$2,000,000
	Public Officials Liability	
	For Each Public Official Wrongful Act	\$1,000,000
For Annual Aggregate	\$2,000,000	
American Alternative Insurance Corporation	Umbrella Liability (Occurrence and Aggregate)	\$5,000,000

The City pays the State Worker's Compensation System a premium for the worker compensation coverage. In addition, the City also provides employees medical, prescription, vision and dental benefits through a minimum premium self-insurance program. Medical Mutual of Ohio was utilized as a third party administrator to review and pay all claims. Additional information on the City's risk management activity can be found in Note 10 of the basic financial statements.

DEBT MANAGEMENT

The City maintains an A1 (effective June 7, 2005) credit rating from Moody's Investors Service, Inc. All bonds of the City are backed by its full faith and credit.

Under current state statutes, the total voted net debt of the City, less the same exempt debt, shall never exceed 10.5% of the total assessed property valuation. The total unvoted debt less the same exempt debt, shall never exceed 5.5% of the assessed valuation. At December 31, 2004, the total legal debt margin was \$35,806,198 with an unvoted debt margin of \$16,090,944.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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 Fairview Park for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. This was the sixth (6th) consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievements Program's requirements and we are submitting it to GFOA to determine eligibility for another certificate.

The City submitted a Popular Annual Financial Report (PAFR) to the GFOA for the year ended December 31, 2003. A PAFR is a condensed a user-friendly overview of this report. The City received three consecutive Awards for Outstanding Achievement from the GFOA for the 2001, 2002 & 2003 reports. The City has issued a PAFR for 2003 and is available by contacting the Finance Director's office.

INDEPENDENT AUDIT

Included in this report is an unqualified audit opinion rendered on the City's Financial Statements as of December 31, 2004, by our independent auditor, Charles E. Harris & Associates, Inc. Their audit was conducted in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

City management plans to continue to subject the City's Financial Statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit also serves to maintain and strengthen the City's accounting and budgetary controls.

SUBSEQUENT EVENTS

The City has issued \$24,170,000 of General Obligation (Limited Tax) Various Purpose Improvement and Refunding Bonds, Series 2005 on July 7, 2005. The Bonds are being issued to pay costs of constructing a recreation /community center and advance refunding at a lower interest cost of the City's outstanding Various Purpose Improvement bonds, Series 1999.

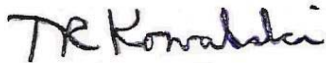
ACKNOWLEDGMENTS

The publication of this CAFR represents an important achievement in the ability of the City of Fairview Park provide significantly enhanced financial information and accountability to the citizens of the City, its elected officials, City management, and investors. This report continues the aggressive program of the Finance Department to improve the City's overall financial accounting, management, and reporting capabilities.

I would like to acknowledge the efforts of the entire staff of the Finance Department, for their contributions to this report. Special thanks are extended to Mayor Eileen A. Patton and Members of City Council for their enthusiastic support of this project. The guidance and assistance provided by the accounting firm of Charles E. Harris & Associates, and in particular John J. Phillips, Vice-President and K.C. Chang, Senior Auditor was greatly appreciated. They provided valuable assistance in a most professional manner.

I would also like to thank all of the department heads, and their staffs for their assistance and cooperation with the preparation of this CAFR. I ask for their continued support of this project and of my efforts toward continuing the sound financial management for the City of Fairview Park.

Sincerely,



T.R. Kowalski, C.P.A.
Finance Director

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**City of Fairview Park, Ohio
Public Officials
For the Year Ended December 31, 2004**

ELECTED OFFICIALS

Mayor

Eileen Ann Patton

Council

Norman Bringman, President

Maureen Sweeney

James Robatin

William Minek

Jeanine L. Minek

Frederic Gauthier

William B. Westfall

Julie Thomas

APPOINTED OFFICIALS

Director of Law

Lucian C. Rego

Director of Finance

Theodore R. Kowalski

Police Chief

Patrick Nealon

Fire Chief

David Simon

Director of Public Service

James M. Kennedy

Recreation Director

Timothy J. Pinchek

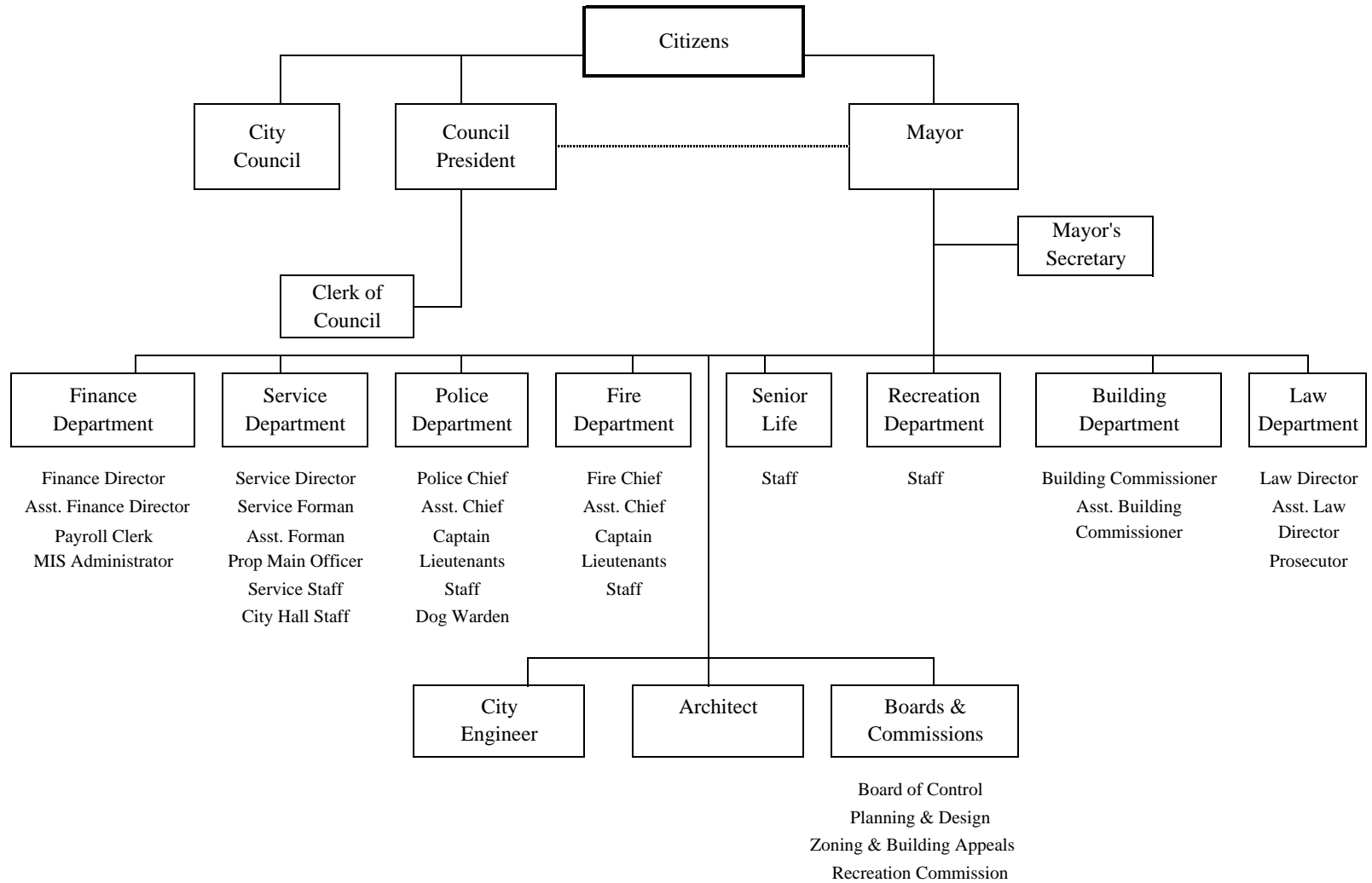
Building Commissioner

Selwyn Kulcsar

Senior Life Director

Nell Ellis

City of Fairview Park, Ohio
 Organizational Chart
 December 31, 2004



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairview Park,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director

Financial Section

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Certified Public Accountants

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Cleveland OH 44113-1306
Office phone - (216) 575-1630
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REPORT OF INDEPENDENT ACCOUNTANTS

**The Honorable Mayor and City Council
City of Fairview Park
Fairview Park, Ohio**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Fairview Park (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 14 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, consisting 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Charles E. Harris & Associates, Inc.
June 24, 2005

City of Fairview Park
Manangement's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

This discussion and analysis of The City of Fairview Park's (the City's) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to enhance their understanding of the City's financial performance.

Financial Highlights

Key Financial highlights for 2004 are as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$57.9 million (*net assets*). Of this amount, \$7 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets decreased \$1.4 million or 2.3% over 2003. The decrease was primarily due to increase in spending on road repair and maintenance.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3.8 million, a decrease of \$0.5 million, or 1.1%, in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1.6 million, or 17.6% of the total general fund expenditures.
- The City's total long-term debt obligations decreased \$486 thousand, or 0.06%, during the current fiscal year. The key factor in this decrease was the repayment of the City debt obligations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

City of Fairview Park
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Government-wide Financial Statements. The *government-wide financial statements* are designated to provide readers with a broad overview of the City's finances, in a manner similar to private-sector businesses. The *statement of net assets* and *statement of activities* provides information about the activities of the whole city, presenting both an aggregate view of the City's finances and longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds in total in one column.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets *may* serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The governmental activities of the City include general government security of persons and property, public health services, transportation, leisure time activities, and community environment.

The government-wide financial statements can be found starting on page 15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Fairview Park like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

City of Fairview Park
Manangement's Discussion and Analysis
For the Year Ended December 31, 2004
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Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Fairview Park maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund and Capital Projects Fund; which are considered to be major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement (non-GAAP basis) has been provided for each major and nonmajor fund to demonstrate budgetary compliance.

Proprietary Funds The City of Fairview Park maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer operation and the lease activity to the Fairview Park City School District. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains such a fund for its self-insurance of health related employee benefits and employee section 125 contribution. Because these services predominately benefit governmental rather than business-type functions, they have been included with the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer operation and lease activity. Only the sewer operation is considered to be the major proprietary fund of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statement elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24 to 27 of this report.

City of Fairview Park
Manangement's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Notes to the Basic Financial Statements The notes to provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 to 58 of this report.

Other Information In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements, the combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented, as well as individual detailed budgetary comparisons for all funds. This information can be found on pages 59 to 105 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Fairview Park, assets exceeded liabilities by \$58 million at the close of the fiscal year.

City of Fairview Park's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$10,867,932	\$11,799,848	\$ 6,144,906	\$ 6,558,550	\$17,012,838	\$18,358,398
Capital assets	42,493,117	43,708,139	12,313,984	12,273,636	54,807,101	55,981,775
Total assets	53,361,049	55,507,987	18,458,890	18,832,186	71,819,939	74,340,173
Current liabilities	5,426,148	6,078,562	347,704	217,550	5,773,852	6,296,112
Long-term liabilities	7,424,482	7,731,415	700,411	879,832	8,124,893	8,611,247
Total liabilities	12,850,630	13,809,977	1,048,115	1,097,382	13,898,745	14,907,359
Invested in capital assets, net of related debt	36,989,094	37,955,643	11,713,115	11,521,701	48,702,209	49,477,344
Restricted net assets	2,305,402	2,008,543	-	-	2,305,402	2,008,543
Unrestricted net assets	1,215,923	1,733,824	5,697,590	6,213,103	6,913,513	7,946,927
Total net assets	\$40,510,419	\$41,698,010	\$17,410,705	\$17,734,804	\$57,921,124	\$59,432,814

City of Fairview Park
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By far the largest portion of the City's net assets (86 percent) reflects its investment in capital assets (e.g., land, building, equipment and furniture, infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets represents resources (4 percent) that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7 million) may be used to meet the City's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

The City's net assets decreased \$1,361,719 during the current fiscal year. Most of the decrease represents the cost associated with the road repairs and less revenues in comparison to the prior year.

Governmental activities. Governmental activities decreased the City's net assets by \$1,187,591, thereby accounting for 87 percent of the total decline in the net assets of the City. Key elements of this decrease are follows:

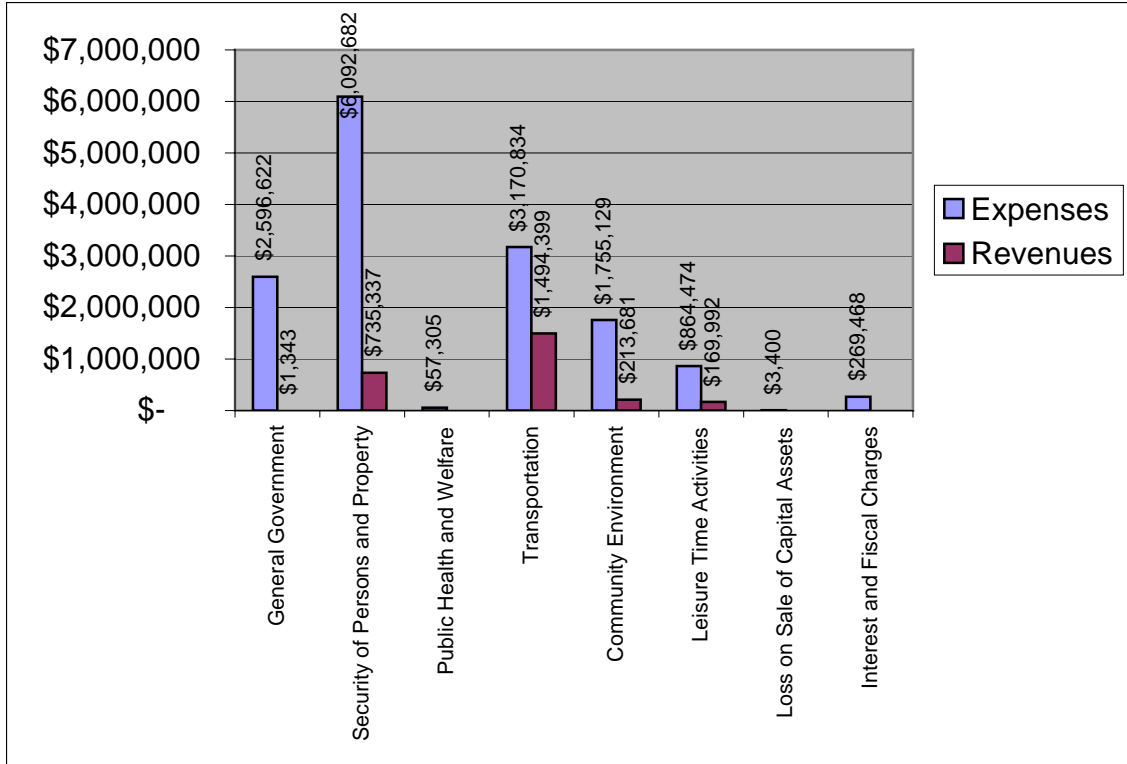
- While operating grants and contribution increased by \$869,311 in fiscal year 2004, the City spent \$3,170,834 on road repair and maintenance, which increased \$1,211,953 in comparison to fiscal year 2003.
- Income taxes were down by \$982,150 for fiscal year 2004 due to the change of the income tax recognition method in fiscal year 2003.

City of Fairview Park
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

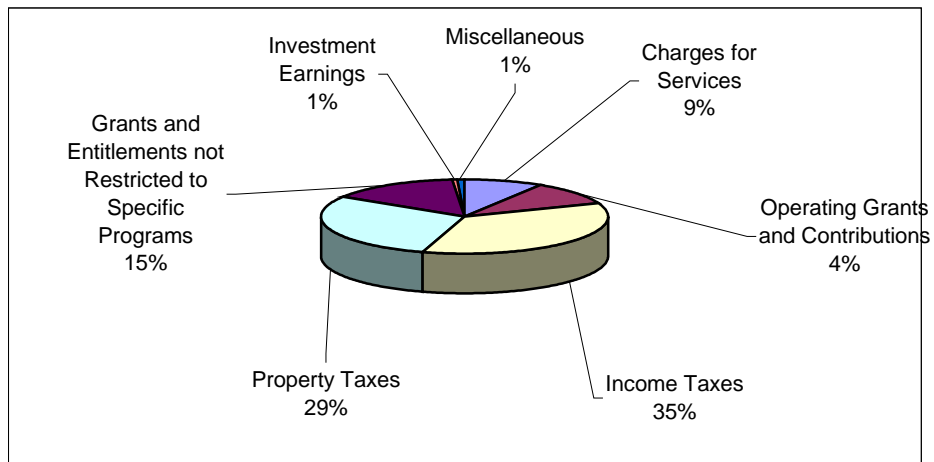
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenue:						
Charges for services	\$ 1,206,779	\$ 1,253,754	\$ 1,823,533	\$ 1,830,953	\$ 3,030,312	\$ 3,084,707
Operating grants and contribution	1,407,973	538,662	-	-	1,407,973	538,662
Capital grants and contribution	-	-	423,026	-	423,026	-
General revenue:						
Income taxes	4,839,660	5,821,810	-	-	4,839,660	5,821,810
Property taxes	3,972,405	3,867,538	-	-	3,972,405	3,867,538
Grant and entitlement not restricted to specific programs	1,992,936	2,596,571	-	-	1,992,936	2,596,571
Investment earnings	75,626	63,432	10,364	14,127	85,990	77,559
Miscellaneous	126,944	195,583	-	-	126,944	195,583
Total revenue	13,622,323	14,337,350	2,256,923	1,845,080	15,879,246	16,182,430
Expenses:						
General government	2,596,622	2,632,827	-	-	2,596,622	2,632,827
Security of persons and property	6,092,682	6,003,528	-	-	6,092,682	6,003,528
Public health and welfare	57,305	49,447	-	-	57,305	49,447
Transportation	3,170,834	1,958,881	-	-	3,170,834	1,958,881
Community environment	1,755,129	1,760,877	-	-	1,755,129	1,760,877
Leisure time activities	864,474	693,544	-	-	864,474	693,544
Loss on sale of capital assets	3,400	-	-	-	3,400	-
Interest and fiscal charges	269,468	275,893	-	-	269,468	275,893
Sewer	-	-	2,429,057	1,779,785	2,429,057	1,779,785
Gilles-sweet	-	-	1,994	7,871	1,994	7,871
Total expenses	14,809,914	13,374,997	2,431,051	1,787,656	17,240,965	15,162,653
Increase (decrease) in net assets	(1,187,591)	962,353	(174,128)	57,424	(1,361,719)	1,019,777
Net assets at 1/1/04, restated	41,698,010	40,735,657	17,584,903	17,677,380	59,282,913	58,413,037
Net assets at 12/31/04	<u>\$40,510,419</u>	<u>\$41,698,010</u>	<u>\$17,410,775</u>	<u>\$17,734,804</u>	<u>\$57,921,194</u>	<u>\$59,432,814</u>

City of Fairview Park
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Expenses and Program Revenues
Governmental Activities



Revenues by Source
Governmental Activities

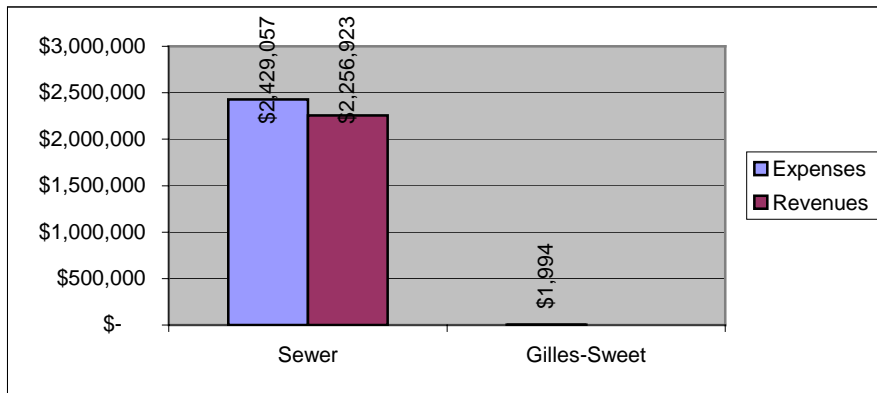


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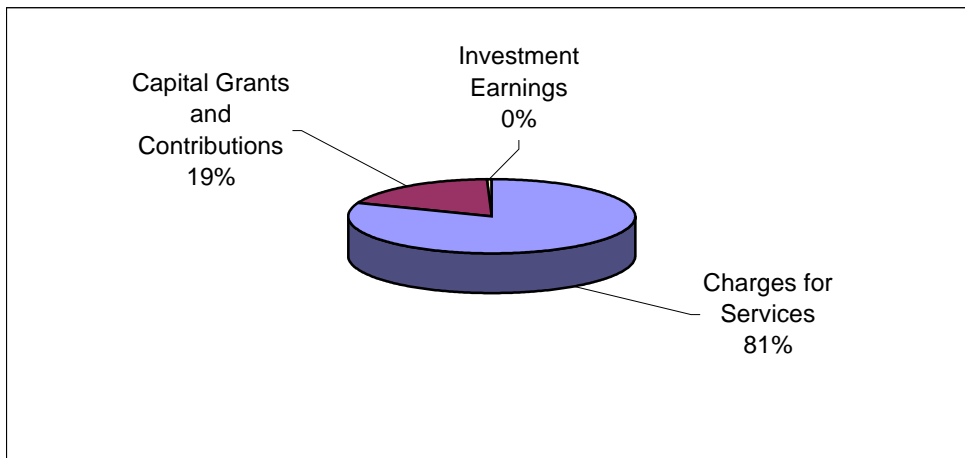
Business-type Activities The net assets for business-type decreased \$174,128 during 2004, which accounted for 13% of the decline in net assets in the City.

Charges for services were the largest program revenue in the business-type activities, accounting for \$1,823,533 or 81 percent of the total business-type revenues. The majority of the receipts were used to fund the sewer operations and capital improvements of the sewer infrastructure. The City received \$423,026 of capital improvement grants from OPWC to rebuild a portion of the City's sewer system.

Expenses and Program Revenues
Business-type Activities



Revenues by Source
Business-type Activities



City of Fairview Park
Manangement's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 18. These funds are accounted for by using the modified accrual basis of accounting.

As of December 31, 2004, the City's governmental funds reported combined ending fund balances of \$3,790,841. Of the amount, \$2,968,377 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchases of the prior period (\$342,672); reserved for contingencies (\$460,000) and inventory (\$19,792).

All governmental funds had total revenues of \$17,512,236 and expenditures of \$17,969,498, leaving a current year operating deficit of \$457,262.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance for the General Fund was \$2,111,612 of which \$1,647,926 was unreserved. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to the sum of total fund expenditures and other financing uses. Unreserved fund balance represents 17.6% of total General Fund expenditures and other financing uses, while total fund balance represents 22.6% of that same amount. These numbers are an important representation of the City's solid financial performance and condition.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$656,268 in fiscal year 2004. The decrease was mainly caused by the less revenues from the local income tax, state and federal government. The City's Capital Projects Fund experienced an increase in fund balance of \$26,938 mostly due to unspent construction cost.

City of Fairview Park
Manangement's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2004 the City amended its General Fund budget on various occasions. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for ordinance enactment on the change. The City allows small interdepartmental budget changes that modify line items within departments within the same fund. The General Fund supports many of our major activities such as our Police Department and Fire Department as well as most legislative and executive activities. The General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

Differences between the original budget and final amended budget for revenues were relatively minor (\$47 thousand). The decrease was mainly due to decrease in estimated intergovernmental revenue.

Difference between the original budget and final amended budget for revenues were approximately \$802 thousand and can be briefly summarized as follows:

- \$340 thousand in increases allocated to the fire department.
- \$418 thousand in increases allocated to the recycling and solidwaste disposal department.
- \$186 thousand in increase allocated to the transfer out.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$54,807,101 (net accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and furniture, roads, bridges, sewer systems, vehicles, and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was 2 percent (a 3 percent decrease for governmental activities and less than a percent of increase for business-type activities).

City of Fairview Park
Manangement's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Capital Assets at December 31, 2004
(Net Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 275,202	\$ 275,202	\$ -	\$ -	\$ 275,202	\$ 275,202
Construction in Progress	734,505	-	410,000	-	1,144,505	-
Building	1,835,967	1,897,478	24,490	26,070	1,860,457	1,923,548
Equipment and Furniture	498,418	568,413	200	280	498,618	568,693
Infrastructure	37,415,302	39,140,496	11,879,294	11,802,921	49,294,596	50,943,417
Land Improvements	817,797	882,214	-	444,365	817,797	1,326,579
Vehicles	915,926	944,336	-	-	915,926	944,336
Total	\$ 42,493,117	\$ 43,708,139	\$ 12,313,984	\$ 12,273,636	\$ 54,807,101	\$ 55,981,775

Major capital asset events during the current fiscal year included the following:

- Construction began on Wooster Road and \$1,144,505 was added as construction in process at the end of the fiscal year.
- The City leases a new ambulance for \$162,287 to replace an old ambulance, and the City will owe the ambulance at the end of the lease.

Additional information on the City's capital assets can be found in Note 7 of the basic financial statements.

Debt Administration

As of December 31, 2004, the City had \$6,688,559 in bonds, notes, capital leases, and capital charges agreement outstanding.

The City retired \$325,000 of general obligation bonds, \$1,420,920 of long-term notes, and \$36,134 of OPWC notes in 2004. The City also acquired \$1,200,000 of long-term notes and \$162,287 of capital leases in 2004. Additional information concerning the City's capital leases and debt can be found at Note 11 and 12 of the basic financial statements.

City of Fairview Park
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Outstanding Debt
General Obligation Bonds, Long-term Notes, Capital Leases
and Capital Charges Agreement

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	\$ 3,240,000	\$ 3,450,000	\$ 230,000	\$ 345,000	\$ 3,470,000	\$ 3,795,000
Long-term Notes	1,546,580	1,767,500	370,799	406,933	1,917,379	2,174,433
Capital Leases	717,443	644,996	-	-	717,443	644,996
Capital Charges Agreement	-	-	41,155	74,130	41,155	74,130
Total	\$ 5,504,023	\$ 5,862,496	\$ 641,954	\$ 826,063	\$ 6,145,977	\$ 6,688,559

Contacting the City's Finance Department

This financial report is designed to provide our citizens, tax payers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends or invests. If you have any questions about this report or need financial information, contact Director of Finance, Theodore R. Kowalski, CPA, City of Fairview Park, 20777 Lorain, Fairview Park, Ohio 44126-2018, telephone 440-356-4400, or email dirfinance@FairviewPark.org.

City of Fairview Park, Ohio

Statement of Net Assets

December 31, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 3,848,461	\$ 1,490,647	\$ 5,339,108
Receivables:			
Taxes	5,916,121	-	5,916,121
Accounts	140,780	188,262	329,042
Intergovernmental	675,393	73,855	749,248
Special Assessments	267,385	-	267,385
Materials and Supplies Inventory	19,792	630	20,422
Investment in Joint Venture	-	4,391,512	4,391,512
Nondepreciable Capital Assets	1,009,707	410,000	1,419,707
Depreciable Capital Assets, Net	41,483,410	11,903,984	53,387,394
<i>Total Assets</i>	<u>53,361,049</u>	<u>18,458,890</u>	<u>71,819,939</u>
Liabilities			
Accounts Payable	454,785	330,146	784,931
Accrued Wages and Benefits	34,035	4,700	38,735
Compensated Absences Payable	52,737	1,121	53,858
Intergovernmental Payable	214,255	29	214,284
Pension Obligation Payable	314,190	10,366	324,556
Deferred Revenue	4,235,118	-	4,235,118
Claims Payable	91,044	-	91,044
Accrued Interest Payable	29,983	1,342	31,325
Long-Term Liabilities:			
Due Within One Year	1,149,407	181,909	1,331,316
Due Within More Than One Year	6,275,076	518,502	6,793,578
<i>Total Liabilities</i>	<u>12,850,630</u>	<u>1,048,115</u>	<u>13,898,745</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	36,989,094	11,713,185	48,702,279
Restricted for:			
Capital Projects	1,312,216	-	1,312,216
Other Purposes	993,186	-	993,186
Unrestricted (Deficit)	1,215,923	5,697,590	6,913,513
<i>Total Net Assets</i>	<u>\$ 40,510,419</u>	<u>\$ 17,410,775</u>	<u>\$ 57,921,194</u>

See accompanying notes to the basic financial statements

City of Fairview Park, Ohio
Statement of Activities
For the Year Ended December 31, 2004

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,596,622	\$ -	\$ 1,343	\$ -
Security of persons and property	6,092,682	735,337	-	-
Public health and welfare	57,305	-	-	-
Transportation	3,170,834	90,796	1,403,603	-
Community environment	1,755,129	210,654	3,027	-
Leisure time activities	864,474	169,992	-	-
Loss on sale of capital assets	3,400	-	-	-
Interest and fiscal charges	269,468	-	-	-
<i>Total governmental activities</i>	<u>14,809,914</u>	<u>1,206,779</u>	<u>1,407,973</u>	<u>-</u>
Business-type activities:				
Sewer	2,429,057	1,823,533	-	423,026
Gilles-Sweet	1,994	-	-	-
<i>Total business-type activities</i>	<u>2,431,051</u>	<u>1,823,533</u>	<u>-</u>	<u>423,026</u>
<i>Total primary government</i>	<u>\$ 17,240,965</u>	<u>\$ 3,030,312</u>	<u>\$ 1,407,973</u>	<u>\$ 423,026</u>

General revenues:

Income taxes levied for:

General Purposes

Capital Projects

Property taxes levied for:

General Purposes

Special Purposes

Capital Projects

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Changes in net assets

Net assets beginning of year - as restated (See Note 20)

Net assets end of year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,595,279)	\$ -	\$ (2,595,279)
(5,357,345)	-	(5,357,345)
(57,305)	-	(57,305)
(1,676,435)	-	(1,676,435)
(1,541,448)	-	(1,541,448)
(694,482)	-	(694,482)
(3,400)	-	(3,400)
(269,468)	-	(269,468)
<u>(12,195,162)</u>	<u>-</u>	<u>(12,195,162)</u>
-	(182,498)	(182,498)
-	(1,994)	(1,994)
-	(184,492)	(184,492)
<u>\$ (12,195,162)</u>	<u>\$ (184,492)</u>	<u>\$ (12,379,654)</u>

\$ 3,624,868	\$ -	\$ 3,624,868
1,214,792	-	1,214,792
2,865,170	-	2,865,170
812,014	-	812,014
295,221	-	295,221
1,992,936	-	1,992,936
75,626	10,364	85,990
126,944	-	126,944
<u>11,007,571</u>	<u>10,364</u>	<u>11,017,935</u>
(1,187,591)	(174,128)	(1,361,719)
<u>41,698,010</u>	<u>17,584,903</u>	<u>59,282,913</u>
<u>\$ 40,510,419</u>	<u>\$ 17,410,775</u>	<u>\$ 57,921,194</u>

City of Fairview Park, Ohio

Balance Sheet

Governmental Funds

December 31, 2004

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Investments	\$ 1,554,171	\$ 1,213,422	\$ -	\$ 917,425	\$ 3,685,018
Receivables:					
Taxes	4,223,571	444,752	-	1,247,798	5,916,121
Accounts	3,092	-	-	137,688	140,780
Intergovernmental	242,206	149,673	-	283,514	675,393
Interfund	609,313	-	-	50,299	659,612
Special Assessments	-	-	-	267,385	267,385
Materials and Supplies Inventory	3,686	-	-	16,106	19,792
<i>Total Assets</i>	<u>6,636,039</u>	<u>1,807,847</u>	<u>-</u>	<u>2,920,215</u>	<u>11,364,101</u>
Liabilities and Fund Balances:					
Liabilities					
Accounts Payable	143,739	260,875	-	50,171	454,785
Accrued Wages and Benefits	26,847	-	-	7,138	33,985
Compensated Absences Payable	49,441	-	-	3,296	52,737
Interfund Payable	-	-	91,812	567,800	659,612
Intergovernmental Payable	214,089	-	-	166	214,255
Deferred Revenue	4,090,311	294,001	-	1,773,574	6,157,886
<i>Total Liabilities</i>	<u>4,524,427</u>	<u>554,876</u>	<u>91,812</u>	<u>2,402,145</u>	<u>7,573,260</u>
Fund Balance (Deficit)					
Reserved for Encumbrances	-	317,068	-	25,604	342,672
Reserved for Inventory	3,686	-	-	16,106	19,792
Reserved for Contingencies	460,000	-	-	-	460,000
Unreserved:					
Undesignated, Reported in:					
General Fund	1,647,926	-	-	-	1,647,926
Special Revenue Funds	-	-	-	729,536	729,536
Debt Service Funds	-	-	(91,812)	-	(91,812)
Capital Projects Funds	-	935,903	-	(253,176)	682,727
<i>Total Fund Balances</i>	<u>2,111,612</u>	<u>1,252,971</u>	<u>(91,812)</u>	<u>518,070</u>	<u>3,790,841</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 6,636,039</u>	<u>\$ 1,807,847</u>	<u>\$ -</u>	<u>\$ 2,920,215</u>	<u>\$ 11,364,101</u>

See accompanying notes to the basic financial statements

City of Fairview Park, Ohio
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2004

Total Governmental Fund Balances \$ 3,790,841

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds 42,493,117

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

Taxes	1,178,499
Intergovernmental	414,776
Special Assessments	267,385
Charges for Services	<u>62,108</u>

Total 1,922,768

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets 72,342

Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	3,240,000
Long-term Notes	1,546,580
Compensated Absences	1,920,460
Pension Obligation Payable	314,183
Capital Leases	717,443
Accrued Interest Payable	<u>29,983</u>

Total (7,768,649)

Net Assets of Governmental Activities \$ 40,510,419

See accompanying notes to the basic financial statements

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

	General	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Income Taxes	\$ 3,543,124	\$ 1,179,758	\$ -	\$ -	\$ 4,722,882
Property Taxes	2,843,605	-	-	1,100,256	3,943,861
Intergovernmental	1,849,941	749,982	-	803,786	3,403,709
Interest	52,682	15,761	-	7,183	75,626
Special Assessments	-	-	-	230,950	230,950
Charges for Services	5,068	-	-	498,765	503,833
Licenses and Permits	205,586	-	-	90,796	296,382
Fines and Forfeitures	82,142	-	-	5,340	87,482
Miscellaneous	120,315	-	-	31,127	151,442
<i>Total Revenues</i>	<u>8,702,463</u>	<u>1,945,501</u>	<u>-</u>	<u>2,768,203</u>	<u>13,416,167</u>
Expenditures:					
Current:					
Security of Persons and Property	4,289,327	-	-	1,699,716	5,989,043
Public Health and Welfare	57,305	-	-	-	57,305
Transportation	366,585	-	-	564,561	931,146
Community Environment	1,600,893	-	-	5,820	1,606,713
General Government	1,841,383	-	-	5,392	1,846,775
Leisure Time Activities	402,346	-	-	436,459	838,805
Capital Outlay	-	1,764,512	-	217,577	1,982,089
Debt Service:					
Principal Retirement	26,317	-	1,630,920	63,523	1,720,760
Interest and Fiscal Charges	6,204	-	234,033	22,843	263,080
<i>Total Expenditures</i>	<u>8,590,360</u>	<u>1,764,512</u>	<u>1,864,953</u>	<u>3,015,891</u>	<u>15,235,716</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>112,103</u>	<u>180,989</u>	<u>(1,864,953)</u>	<u>(247,688)</u>	<u>(1,819,549)</u>
Other Financing Sources (Uses):					
Proceeds of Notes	-	-	-	1,200,000	1,200,000
Inception of Capital Lease	-	-	-	162,287	162,287
Transfers In	5,229	-	1,864,953	863,600	2,733,782
Transfers Out	(773,600)	-	-	(1,960,182)	(2,733,782)
<i>Total Other Financing Sources (Uses)</i>	<u>(768,371)</u>	<u>-</u>	<u>1,864,953</u>	<u>265,705</u>	<u>1,362,287</u>
<i>Net Change in Fund Balances</i>	<u>(656,268)</u>	<u>180,989</u>	<u>-</u>	<u>18,017</u>	<u>(457,262)</u>
<i>Fund Balances at Beginning of Year</i>	<u>2,767,862</u>	<u>1,071,982</u>	<u>(91,812)</u>	<u>519,875</u>	<u>4,267,907</u>
<i>Increase (Decrease) in Reserved of Inventory</i>	<u>18</u>	<u>-</u>	<u>-</u>	<u>(19,822)</u>	<u>(19,804)</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$ 2,111,612</u>	<u>\$ 1,252,971</u>	<u>\$ (91,812)</u>	<u>\$ 518,070</u>	<u>\$ 3,790,841</u>

See accompanying notes to the basic financial statements.

City of Fairview Park, Ohio
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
 of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2004

Net Change in Fund Balances - Governmental Funds		\$ (457,262)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period		
Capital Asset Additions	896,792	
Current Year Depreciation	<u>(2,108,414)</u>	
Total		(1,211,622)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the loss on disposal assets:		
Loss on Disposal of Fixed Assets		(3,400)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund		
Taxes	145,322	
Intergovernmental	17,732	
Charges for Services	<u>43,102</u>	
Total		206,156
Repayment of principal an expenditure in the governmental funds, but the repayment reduces long-term liabilities		
General Obligation Bonds	1,630,920	
Capital Lease	<u>89,840</u>	
Total		1,720,760
Inventory and prepaid items are reported as an asset when purchased and defer the recognition of an expenditure until the period in which the inventory and prepaid items are consumed. However, the net effect of the transaction involving inventory and prepaid items is to increase (decrease) expenses in governmental activities.		
		(19,804)
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.		
		(6,388)
Inception of capital leases are reported as other financing sources in the governmental funds, but the inception increases long-term liabilities on the statement of activities		
		(162,287)
Proceeds of long-term debt is revenue in the governmental funds as opposed to a liability in the statement of net assets.		
		(1,200,000)
Compensated absences, pension obligation payable, accrued interest payable and intergovernmental payable reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds		
Pension Obligation	21,692	
Compensated Absences	<u>(51,541)</u>	
Total		(29,849)
The internal service fund used by management to charge the costs of insurance to the individual funds is not reported in the statement of activities governmental fund expenditures and the related internal service fund revenues are eliminated. The net expenses of the internal service fund is allocated among governmental activities		
		<u>(23,895)</u>
Change in Net Assets of Governmental Activities		<u>\$ (1,187,591)</u>

See accompanying notes to the basic financial statements

City of Fairview Park
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Tax	\$ 3,577,000	\$ 3,577,000	\$ 3,598,735	21,735
Property and Other Taxes	2,989,622	2,988,361	2,843,605	(144,756)
Charges for Services	7,700	7,700	5,068	(2,632)
Licenses and Permits	204,910	204,910	203,019	(1,891)
Fines and Forfeitures	95,390	95,390	82,469	(12,921)
Intergovernmental	2,093,172	2,047,172	2,217,775	170,603
Interest	36,000	36,000	50,077	14,077
Other	104,000	104,000	119,790	15,790
Total Revenues	9,107,794	9,060,533	9,120,538	60,005
Expenditures:				
Current:				
General Government:				
Board of Appeals	1,728	1,728	2,186	(458)
Mayor Office	149,093	149,093	146,511	2,582
Service Director	278,695	278,695	273,649	5,046
Finance Department	368,650	398,650	389,345	9,305
Legal Department	106,765	112,065	111,499	566
Engineering	34,720	35,820	35,806	14
Municipal Land and Building	277,885	308,885	271,308	37,577
Civil Service	875	875	340	535
County and State Fees	411,794	411,794	378,702	33,092
Legislative	99,512	99,512	97,437	2,075
Other Administrative	97,479	97,479	183,985	(86,506)
Total General Government	1,827,196	1,894,596	1,890,768	3,828
Security of Persons and Property:				
Police Department	2,536,037	2,568,037	2,558,194	9,843
Traffic Control	151,754	155,954	154,406	1,548
Fire Department	1,428,979	1,768,979	1,734,751	34,228
Total Security of Persons and Property	4,116,770	4,492,970	4,447,351	45,619
Public Health and Welfare:				
Public Health	56,100	57,600	57,478	122
Total Public Health and Welfare	56,100	57,600	57,478	122
Community Environment:				
Planning and Design Commission	6,639	7,639	7,769	(130)
Building Department	251,464	251,464	241,188	10,276
Recycling and Solid Waste Disposal	1,053,674	1,131,674	1,112,346	19,328
Senior Life Office	334,012	337,013	291,221	45,792
Total Community Environment	1,645,789	1,727,790	1,652,524	75,266
Transportation:				
Motor Vehicle Maintenance	357,510	372,510	366,985	5,525
Total Transportation	357,510	372,510	366,985	5,525

City of Fairview Park
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund (Continued)
For the Fiscal Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Leisure Time Activities:				
Parks and Property Maintenance	515,362	515,362	416,710	98,652
Total Leisure Time Activities	515,362	515,362	416,710	98,652
Debt Service:				
Principal Retirement	26,317	26,317	26,317	-
Interest and Fiscal Charges	6,204	6,204	6,204	-
Total Expenditures	8,551,248	9,093,349	8,864,337	229,012
Excess of Revenues Over (Under) Expenditures	556,546	(32,816)	256,201	289,017
Other Financing Sources (Uses):				
Advance Out	-	(73,400)	(73,400)	-
Transfers In	-	-	5,229	5,229
Transfer Out	(587,000)	(773,600)	(773,600)	-
Total Other Financing Sources (Uses)	(587,000)	(847,000)	(841,771)	5,229
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(30,454)	(879,816)	(585,570)	294,246
Fund Balances (Deficit) at Beginning of Year	2,062,773	2,062,773	2,062,773	-
Prior Year Encumbrances Appropriated	49,392	49,392	49,392	-
Fund Balances (Deficit) at End of Year	<u>\$ 2,081,711</u>	<u>\$ 1,232,349</u>	<u>\$ 1,526,595</u>	<u>\$ 294,246</u>

City of Fairview Park, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2004

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	<u>Sewer</u>	<u>Gilles-Sweet</u>	<u>Total</u>	
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 1,490,238	\$ 409	\$ 1,490,647	\$ 163,443
Receivables:				
Accounts	188,262	-	188,262	-
Intergovernmental	73,855	-	73,855	-
Materials and Supplies Inventory	630	-	630	-
<i>Total Current Assets</i>	<u>1,752,985</u>	<u>409</u>	<u>1,753,394</u>	<u>163,443</u>
Non-current Assets:				
Investment in Joint Venture	4,391,512	-	4,391,512	-
Nondepreciable Capital Assets	410,000	-	410,000	-
Depreciable Capital Assets, Net	11,903,984	-	11,903,984	-
<i>Total Non-current Assets</i>	<u>16,705,496</u>	<u>-</u>	<u>16,705,496</u>	<u>-</u>
<i>Total Assets</i>	<u>18,458,481</u>	<u>409</u>	<u>18,458,890</u>	<u>163,443</u>
Liabilities				
Current Liabilities:				
Accounts Payable	330,146	-	330,146	-
Accrued Wages and Benefits	4,700	-	4,700	50
Compensated Absences Payable	1,121	-	1,121	7
Intergovernmental Payable	29	-	29	-
Pension Obligation Payable	10,366	-	10,366	-
Claims Payable	-	-	-	91,044
Accrued Interest Payable	1,342	-	1,342	-
Current Portion of OPWC Loans Payable	36,134	-	36,134	-
Current Portion of General Obligation Bonds Payable	115,000	-	115,000	-
Current Portion of Intergovernmental Payable	30,775	-	30,775	-
<i>Total Current Liabilities</i>	<u>529,613</u>	<u>-</u>	<u>529,613</u>	<u>91,101</u>
Long-Term Liabilities:				
Compensated Absences	58,457	-	58,457	-
OPWC Loans Payable (Net of Current Portion)	334,665	-	334,665	-
General Obligation Bonds Payable (Net of Current Portion)	115,000	-	115,000	-
Intergovernmental Payable (Net of Current Portion)	10,380	-	10,380	-
<i>Total Long-Term Liabilities</i>	<u>518,502</u>	<u>-</u>	<u>518,502</u>	<u>-</u>
<i>Total Liabilities</i>	<u>1,048,115</u>	<u>-</u>	<u>1,048,115</u>	<u>91,101</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	11,713,185	-	11,713,185	-
Unrestricted (Deficit)	5,697,181	409	5,697,590	72,342
<i>Total Net Assets</i>	<u>\$ 17,410,366</u>	<u>\$ 409</u>	<u>\$ 17,410,775</u>	<u>\$ 72,342</u>

See accompanying notes to the basic financial statements

City of Fairview Park, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer	Gilles-Sweet	Total	
Operating Revenues				
Charges for Services	\$ 1,823,533	\$ -	\$ 1,823,533	\$ 1,013,843
<i>Total Operating Revenues</i>	1,823,533	-	1,823,533	1,013,843
Operating Expenses				
Personal Services	423,288	-	423,288	28,176
Contractual Services	1,514,177	1,994	1,516,171	-
Materials and Supplies	8,859	-	8,859	-
Claims	-	-	-	1,009,562
Depreciation	369,652	-	369,652	-
<i>Total Operating Expenses</i>	2,315,976	1,994	2,317,970	1,037,738
<i>Operating Income (Loss)</i>	(492,443)	(1,994)	(494,437)	(23,895)
Non-Operating Revenues (Expenses)				
Interest Income	10,364	-	10,364	-
Contributed Capital	423,026	-	423,026	-
Interest and Fiscal Charges	(23,479)	-	(23,479)	-
Loss on Equity in Joint Venture	(89,602)	-	(89,602)	-
<i>Total Non-Operating Revenues (Expenses)</i>	320,309	-	320,309	-
<i>Changes in Net Assets</i>	(172,134)	(1,994)	(174,128)	(23,895)
Net Assets (Deficit) Beginning of Year	17,582,500	2,403	17,584,903	96,237
Net Assets (Deficit) End of Year	<u>\$ 17,410,366</u>	<u>\$ 409</u>	<u>\$ 17,410,775</u>	<u>\$ 72,342</u>

See accompanying notes to the basic financial statements

City of Fairview Park, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	<u>Business-Type Activities</u>			Governmental
	<u>Sewer</u>	<u>Gilles-Sweet</u>	<u>Total</u>	Activities - <u>Internal Service</u> <u>Fund</u>
Increase (Decrease) in Cash and Investments				
Cash Flows from Operating Activities:				
Cash received from customers	\$ 1,807,086	\$ -	\$ 1,807,086	\$ 1,013,843
Cash payments for employee service and benefits	(449,063)	-	(449,063)	(28,721)
Cash payments to goods and services	<u>(1,358,398)</u>	<u>(5,625)</u>	<u>(1,364,023)</u>	<u>(965,427)</u>
Net Cash Provided by Operating Activities	(375)	(5,625)	(6,000)	19,695
Cash Flows from Capital and Related Financing Activities:				
Payments for capital acquisition	(60,829)	-	(60,829)	-
Payments for investment in joint venture	(55,230)	-	(55,230)	-
Principal paid on capital charges agreement	(32,975)	-	(32,975)	-
Principal paid on general obligation bonds	(115,000)	-	(115,000)	-
Principal paid on OWDA loans	(36,134)	-	(36,134)	-
Interest paid on bonds and OWDA loans	<u>(24,150)</u>	<u>-</u>	<u>(24,150)</u>	<u>-</u>
Net Cash Provided by Capital and Related Financing Activities	(324,318)	-	(324,318)	-
Cash Flows from Investing Activities:				
Interest income	<u>10,364</u>	<u>-</u>	<u>10,364</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>10,364</u>	<u>-</u>	<u>10,364</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(314,329)	(5,625)	(319,954)	19,695
Cash and Investments at Beginning of Year	<u>1,804,567</u>	<u>6,034</u>	<u>1,810,601</u>	<u>143,748</u>
Cash and Investments at End of Year	<u>\$ 1,490,238</u>	<u>\$ 409</u>	<u>\$ 1,490,647</u>	<u>\$ 163,443</u>

(Continued)

City of Fairview Park, Ohio
Statement of Cash Flows
Proprietary Funds - Continued
For the Year Ended December 31, 2004

	Business-Type Activities			Governmental Activities -
	Sewer	Gilles-Sweet	Total	Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (492,443)	\$ (1,994)	\$ (494,437)	\$ (23,895)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	369,652	-	369,652	-
Total Adjustments	369,652	-	369,652	-
Changes in Assets and Liabilities				
(Increase) Decrease in accounts receivable	(16,447)	-	(16,447)	-
(Increase) Decrease in inventory	(281)	-	(281)	-
Increase (Decrease) in accounts payable	164,919	(3,631)	161,288	-
Increase (Decrease) in accrued wages	(10,597)	-	(10,597)	(480)
Increase (Decrease) in compensated absences	4,497	-	4,497	-
Increase (Decrease) in due to other governments	(14,998)	-	(14,998)	-
Increase (Decrease) in pension obligation payable	(4,677)	-	(4,677)	(65)
Increase (Decrease) in claims payable	-	-	-	44,135
Total Adjustments	122,416	(3,631)	118,785	43,590
Net Cash Provided by Operating Activities	\$ (375)	\$ (5,625)	\$ (6,000)	\$ 19,695

See accompanying notes to the basic financial statements

City of Fairview Park, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2004

Assets

Equity in Pooled Cash and Investments \$ 85,297

Total Assets \$ 85,297

Liabilities

Accounts Payable 1,649

Intergovernmental Payable 114

Undistributed Monies 73,039

Refundable Deposits 10,495

Total Liabilities \$ 85,297

See accompanying notes to the basic financial statements.

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

Note 1 – Description of the City

The City of Fairview Park (the City) is a home rule municipal corporation established under the laws of the State of Ohio, which operates under its own Charter. The current Charter, which provides for a Mayor/Council form of government, was adopted in 1959.

The Mayor, elected by the voters for a four-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes. As the chief conservator of the peace, she oversees the enforcement of all laws and ordinances. She also appoints all department heads, subject to the approval of Council, and executes all contracts, conveyances, and evidences of indebtedness of the City.

Legislative authority is vested in a seven-member council with five members elected by ward and two members elected at large for two-year staggered terms. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money, and accepts bids for materials and services and other municipal purposes.

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standard Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standard Board (“FASB”) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and enterprise funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the City’s accounting policies are described below.

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Fairview Park and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity."

The primary government comprises all activities and services which are not legally separate for the City. The City provides various services including public safety (police and fire), highways and streets, parks and recreation, public improvements, community development (planning and zoning), sewers, sanitation, and general administrative and legislative services. The operation of each of these activities is directly controlled by Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources: the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. Currently, the City has no component units.

The Rocky River Wastewater Treatment Plant is a joint venture among the cities of Fairview Park, Bay Village, Rocky River and Westlake. The plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the plant's operation. The City has an explicit and measurable equity interest in the Rocky River Wastewater Treatment Plant. There exists a residual interest in the assets upon venture's liabilities (See Note 16).

The City is associated with the Westshore Council of Governments and Tri-City Park, which are identified as jointly governed organizations. These organizations are presented in Note 17 to the basic financial statements.

B. Basis of Presentation

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

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 activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

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

C. Fund Accounting

The City accounting system is organized and operated on the basis of funds. The operation of each fund is accounted for within a set of self-balancing 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. Funds are classified into three categories: governmental, proprietary, and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. 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.

Capital Projects Fund This fund is used to account for that portion of income tax collection of the City and expenditures in regards to street maintenance and new construction within the City.

Debt Service Fund This fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related cost on general long-term debts.

Proprietary Funds – Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those found in the private sector. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this approach, the focus is upon the determination of net income, financial position and cash flows. Proprietary funds are classified either enterprise or internal service:

Enterprise Funds The enterprise 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 financed or recovered primarily through user charges.

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

Sanitary Sewer Fund This fund accounts for the receipt of funds from water and sewer service to the residents of the City, and to account for expenditures in regards to water and sewer service and capital improvement of these services.

Gilles-Sweet Fund This fund accounts for the receipts and expenditures of the Gilles-Sweet Building, which was leased from the Fairview Park School District for Senior Center Activities. The lease expired and the Senior Center relocated in July 2000. This fund is now used to pay residual expenses for the past activities.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Health Insurance Reserved Fund This fund accounts for revenues of the healthcare premium and the expenditures sent to the City's third party administrator to cover health insurance claims incurred by employees of the City.

Employee Section 125 Contributions Fund This fund accounts for deductions from employee incomes for 125 contributions to their payment to the City's third party administrator.

Fiduciary Funds – Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is spilt into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement if results of operations. The City's agency funds account for donations to Senior Life Program and Special Holding Account, collections from assessment of building due to the State of Ohio, and deposits held for contractors, architect, and others for street cleaning, street opening, sidewalk, grade deposits, architect review, and engineering review.

D. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in the total net assets.

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

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

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

Agency funds do not report a measurement focus as they do not report operations.

E. Basis of Accounting

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

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

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

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

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

Expense/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. Even though annual budgets are legally adopted, proprietary budgetary statements have not been presented since they are not required under GAAP.

All disbursements require appropriation authority. The legal level of budgetary control is at the fund level with the exception of the General Fund, which is at the department level. Any budgetary modifications at this level may only be made by resolution of the City Council.

Advances in and Advances out are not required to be budgeted, since they represent a temporary cash advance and are intended to be repaid.

Tax Budget - During the first Council meeting in July, the City Finance Director presents the annual operating budget for the following 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 20 of each year, for the period January 1 to December 31 of the following year.

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized property 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 the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official certificate of estimated resources issued during 2004.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An 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 level with the exception of the General Fund, which is at the department level. The appropriation ordinance may be amended during the year as new information becomes available. Total fund appropriations may not exceed current estimated resources as certified. The allocation of appropriations among departments within a fund, with the exception of the General Fund, may be modified during the year by Management. Appropriations among departments within the General Fund may be modified during the year only by ordinance of Council. During the year, several supplemental appropriation measures were passed. However, none were significant in amount. The budget figures which appear in the statement of budgetary comparisons represent the original and final appropriation amounts, including all amendments and modifications.

Encumbrances - Encumbrances outstanding at year end represent the estimated amount of expenditures that will ultimately result if unperformed contracts in process (for example, purchase orders and contracted services) are completed. On a GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent year expenditures in the governmental funds and reported in the notes to the basic financial statements for proprietary funds.

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.

G. Cash and Cash Equivalents

Cash received by the City is deposited into several bank accounts. Monies from all funds, including the proprietary funds, are maintained in these accounts or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the City's records.

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

The City has invested funds in the State Treasurer's Asset Reserve of Ohio (STAROhio) during the fiscal year 2004. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2004.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with an original maturity of three months or less are considered to be cash equivalents. Interest earnings accrue to the general fund except that relate to certain special revenue, capital projects and enterprise funds.

Interest revenue credited to the General Fund during 2004 amounted to \$52,682, Capital Projects Fund amounted to \$15,761, Recreation Fund amounted to \$1,067, Cable TV Franchise Fee Fund amounted to \$2,645, Permanent Improvement Fund amounted to \$2,612, Lorain Road Revitalization Fund amounted to \$859, and Sewer Fund amounted to \$10,364.

H. Materials and Supplies Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost, on the first-in, first-out basis. Cost of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable 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, 2004 are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Investment in Joint Venture

The investment in the joint venture is reported using the equity method of accounting.

K. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Capital assets were initially determined at December 31, 1989 by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not practicably determinable, estimated historical costs were developed. For certain capital assets, the estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure consists of roads, guardrails, bridges, water lines, sewer lines and storm water drainage. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Interest incurred during the construction of capital assets is also capitalized for business-type activities. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2004, interest costs incurred on construction projects were not material.

All reported capital assets are depreciated except for land and construction in progress. Depreciation is determined by allocating the cost of capital assets over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives are as follows:

Description	Governmental Activities Estimated Lives	Business-type Activities Estimated Lives
Buildings	50 Years	50 Years
Equipment and Furniture	5-20 Years	15 Years
Land Improvement	20 Years	20 Years
Infrastructure	10-75 Years	50 Years
Vehicles	8 Years	8 Years

L. *Compensated Absences*

Compensated absences of the City consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In accordance with the provision of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if 1) employees' rights to receive compensation are attributable to services already rendered; and 2) it is probable that the City will compensate the employees for the benefits through paid time off or some other means. A liability for sick leave is based on the sick leave accumulated at December 31, 2004. Sick leave benefits are accrued as a liability using the vesting method. An accrual for sick leave is made when it is expected to be liquidated with available financial resources are recorded as an expenditure and fund liability of the governmental fund that will pay it.

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

The entire compensated absences liability is reported on the government-wide statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

M. *Accrued Liabilities and Long-Term Obligations*

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

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

O. *Interfund Transactions*

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

During the normal course of operations, the City has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in the governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are treated similarly when involving other funds of the City.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/interfund payable" for the current portion of interfund loans or "advances to/from other funds" for the non-current portion of interfund loans. These amounts are eliminated in the Statement of Net Assets, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as "internal balances".

Long-term advances between funds, as reported in the governmental fund financial statements, are often offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

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

P. Fund Balance Reserves and Designations

Reserved or designated fund balances indicate that portion of fund balance which is not available for current appropriation or use. The unreserved or undesignated portions of fund balance reflected in the governmental funds are available for use within the specific purposes of funds. The City reports amounts representing encumbrances outstanding, inventory and contingencies in the governmental funds.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for the water, sewer, and self-insurance program. Operating expenses are necessary costs incurred to provide the good and service that is primary activity of the fund.

R. Capital Contributions

Capital contributions in statement of activities and proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

S. 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 accumulated depreciation, reduced by outstanding balances of any borrowing 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 law or regulations of other governments.

T. Estimates

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

U. Extraordinary and Special Items

Extraordinary items are transactions and 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 and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2004.

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

Note 3 - Budgetary Basis of Accounting

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

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Proceeds and principal payments on short-term note obligations are reported on the operating statement (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis financial statements to the budgetary basis financial statements for the major governmental funds.

Net Change in Fund Balance General Fund	
	General
GAAP Basis	(\$656,268)
Net Adjustment for Revenue Accruals	418,075
Net Adjustment for Expenditures Accrual	(410,918)
Encumbrances	63,541
Budget Basis	(\$585,570)

Note 5 – Deposits and Investments

State statutes classify monies held by the City into three categories.

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current two 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 monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following securities:

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

Besides the above six statutory requirements, the City's investment policy of November 20, 1989, states that the City may invest in the following categories:

1. Commercial paper note issues of United States corporations having assets that exceed \$500 million. Such notes are to be rated "prime" (P-1) by Moody's Investor's Service and (A-1) by Standard & Poor's and must mature no later than 180 days after the date of purchase by the City; and

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

2. Bankers acceptances from members of the Federal Deposit Insurance Corporation which are eligible for purchase by the Federal Reserve System and which mature no later than 180 days after the date of purchase by the City.

The City's investment policy also states that investments in government securities may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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 treasurer 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.

During 2004, investments were limited to STAROhio. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2004.

GASB Statement 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements" requires disclosures to help assess actual and potential future deposit and investment market and credit risks. The following information regarding deposits and investments is presented using the categories of risk identified in GASB Statement 3.

Deposits - At year-end, the carrying amount of the City's deposits was \$15,176 and the bank balance was \$168,600. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$68,600 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Investments - Investments are classified under the guidelines of GASB Statement No. 3 into three categories, Category 1 includes investments that are insured or registered or are held by the city or its agent in the City's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the City's name.

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

	Carrying Value	Fair Value
STAR Ohio	\$5,408,314	\$5,408,314
Total Investments	\$5,408,314	\$5,408,314

The City's investment in the State Treasurer's Investment Pool (STAR OHIO) is not a categorized investment because it is not evidenced by the securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less and cash and investments of the cash management pool.

A reconciliation between the classification of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposit	Investments
GASB Statement 9	\$5,424,405	\$0
Cash on Hand	(375)	0
Investments:		
Star Ohio	(5,408,314)	5,408,314
GASB Statement 3	\$15,176	\$5,408,314

Note 6 – 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 (other than public utility) in one calendar year are levied by October 1 in the preceding calendar year on assessed values as of January 1 of the 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. If paid annually, payment is due December 31; if paid semi-annually, payment is due December 31 with the remainder payable by June 20, unless extended.

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

City of Fairview Park, Ohio
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For the Year Ended December 31, 2004

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 property currently is assessed at varying percentages of its true value. Public utility property taxes are assessed and payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Fairview Park. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measureable at December 31, 2004. Although total property tax collections for the next fiscal year are measureable, amounts to be received during the availability period are not subject to reasonable estimate at December 31, 2004 nor are they intended to finance 2004 operations. The receivable is, therefore, offset by deferred revenue.

The full tax rate for all City operations for the year ended December 31, 2004 was \$11.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based was as follows:

	Assessed Value
Real Property	\$379,251,240
Public Utility Personal Property	6,316,660
Tangible Personal Property	8,737,178
Total Assessed Value	<u>\$394,305,078</u>

B. Income Taxes

The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 75 percent of the tax paid to another municipality to a maximum of the total amount assessed with a limit to the credit of 1.25 percent.

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.

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

Note 7 – Capital Assets

In fiscal year 2004, the City discovered a computation mistake of its capital assets for the previous year. The result was the prior year ending balance of capital assets for the governmental activities was understated by \$21,520. The beginning balance of capital assets for governmental activities was restated at \$43,708,139 for fiscal year 2004.

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

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 275,202	\$ -	\$ -	\$ 275,202
Construction in Progress	-	734,505	-	734,505
Total capital assets, not depreciated:	<u>275,202</u>	<u>734,505</u>	<u>-</u>	<u>1,009,707</u>
Capital assets, being depreciated:				
Buildings	3,222,016	-	-	3,222,016
Equipment and Furniture	1,349,260	-	(11,200)	1,338,060
Infrastructure	49,316,970	-	-	49,316,970
Land Improvement	1,432,360	-	-	1,432,360
Vehicles	3,398,652	162,287	(110,415)	3,450,524
Total capital assets, being depreciated:	<u>58,719,258</u>	<u>162,287</u>	<u>(121,615)</u>	<u>58,759,930</u>
Less accumulated depreciation for:				
Buildings	(1,324,538)	(61,511)	-	(1,386,049)
Equipment and Furniture	(780,847)	(66,595)	7,800	(839,642)
Infrastructure	(10,176,474)	(1,725,194)	-	(11,901,668)
Land Improvement	(550,146)	(64,417)	-	(614,563)
Vehicles	(2,454,316)	(190,697)	110,415	(2,534,598)
Total accumulated depreciation	<u>(15,286,321)</u>	<u>(2,108,414)</u>	<u>118,215</u>	<u>(17,276,520)</u>
Total capital assets, being depreciated, net	<u>43,432,937</u>	<u>(1,946,127)</u>	<u>(3,400)</u>	<u>41,483,410</u>
Governmental activities capital assets, net	<u>\$ 43,708,139</u>	<u>\$ (1,211,622)</u>	<u>\$ (3,400)</u>	<u>\$ 42,493,117</u>

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

	Balance January 1, 2004	Additions	Deletions	Adjustment	Balance December 31, 2004
Business-type activities:					
Capital assets, not being depreciated:					
Construction in Progress	\$ -	\$ 410,000		\$ -	\$ 410,000
Total capital assets, not depreciated:	-	410,000	-	-	410,000
Capital assets, being depreciated:					
Buildings	79,000	-	-	-	79,000
Equipment and Furniture	52,122	-	-	-	52,122
Land Improvement	454,661	-	-	(444,365)	10,296
Infrastructure	19,747,132	-	-	444,365	20,191,497
Total capital assets, being depreciated:	20,332,915	-	-	-	20,332,915
Less accumulated depreciation for:					
Buildings	(52,930)	(1,580)	-	-	(54,510)
Equipment and Furniture	(51,842)	(80)	-	-	(51,922)
Land Improvement	(10,296)	-	-	-	(10,296)
Infrastructure	(7,944,211)	(367,992)	-	-	(8,312,203)
Total accumulated depreciation	(8,059,279)	(369,652)	-	-	(8,428,931)
Business-type activities capital assets, net	\$ 12,273,636	\$ 40,348	\$ -	\$ -	\$ 12,313,984

Depreciation expense was charged to the functions/program of the governmental activities as follows:

Governmental Activities	
General government	\$ 730,427
Security of persons and property	96,965
Community Environment	134,307
Leisure time activities	14,189
Transportation	1,132,526
Total depreciation expense - governmental activities	<u>\$ 2,108,414</u>

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

Note 8 - Receivables

Receivables at December 31, 2004 primarily consisted of taxes, accounts (billings for user charged services), intergovernmental receivables, entitlement or shared revenues and special assessments. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivables follows:

	Governmental Activities
Project Grant	\$73,855
Project Reimbursement	149,673
Gasoline Tax	180,915
Local Government	44,477
Hotel-Motel Tax	985
Permissive Tax	8,221
Motor Vehicle Registration	7,680
Rollback/Homestead	269,322
State Grant Reimbursement	3,027
POPAS	11,093
Total	\$749,248

Note 9 – Internal Balances

The interfund payable for the year ended December 31, 2004 consisted of the following:

Fund	Interfund Receivable	Interfund Payable
Governmental Major Fund:		
General	\$ 609,313	\$ -
Other Non-major Governmental Funds:		
Street Construction, Maintenance and Repair	-	1,300
Recreation	-	79,000
Fire Operating Levy	-	5,300
Police and Fire Pension	5,299	-
State Grants	-	10,000
Emergency Medical System	-	4,200
Bond Retirement	-	91,812
Senior Center	45,000	-
Lorain Road Revitalization	-	468,000
Total	\$ 659,612	\$ 659,612

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

The interfund payable in the other non-major governmental funds, except for Bond Retirement Fund, was mainly to fund the various programs and projects before the receipts of grants. The interfund payable in the Bond Retirement Fund was a result of the excess amounts that transferred to the Bond Retirement Fund for the debt payment in fiscal year 2001.

Interfund transfers for the year ended December 31, 2004 consisted of the following:

Fund	Transfer In	Transfer Out
Governmental Major Fund:		
General	\$ 5,229	\$ 773,600
Other Non-major Governmental Funds:		
Recreation	20,000	174,248
Police and Fire Pension	545,000	9,968
Federal Grant	-	5,229
Cable TV Franchise Fee	-	90,000
Bond Retirement	1,864,953	-
Permanent Improvement	-	195,645
Lorain Road Revitalization	298,600	1,485,092
Total	<u>\$ 2,733,782</u>	<u>\$ 2,733,782</u>

The above mentioned Transfers From/To were used to move unrestricted revenues collected in the General Fund and Cable TV Franchise Fee Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Monies were moved from Federal Grant Fund to General Fund to correct a revenue posting error for the prior year. In addition, monies were also moved to pay debt obligations in the Bond Retirement Fund from the funds where the property taxes were paid.

Note 10 - Risk Management

The City of Fairview Park is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

During 2004, the City contracted for various types of insurance as follows:

Company	Type of Coverage	Deductible
Westfield Companies	General Liability	\$0
	Automobile Liability	\$1000
Arch Insurance Group	Law Enforcement & Public Officials Liability	\$7,500
America Alternative Insurance Corporation	Umbrella Liability	\$10,000

Settled claims have not exceeded commercial coverage in any of the past three years. Also, the City did not significantly reduce its limits of liability during 2004.

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

All employees of the City are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

Workers' compensation coverage is provided by the State. 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 provides employees medical, prescription, and dental benefits through a self-insurance program. All funds of the City participate in the program and make payments to the health insurance reserve internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The medical self-insurance fund provides coverage for up to a maximum of \$50,000 for each individual. The City utilizes a third party administrator, Medical Mutual, Inc., to review all claims which are then paid by the City. The City purchases stop-loss coverage from Medical Mutual Insurance Company at a cost of \$101,000 annually. Stop-loss coverage provides the amount for the total claims in excess of 110% of projected claims liabilities. During 2004, a total of \$1,023,617 was paid in benefits and administrative costs. Changes in the internal service fund's claim liability amount in 2003 and 2004 were as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2003	\$69,564	1,024,880	(1,047,535)	\$46,909
2004	\$46,909	1,009,562	(965,427)	\$91,044

Note 11 - Capital Lease

The City has entered into a lease agreement for financing the acquisition of capital equipment and vehicles. This lease qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments at December 31, 2004:

	Honeywell Conservation Projects	Vehicle Lease-Purchase Agreement	Ambulance Lease-Purchase Agreement	Total
Year	Projects	Agreement	Agreement	Total
2005	32,521	83,976	85,476	201,973
2006	32,521	83,976	56,984	173,481
2007	32,521	83,976	28,492	144,989
2008	27,101	83,976	-	111,077
2009	-	83,976	-	83,976
2010	-	83,976	-	83,976
Total Minimum Lease Payments	124,664	503,856	170,952	799,472
Less: Amount Representing Interest	(11,111)	(62,253)	(8,665)	(82,029)
Present Value of Minimum Lease Payments	\$ 113,553	\$ 441,603	\$ 162,287	\$ 717,443

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

Note 12 - Long-Term Obligations

The City's long-term obligations at year-end and a schedule of current year activity follows:

	Interest Rate	1/1/2004 Balance	Addition	Deletion	12/31/2004 Balance	Due within One Year
Governmental Activities:						
General Obligation Bonds:						
1999 Various Purpose Bonds	3.7-5.3%	\$ 3,450,000	\$ -	\$ (210,000)	\$ 3,240,000	\$ 180,000
Long-term Notes:						
Lorain Road Revitalization	4.6-6.6%	1,767,500	1,200,000	(1,420,920)	1,546,580	22,320
Capital Leases:						
Honeywell Conservation Projects	4.9%	139,870	-	(26,317)	113,553	27,623
Ambulance Lease-Purchase		-	162,287	-	162,287	80,326
Vehicle Lease-Purchase Agreement	4.2%	505,126	-	(63,523)	441,603	66,205
Total Capital Leases		<u>644,996</u>	<u>162,287</u>	<u>(89,840)</u>	<u>717,443</u>	<u>174,154</u>
Other Long-term Obligation:						
Compensated Absences Payable		<u>1,868,919</u>	<u>802,726</u>	<u>(698,448)</u>	<u>1,973,197</u>	<u>825,670</u>
Total Long-term Liabilities in Governmental Activities		<u>\$ 7,731,415</u>	<u>\$2,165,013</u>	<u>\$(2,419,208)</u>	<u>\$ 7,477,220</u>	<u>\$ 1,202,144</u>
Business-type Activities:						
General Obligation Bonds:						
1986 Sewer Improvement Bonds	7.0%	\$ 345,000	\$ -	\$ (115,000)	\$ 230,000	\$ 115,000
Long-term Notes:						
OPWC Notes	0.0%	<u>406,933</u>	<u>-</u>	<u>(36,134)</u>	<u>370,799</u>	<u>36,134</u>
Other Long-term Obligations:						
Capital Charges Agreement		74,130	-	(32,975)	41,155	30,775
Compensated Absences Payable		<u>53,769</u>	<u>54,450</u>	<u>(45,062)</u>	<u>63,157</u>	<u>46,290</u>
Total Other Long-term Obligations		<u>127,899</u>	<u>54,450</u>	<u>(78,037)</u>	<u>104,312</u>	<u>77,065</u>
Total Long-term Liabilities in Business-type Activities		<u>\$ 879,832</u>	<u>\$ 54,450</u>	<u>\$ (229,171)</u>	<u>\$ 705,111</u>	<u>\$ 228,199</u>

City of Fairview Park, Ohio
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The 1999 Various Purpose General Obligation Bonds and Lorain Road Revitalization Notes will be paid from the Bond Retirement fund. The proceeds of the bonds were used to refund the general obligation bond anticipation notes used to improve and expand the City's park and recreational facilities, construct the senior center, acquire equipment and vehicles and pay the unfunded pension liability. The proceeds of the notes were used to purchase properties on Lorain Road. Compensated absences reported in the "compensated absences payable" account will be paid from the funds from which the employees' salaries are paid. The business-type activities related general obligation bonds and Ohio Public Works Commission loans will be paid from user charges.

The City's overall legal debt margin was \$35,806,198 at December 31, 2004, and the unvoted legal debt margin was \$16,090,944. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2004 are as follows:

Years	General Obligation Bonds			Lorain Road Revitalization Notes		
	Principal	Interest	Payment	Principal	Interest	Payment
2005	180,000	160,830	340,830	22,320	59,064	81,384
2006	190,000	152,910	342,910	1,223,814	30,120	1,253,934
2007	200,000	144,360	344,360	25,408	19,376	44,784
2008	210,000	135,160	345,160	27,109	17,675	44,784
2009	220,000	125,290	345,290	28,923	15,861	44,784
2010-2014	975,000	483,650	1,458,650	176,384	47,538	223,922
2015-2019	1,265,000	206,285	1,471,285	42,622	1,449	44,071
Totals	3,240,000	1,408,485	4,648,485	1,546,580	191,083	1,737,663

Years	Sewer Improvement Bonds			OWPC Loans		Capital Charges	
	Principal	Interest	Payment	Principal	Payment	Principal	Payment
2005	115,000	16,100	131,100	36,134	36,134	30,775	30,775
2006	115,000	8,050	123,050	36,134	36,134	10,380	10,380
2007	0	0	0	36,134	36,134	0	0
2008	0	0	0	36,134	36,134	0	0
2009	0	0	0	36,134	36,134	0	0
2010-2014	0	0	0	180,669	180,669	0	0
2015-2019	0	0	0	9,456	9,456	0	0
Totals	\$230,000	\$24,150	\$254,150	\$370,795	\$370,795	\$41,155	\$41,155

Note 13 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave liabilities are derived from negotiated agreements and State laws. Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be carried over at different rates depending on the department and only with the Mayor's approval. The carry over vacation must be taken by February 28 of the following year. Sick leave accrual is continuous, without limit. Overtime worked is always paid to employees on the paycheck for the period in which it was worked.

Upon retirement, a union employee and police department employee can be paid for one half of their accumulated hours of sick leave up to 1,100, and a non-union employee can be paid for one half of their accumulated hours of sick leave up to 960 hours. Fire department employees can be paid for one half of their accumulated sick leave up to 1,307 hours. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not used.

As of December 31, 2004, the liability for unpaid compensated absences was \$2,036,354 for the entire City.

Note 14 - Defined Benefit Pension Plans

A. *Ohio Public Employees Retirement System*

All City full-time employees, other than Police and Firemen, participate in the Ohio Public Employees Retirement System (OPERS) which administered by the Ohio Public Employees Retirement Board. OPERS administers three separate pension plans: (1) The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan. (2) The Member-Directed Plan (MD) - a defined contribution plan; in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vest) employer contributions plus any investment earning. (3) The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan

OPERS provides retirement, disability, survivor and death benefit and annual cost-of-living adjustments to members of Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issued a stand-alone financial report. Interest parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-6701 or 800-222-7377.

City of Fairview Park, Ohio
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The Ohio Revised Code provides statutory authority for member and employer contribution. For 2004, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2004 member contribution rates were 8.5 percent for members in classifications other than law enforcement and public safety. For local government employer units, the City's the contribution rate was 13.55 percent of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2004, 2003, and 2002 were \$444,141, \$418,927, and \$413,766 respectively. The full amount has been contributed for 2003 and 2002, and 71.5 percent has been contributed for 2004. \$126,576 representing the unpaid contribution for 2004 is recorded as a liability within the government-wide statements.

B. Police and Firemen's Disability and Pension

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations, while the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters to fund pension obligations. Contributions are authorized by State statute. The City's contributions to the PFDPF for police and firefighters were \$353,983 and \$436,879 for the year ended December 31, 2004, \$338,586 and \$421,281 for 2003, \$327,033, and \$402,565 for 2002. The full amount has been contributed for 2003 and 2002 respectively. 75 percent has been contributed for 2004. \$197,980 representing the unpaid contribution for 2004 is reported as a liability within the government-wide statements.

Note 15 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan.

OPERS provides retirement, disability, survivor and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Postemployment Benefit (OPEB) as described in GASB Statement 12.

City of Fairview Park, Ohio
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A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety with separate employee contribution rates and benefits. For local government employer units, the City's contribution rate was 13.55 percent of covered payroll, of which 4 percent was used to fund health care for the year. The Ohio Revised Code provides the statutory authority to require public employers to fund post retirement health care through their contributions to OPERS.

The assumptions and calculations below were based on the System's latest actuarial review performed as of December 31, 2003. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2003 was 8 percent. An annual increase of 4 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4 percent base increase, were assumed to range from 0.5 to 6.3 percent. Health care costs were assumed to increase at the projected wages inflation rate plus an additional factor ranging from one to six percent for the next eight years. In subsequent years (nine and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation).

OPEBs are advance-funded on an actuarially determined basis. At year-end 2004, the number of active contributing participants in the Traditional and Combined Plans totaled 369,885. The rates stated above are the actuarially determined contribution requirements for OPERS. The portion of employer contributions that were used to fund post employment benefits was \$131,110. \$10.5 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2003. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

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

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

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

B. Police and Firemen's Disability Pension Fund

The Ohio Police and Fire Pension Fund (the "OP&F") provides postretirement health care coverage to any person who receives 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 full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll. The Ohio Revised Code provides the statutory authority allowing OP&F Board of Trustees to provide health care coverage to all eligible individual.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expense. The board defined allocation was 7.75 percent of covered payroll in 2004 and 2003. 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 healthcare contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$140,531 for police and \$141,112 for firefighters. The number of participants eligible to receive health care benefits as of December 31, 2003 (the latest information available) was 13,662 for police and 10,474 for firefighters. The Fund's total health care expenses for the year ending December 31, 2003 (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506.

Note 16 - Joint Venture - Rocky River Wastewater Treatment Plant

The Rocky River Wastewater Treatment Plant (the "Plant") is a joint venture among the cities of Fairview Park, Bay Village, Rocky River and Westlake. The Plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the Plant's operations. The Plant supplies all participating residents of the member cities with sewer services. Each city owns the sewage liens located in its city and bills its residents for usage. Continued existence of the Plant is dependent on the City's continued participation, and the City has an equity interest in the Plant. The City's equity interest is \$4,391,512 which represents 18.41 percent of the total equity in the Plant. The Plant is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the City. Complete financial statements can be obtained from the City of Rocky River, 21012 Hilliard Ave., Rocky River, Ohio 44116.

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

Note 17 - Jointly Governed Organizations

A. *Westshore Council of Governments*

The Westshore Council of Governments (the "Council") is comprised the Cities of Bay Village, Fairview Park, Lakewood, North Olmsted, Rocky River and Westlake. The Council helps foster cooperation between municipalities in areas effecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of the Council including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the board. Each City's degree of control is limited to its representation on the board.

In 2004, the City contributed \$46,255 to the Council, which represented 10.5 percent of total contributions. The Council has established two subsidiary organizations, the Westshore Hazardous Materials Committee ("HAZMAT") which provides hazardous material protection and assistance, and the Westshore Enforcement Bureau which provides extra assistance to cities in the form of a SWAT Team. Complete financial statements can be obtained from the City of Rocky River, P.O. Box 16088, Rocky River, Ohio 44146-0088.

B. *Tri-City Park*

The Tri-City Park (the "Park") provides a recreational park to the cities of Rocky River, Westlake and Fairview Park. The Park is governed by a board consisting of the elected mayors of the three cities. The board exercises total control over the operation of the Park including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the board. Each city's degree of control is limited to its representation on the board. In 2004 the City contributed \$1,000 to the Park. Complete financial statements can be obtained from the City of Westlake, 27216 Hilliard, Westlake, Ohio 44145.

Note 18 – Contingencies

The City of Fairview Park may be a party to legal proceedings seeking damages. The City management is of the opinion that the ultimate disposition of the claims and legal proceedings will not have material effect, if any, on the financial condition of the City.

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

Note 19 – Accountability and Compliance

A. *Fund Deficits*

The following funds had a deficit fund balance or deficit net assets as of December 31, 2004:

Fund	Deficit Fund Balance
<u>Special Revenue Fund:</u>	
Fire Operating Levy	\$5,256
State Grants	6,903
 <u>Debt Service Fund:</u>	
Bond Retirement Fund:	\$91,812
 <u>Capital Project Fund:</u>	
Lorain Road Revitalization	\$471,939

The deficit in the State Grant special revenue fund and Lorain Road Revitalization capital project fund are largely the result of the recognition of liabilities in accordance with general accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. *Compliance*

Appropriation Exceeding Estimated Resources: Section 5705.41(A), Revised Code, prohibits the City from making a fund appropriation in excess of the estimated revenue available for expenditure from that fund. The Street Construction, Maintenance and Repair, Police and Fire Pension, State Grant Funds, Emergency Medical System, Bond Retirement, Recreation Construction, and Permanent Improvement were found to have appropriations in excess of the amount certified as available by the county budget commission.

Expenditures and Encumbrances Exceeding Appropriation: Section 5705.41(D), Revised Code, requires that encumbrances be charged against proper appropriations. Section 5704.41(B), Revised Code, prohibits the City from making expenditure unless it has been properly appropriated. The Recreation, Federal Grant, and Lorain Road Revitalization Funds were found to have expenditures plus encumbrances in excess of appropriations. In addition, Auditor of State Audit Bulletin 97-10 requires the expenditures stay within the appropriations at the legal level of control. Incidents of expenditures plus encumbrances in excess of appropriations at the legal level of control were found during the fiscal year.

Section 5705.10, Revised Code, prohibits the City from have negative fund balances. The Bond Retirement Fund was found to have a negative fund balance at December 31, 2004.

The City did not properly certify the availability of funds for 47 of 60 non-payroll expenditures tested for the audit period.

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

Note 20 – Restatement of Net Assets

In fiscal year 2004, the City discovered a computation mistake of its capital assets for the previous year. The result was the prior year ending net assets for the governmental activities was understated by \$21,520. The beginning balance of net assets for governmental activities was restated at \$41,698,010 for fiscal year 2004.

Note 21 – Outstanding Commitments

At the end of December 31, 2004, the City has outstanding commitments of approximately \$63,365, for the road and sewer construction on Wooster Road.

Combining Statements and Individual Fund Schedules

City of Fairview Park, Ohio
Fund Descriptions

Non-major Special Revenue Funds

Special Revenue funds are established to account for the proceeds of specific revenue sources (other than major trust and capital projects) that are restricted by law and administrative action to expenditures for specific purposes. The following are the descriptions of the City's non-major special revenue funds.

Street Construction, Maintenance and Repair Fund To account for the receipts of restricted funds and expenditures use in the maintenance and repair of City streets.

State Highway Fund To account for the receipt of restricted funds and expenditures use in the maintenance of state highways located in the City of Fairview Park.

Recreation Fund To provide for the receipt of recreation funds from recreation programs and recreation millage and account for recreation expenditures.

Police and Fire Pension Fund To account for receipt of millage collected for police & fire pensions and account for expenditures in regards to police and fire pensions.

S.A.V.E. Fund Stop A Vandal Easily funded from general fund, to be used for reward for information in regards to solving crimes.

Street Lighting Fund To account for the receipt of special assessment monies levied for the providing of street lighting of City roads.

Fire Operating Levy Fund To account for the receipt of millage collected to pay salaries and fringe benefits of the fire department.

Federal Grants Fund To account for the receipt and expenditures of Federal Projects.

State Grants Fund To account for the receipt and expenditures of State Projects.

Fairview Park Sidewalk Fund To account for the transfer of general fund monies used in the improvement of City sidewalks.

Bain Park Restoration Fund To receipt rental income and donations for funds used in Bain Cabin.

Law Enforcement Trust Fund To receipt funds seized in the commitment of a felony and awarded to the City of Fairview Park and to be used in purchases of capital equipment for use in the Police Department.

D.U.I. Education Fund To receipt funds received Federal Government, State of Ohio or Cuyahoga County to be used in D.U.I. education and equipment used in D.U.I. enforcement.

P.O.P.A.S. Fund To receipt funds received from traffic violations issued by Auxiliary Police and impound fees from motor vehicles. These funds are to be used for the purchases of police equipment.

City of Fairview Park, Ohio
Fund Descriptions
(Continued)

Civil Reimbursement Fund To account for revenue received from the Civil Service Department and to record expenses for civil service testing.

New Levy/Project Fund To account for revenue received from the levy for a specific project.

Cable TV Franchise Fee Fund To account for revenue received from the cable franchises and record those expenses allowed by City Council.

DARE Fund To account for donations and Federal Grants received and expenditures made for drug education.

Emergency Medical Systems To record fees charged for ambulance service and to record expenditures made for Fire Department equipment.

Non-major Capital Project Funds

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

Recreation Construction Fund To record a portion of the property tax collection from the Recreation Special Revenue Fund and record expenditures for new construction of parks within the City of Fairview Park.

Permanent Improvement Fund To record transfers from general fund, receipt of millage or borrowing for capital equipment and to record expenditures in regard to that equipment.

Lorain Road Revitalization Project Fund To receipt transfers, donations and proceeds from borrowings. These funds are used to purchase property in the revitalization project.

Senior Center Construction Fund To receipt transfers, donations and proceeds from borrowings. These funds are used in the construction of a new senior center.

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City of Fairview Park, Ohio
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2004

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
Assets			
Equity in Pooled Cash and Investments	\$ 743,492	\$ 173,933	\$ 917,425
Receivables:			
Taxes	915,065	332,733	1,247,798
Accounts	137,688	-	137,688
Intergovernmental	263,296	20,218	283,514
Interfund	5,299	45,000	50,299
Special Assessments	267,385	-	267,385
Inventory	16,106	-	16,106
<i>Total Assets</i>	<u>2,348,331</u>	<u>571,884</u>	<u>2,920,215</u>
Liabilities			
Accounts Payable	46,062	4,109	50,171
Accrued Wages	7,138	-	7,138
Compensated Absences Payable	3,296	-	3,296
Interfund Payable	99,800	468,000	567,800
Intergovernmental Payable	166	-	166
Deferred Revenue	1,420,623	352,951	1,773,574
<i>Total Liabilities</i>	<u>1,577,085</u>	<u>825,060</u>	<u>2,402,145</u>
Fund Balance (Deficit)			
Reserved for Encumbrances	25,604	-	25,604
Reserved for Inventory	16,106	-	16,106
Undesignated, Reported In:			
Special Revenue Funds	729,536	-	729,536
Capital Projects Funds	-	(253,176)	(253,176)
<i>Total Fund Balance (Deficit)</i>	<u>771,246</u>	<u>(253,176)</u>	<u>518,070</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 2,348,331</u>	<u>\$ 571,884</u>	<u>\$ 2,920,215</u>

City of Fairview Park, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2004

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Total Non-Major Governmental Funds
Revenues			
Property Taxes	\$ 807,287	\$ 292,969	\$ 1,100,256
Intergovernmental	762,216	41,570	803,786
Interest	3,712	3,471	7,183
Special Assessments	230,950	-	230,950
Charges for Services	498,765	-	498,765
Licenses and Permits	90,796	-	90,796
Fines and Forfeitures	5,340	-	5,340
Miscellaneous	29,327	1,800	31,127
Total Revenues	2,428,393	339,810	2,768,203
Expenditures			
Current:			
Support Services:			
Security of Persons and Property	1,699,716	-	1,699,716
Community Environment	5,820	-	5,820
Transportation	564,561	-	564,561
General Government	5,392	-	5,392
Leisure Time Activities	436,459	-	436,459
Capital Outlay		217,577	217,577
Debt Service:			
Principal Retirement	-	63,523	63,523
Interest and Fiscal Charges	-	22,843	22,843
Total Expenditures	2,711,948	303,943	3,015,891
<i>Excess of Revenues Over (Under) Expenditures</i>	(283,555)	35,867	(247,688)
Other Financing Sources (Uses)			
Proceeds of Notes	-	1,200,000	1,200,000
Inception of Capital Lease	-	162,287	162,287
Transfers In	565,000	298,600	863,600
Transfers Out	(279,445)	(1,680,737)	(1,960,182)
Total Other Financing Sources (Uses)	285,555	(19,850)	265,705
Net Change in Fund Balances	2,000	16,017	18,017
<i>Fund Balance (Deficit) at Beginning of Year</i>	789,068	(269,193)	519,875
<i>Increase (Decrease) in Reserve for Inventory</i>	(19,822)	-	(19,822)
Fund Balances (Deficit) at End of Year	\$ 771,246	\$ (253,176)	\$ 518,070

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City of Fairview Park, Ohio

**Combining Balance Sheet
Non-major Special Revenue Funds**

December 31, 2004

	Street Construction, Maintenance and Repair	State Highway	Recreation	Police and Fire Pension
Assets:				
Equity in Pooled Cash and Investments	\$ 17,717	\$ 6,453	\$ 90,069	\$ 1,860
Receivables:				
Taxes	-	-	382,451	229,471
Accounts	-	-	-	-
Intergovernmental	182,055	14,761	23,239	13,956
Interfund	-	-	-	5,299
Special Assessments	-	-	-	-
Materials and Supplies Inventory	16,094	-	12	-
<i>Total Assets</i>	<u>215,866</u>	<u>21,214</u>	<u>495,771</u>	<u>250,586</u>
Liabilities:				
Accounts Payable	25,727	-	1,684	-
Accrued Wages	6,750	-	388	-
Compensated Absences Payable	812	-	-	-
Interfund Payable	1,300	-	79,000	-
Intergovernmental Payable	117	-	49	-
Deferred Revenue	111,555	9,045	405,690	243,427
<i>Total Liabilities</i>	<u>146,261</u>	<u>9,045</u>	<u>486,811</u>	<u>243,427</u>
Fund Balance:				
Reserved for Encumbrances	-	-	6,983	-
Reserved for Inventory	16,094	-	12	-
Unreserved:				
Undesignated	53,511	12,169	1,965	7,159
<i>Total Fund Balance</i>	<u>69,605</u>	<u>12,169</u>	<u>8,960</u>	<u>7,159</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 215,866</u>	<u>\$ 21,214</u>	<u>\$ 495,771</u>	<u>\$ 250,586</u>

SAVE	Street Lighting	Fire Operating Levy	Federal Grants	State Grants	Fairview Park Sidewalk
\$ 400	\$ 318,135	\$ 44	\$ 1,456	\$ 70	\$ 4,924
-	-	303,143	-	-	-
-	-	-	-	-	-
-	-	18,270	-	3,027	-
-	-	-	-	-	-
-	267,385	-	-	-	-
-	-	-	-	-	-
400	585,520	321,457	1,456	3,097	4,924
-	15,020	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,300	-	10,000	-
-	-	-	-	-	-
-	267,385	321,413	-	-	-
-	282,405	326,713	-	10,000	-
-	16,001	-	-	-	-
-	-	-	-	-	-
400	287,114	(5,256)	1,456	(6,903)	4,924
400	303,115	(5,256)	1,456	(6,903)	4,924
\$ 400	\$ 585,520	\$ 321,457	\$ 1,456	\$ 3,097	\$ 4,924

(Continued)

City of Fairview Park, Ohio

**Combining Balance Sheet
Non-major Special Revenue Funds - Continued**

December 31, 2004

	Bain Park Restoration	Law Enforcement Trust	DUI Education	POPAS
Assets:				
Equity in Pooled Cash and Investments	\$ 8,750	\$ 13,139	\$ 5,718	\$ 7,169
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	-	-	813	7,175
Interfund	-	-	-	-
Special Assessments	-	-	-	-
Materials and Supplies Inventory	-	-	-	-
<i>Total Assets</i>	<u>8,750</u>	<u>13,139</u>	<u>6,531</u>	<u>14,344</u>
Liabilities:				
Accounts Payable	-	527	-	3,104
Accrued Wages	-	-	-	-
Compensated Absences Payable	-	-	-	-
Interfund Payable	-	-	-	-
Intergovernmental Payable	-	-	-	-
Deferred Revenue	-	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>527</u>	<u>-</u>	<u>3,104</u>
Fund Balance:				
Reserved for Encumbrances	-	-	-	-
Reserved for Inventory	-	-	-	-
Unreserved:				
Undesignated	8,750	12,612	6,531	11,240
<i>Total Fund Balance</i>	<u>8,750</u>	<u>12,612</u>	<u>6,531</u>	<u>11,240</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 8,750</u>	<u>\$ 13,139</u>	<u>\$ 6,531</u>	<u>\$ 14,344</u>

Civic Reimbursement	New Levy/Project	Cable TV Franchise Fee	DARE	Emergency Medical System	Total
\$ 2,404	\$ 1	\$ 240,913	\$ 20,605	\$ 3,665	\$ 743,492
-	-	-	-	-	915,065
-	-	42,328	-	95,360	137,688
-	-	-	-	-	263,296
-	-	-	-	-	5,299
-	-	-	-	-	267,385
-	-	-	-	-	16,106
2,404	1	283,241	20,605	99,025	2,348,331
-	-	-	-	-	46,062
-	-	-	-	-	7,138
-	-	-	-	2,484	3,296
-	-	-	-	4,200	99,800
-	-	-	-	-	166
-	-	-	-	62,108	1,420,623
-	-	-	-	68,792	1,577,085
-	-	-	-	2,620	25,604
-	-	-	-	-	16,106
2,404	1	283,241	20,605	27,613	729,536
2,404	1	283,241	20,605	30,233	771,246
\$ 2,404	\$ 1	\$ 283,241	\$ 20,605	\$ 99,025	\$ 2,348,331

City of Fairview Park, Ohio

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-major Special Revenue Funds**

For the Year Ended December 31, 2004

	Street Construction, Maintenance and Repair	State Highway	Recreation	Police and Fire Pension
Revenues:				
Property Taxes	\$ -	\$ -	\$ 336,746	\$ 202,058
Intergovernmental	578,772	47,028	44,591	29,970
Interest	-	-	1,067	-
Special Assessments	-	-	-	-
Charges for Services	-	-	145,494	-
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	24,498	-
<i>Total Revenues</i>	<u>578,772</u>	<u>47,028</u>	<u>552,396</u>	<u>232,028</u>
Expenditures:				
Current:				
Security of Persons and Property	-	-	-	792,959
Community Environment	-	-	-	-
Transportation	520,599	43,962	-	-
General Government	-	-	-	-
Leisure Time Activities	-	-	436,459	-
<i>Total Expenditures</i>	<u>520,599</u>	<u>43,962</u>	<u>436,459</u>	<u>792,959</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	58,173	3,066	115,937	(560,931)
Other Financing Sources (Uses):				
Transfers In	-	-	20,000	545,000
Transfers Out	-	-	(174,248)	(9,968)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(154,248)</u>	<u>535,032</u>
<i>Changes in Fund Balance</i>	58,173	3,066	(38,311)	(25,899)
<i>Fund Balance (Deficit) at Beginning of Year</i>	31,255	9,103	47,270	33,058
<i>Increase (Decrease) in Reserve for Inventory</i>	(19,823)	-	1	-
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 69,605</u>	<u>\$ 12,169</u>	<u>\$ 8,960</u>	<u>\$ 7,159</u>

SAVE	Street Lighting	Fire Operating Levy	Federal Grants	State Grants	Fairview Park Sidewalk
\$ -	\$ -	\$ 268,483	\$ -	\$ -	\$ -
-	-	36,953	-	3,027	-
-	-	-	-	-	-
-	230,950	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	230,950	305,436	-	3,027	-
-	193,520	317,881	-	-	-
-	-	-	-	5,820	-
-	-	-	-	-	-
-	-	-	-	-	-
-	193,520	317,881	-	5,820	-
-	37,430	(12,445)	-	(2,793)	-
-	-	-	-	-	-
-	-	-	(5,229)	-	-
-	-	-	(5,229)	-	-
-	37,430	(12,445)	(5,229)	(2,793)	-
400	265,685	7,189	6,685	(4,110)	4,924
-	-	-	-	-	-
\$ 400	\$ 303,115	\$ (5,256)	\$ 1,456	\$ (6,903)	\$ 4,924

(Continued)

City of Fairview Park, Ohio

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-major Special Revenue Funds - Continued**

For the Year Ended December 31, 2004

	Bain Park Restoration	Law Enforcement Trust	DUI Education	POPAS
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Special Assessments	-	-	-	-
Charges for Services	-	-	-	91,907
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	1,457	3,883	-
Miscellaneous	4,829	-	-	-
<i>Total Revenues</i>	4,829	1,457	3,883	91,907
Expenditures:				
Current:				
Security of Persons and Property	-	818	116	112,888
Community Environment	-	-	-	-
Transportation	-	-	-	-
General Government	5,392	-	-	-
Leisure Time Activities	-	-	-	-
<i>Total Expenditures</i>	5,392	818	116	112,888
<i>Excess of Revenues Over (Under) Expenditures</i>	(563)	639	3,767	(20,981)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	-	-	-	-
<i>Changes in Fund Balance</i>	(563)	639	3,767	(20,981)
<i>Fund Balance (Deficit) at Beginning of Year</i>	9,313	11,973	2,764	32,221
<i>Increase (Decrease) in Reserve for Inventory</i>	-	-	-	-
<i>Fund Balance (Deficit) at End of Year</i>	\$ 8,750	\$ 12,612	\$ 6,531	\$ 11,240

Civic Reimbursement	New Levy/Project	Cable TV Franchise Fee	DARE	Emergency Medical System	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 807,287
1,343	-	-	20,532	-	762,216
-	-	2,645	-	-	3,712
-	-	-	-	-	230,950
-	-	-	-	261,364	498,765
-	-	90,796	-	-	90,796
-	-	-	-	-	5,340
-	-	-	-	-	29,327
1,343	-	93,441	20,532	261,364	2,428,393
-	-	-	15,600	265,934	1,699,716
-	-	-	-	-	5,820
-	-	-	-	-	564,561
-	-	-	-	-	5,392
-	-	-	-	-	436,459
-	-	-	15,600	265,934	2,711,948
1,343	-	93,441	4,932	(4,570)	(283,555)
-	-	-	-	-	565,000
-	-	(90,000)	-	-	(279,445)
-	-	(90,000)	-	-	285,555
1,343	-	3,441	4,932	(4,570)	2,000
1,061	1	279,800	15,673	34,803	789,068
-	-	-	-	-	(19,822)
\$ 2,404	\$ 1	\$ 283,241	\$ 20,605	\$ 30,233	\$ 771,246

City of Fairview Park, Ohio

**Combining Balance Sheet
Non-major Capital Project Funds**

December 31, 2004

	Recreation Construction	Permanent Improvement	Lorain Road Revitalization	Senior Center Construction	Total
Assets:					
Equity in Pooled Cash and Investments	\$ 17,231	\$ 145,674	\$ 170	\$ 10,858	\$ 173,933
Receivables:					
Taxes	-	332,733	-	-	332,733
Intergovernmental	-	20,218	-	-	20,218
Interfund	-	-	-	45,000	45,000
<i>Total Assets</i>	<u>17,231</u>	<u>498,625</u>	<u>170</u>	<u>55,858</u>	<u>571,884</u>
Liabilities:					
Accounts Payable	-	-	4,109	-	4,109
Interfund Payable	-	-	468,000	-	468,000
Deferred Revenue	-	352,951	-	-	352,951
<i>Total Liabilities</i>	<u>-</u>	<u>352,951</u>	<u>472,109</u>	<u>-</u>	<u>825,060</u>
Fund Balance:					
Unreserved:					
Undesignated	17,231	145,674	(471,939)	55,858	(253,176)
<i>Total Fund Balance</i>	<u>17,231</u>	<u>145,674</u>	<u>(471,939)</u>	<u>55,858</u>	<u>(253,176)</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 17,231</u>	<u>\$ 498,625</u>	<u>\$ 170</u>	<u>\$ 55,858</u>	<u>\$ 571,884</u>

City of Fairview Park, Ohio

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-major Capital Project Funds**

For the Year Ended December 31, 2004

	Recreation Construction	Permanent Improvement	Lorain Road Revitalization	Senior Center Construction	Total
Revenues:					
Property Taxes	\$ -	\$ 292,969	\$ -	\$ -	\$ 292,969
Intergovernmental	-	41,570	-	-	41,570
Interest	-	2,612	859	-	3,471
Miscellaneous	-	1,800	-	-	1,800
<i>Total Revenues</i>	-	338,951	859	-	339,810
Expenditures:					
Capital Outlay	34,339	163,695	19,543	-	217,577
Debt Service:					
Principal Retirement	-	63,523	-	-	63,523
Interest and Fiscal Charges	-	22,843	-	-	22,843
<i>Total Expenditures</i>	34,339	250,061	19,543	-	303,943
<i>Excess of Revenues Over (Under) Expenditures</i>	(34,339)	88,890	(18,684)	-	35,867
Other Financing Sources (Uses):					
Proceeds of Notes	-	-	1,200,000	-	1,200,000
Inception of Capital Lease	-	162,287	-	-	162,287
Transfers In	-	-	298,600	-	298,600
Transfers Out	-	(195,645)	(1,485,092)	-	(1,680,737)
<i>Total Other Financing Sources (Uses)</i>	-	(33,358)	13,508	-	(19,850)
<i>Changes in Fund Balances</i>	(34,339)	55,532	(5,176)	-	16,017
<i>Fund Balance (Deficit) at Beginning of Year</i>	51,570	90,142	(466,763)	55,858	(269,193)
<i>Fund Balance (Deficit) at End of Year</i>	\$ 17,231	\$ 145,674	\$ (471,939)	\$ 55,858	\$ (253,176)

City of Fairview Park, Ohio

Combining Balance Sheet
Internal Service Funds

December 31, 2004

	Health Insurance Reserve	Employee Section 125 Contribution	Total
Assets:			
Equity in Pooled Cash and Investments	\$ 157,398	\$ 6,045	\$ 163,443
<i>Total Assets</i>	157,398	6,045	163,443
Liabilities:			
Accrued Wages	50	-	50
Pension obligation payable	7	-	7
Claims Payable	91,044	-	91,044
<i>Total Liabilities</i>	91,101	-	91,101
Net Assets:			
Unrestricted	66,297	6,045	72,342
<i>Total Net Assets</i>	\$ 66,297	\$ 6,045	\$ 72,342

City of Fairview Park, Ohio

Combining Statement of Revenues, Expenses
and Changes in Net Assets
Internal Service Funds

For the Year Ended December 31, 2004

	Health Insurance Reserve	Employee Section 125 Contribution	Total
Operating Revenues:			
Charges for Services	\$ 999,236	\$ 14,607	\$ 1,013,843
<i>Total Operating Revenue</i>	999,236	14,607	1,013,843
Operating Expenses:			
Personal services	14,055	14,121	28,176
Claims	1,009,562	-	1,009,562
<i>Total Operating Expenses</i>	1,023,617	14,121	1,037,738
Operating Income (Loss)	(24,381)	486	(23,895)
Net Assets (Deficit) at Beginning of Year	90,678	5,559	96,237
Net Assets (Deficit) at End of Year	\$ 66,297	\$ 6,045	\$ 72,342

City of Fairview Park, Ohio

Combining Statement of Cash Flows
Internal Service Funds

For the Year Ended December 31, 2004

	Health Insurance Reserve	Employee Section 125 Contribution		Total
Increase (Decrease) in Cash and Investments				
Cash Flows from Operating Activities:				
Cash received from customers	\$ 999,236	\$ 14,607	\$	1,013,843
Cash payments for employee service and benefits	(14,600)	(14,121)		(28,721)
Cash payments to goods and services	(965,427)	-		(965,427)
Net Cash Provided by Operating Activities	19,209	486		19,695
Cash and Investments at Beginning of Year	138,189	5,559		143,748
Cash and Investments at End of Year	\$ 157,398	\$ 6,045	\$	163,443
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (24,381)	\$ 486	\$	(23,895)
Changes in Assets and Liabilities				
Increase (Decrease) in accrued wages	(480)	-		(480)
Increase (Decrease) in pension obligation payable	(65)	-		(65)
Increase (Decrease) in claims payable	44,135	-		44,135
Total Adjustments	43,590	-		43,590
Net Cash Provided by Operating Activities	\$ 19,209	\$ 486	\$	19,695

City of Fairview Park, Ohio

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended December 31, 2004

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
Special Holding Account				
Assets:				
Cash and Investments	\$ 46,930	61,067	54,252	\$ 53,745
Total Assets	<u>\$ 46,930</u>	<u>61,067</u>	<u>54,252</u>	<u>\$ 53,745</u>
Liabilities:				
Accounts Payable	\$ 1,803	824	1,803	\$ 824
Undistributed Monies	\$ 45,127	61,067	53,273	\$ 52,921
Total Liabilities	<u>\$ 46,930</u>	<u>61,891</u>	<u>55,076</u>	<u>\$ 53,745</u>
 State Building 3% Assessment				
Assets:				
Cash and Investments	\$ 110	1,037	1,033	\$ 114
Total Assets	<u>\$ 110</u>	<u>1,037</u>	<u>1,033</u>	<u>\$ 114</u>
Liabilities:				
Intergovernmental Payable	\$ 110	1,037	1,033	\$ 114
Total Liabilities	<u>\$ 110</u>	<u>1,037</u>	<u>1,033</u>	<u>\$ 114</u>
 Grade Deposit				
Assets:				
Cash and Investments	\$ 4,345	1,485	3,563	\$ 2,267
Total Assets	<u>\$ 4,345</u>	<u>1,485</u>	<u>3,563</u>	<u>\$ 2,267</u>
Liabilities:				
Refundable Deposits	\$ 4,345	1,485	3,563	\$ 2,267
Total Liabilities	<u>\$ 4,345</u>	<u>1,485</u>	<u>3,563</u>	<u>\$ 2,267</u>

(Continued)

City of Fairview Park, Ohio

Combining Statement of Change in Assets and Liabilities
Agency Funds - Continued

For the Year Ended December 31, 2004

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2004</u>
Street Cleaning				
Assets:				
Cash and Investments	\$ 3,750	250	1,150	\$ 2,850
Total Assets	<u>\$ 3,750</u>	<u>250</u>	<u>1,150</u>	<u>\$ 2,850</u>
Liabilities:				
Refundable Deposits	\$ 3,750	250	1,150	\$ 2,850
Total Liabilities	<u>\$ 3,750</u>	<u>250</u>	<u>1,150</u>	<u>\$ 2,850</u>
 Street Opening				
Assets:				
Cash and Investments	\$ 4,194	250	1,700	\$ 2,744
Total Assets	<u>\$ 4,194</u>	<u>250</u>	<u>1,700</u>	<u>\$ 2,744</u>
Liabilities:				
Refundable Deposits	\$ 4,194	250	1,700	\$ 2,744
Total Liabilities	<u>\$ 4,194</u>	<u>250</u>	<u>1,700</u>	<u>\$ 2,744</u>
 Architect Deposit				
Assets:				
Cash and Investments	\$ 688	2,742	3,351	\$ 79
Total Assets	<u>\$ 688</u>	<u>2,742</u>	<u>3,351</u>	<u>\$ 79</u>
Liabilities:				
Accounts Payable	\$ 609	-	609	\$ -
Refundable Deposits	\$ 79	2,742	2,742	\$ 79
Total Liabilities	<u>\$ 688</u>	<u>2,742</u>	<u>3,351</u>	<u>\$ 79</u>

(Continued)

City of Fairview Park, Ohio

Combining Statement of Change in Assets and Liabilities
Agency Funds - Continued

For the Year Ended December 31, 2004

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sidewalk Deposit				
Assets:				
Cash and Investments	\$ 1,012	-	956	\$ 56
Total Assets	<u>\$ 1,012</u>	<u>-</u>	<u>956</u>	<u>\$ 56</u>
Liabilities:				
Refundable Deposits	\$ 1,012	-	956	\$ 56
Total Liabilities	<u>\$ 1,012</u>	<u>-</u>	<u>956</u>	<u>\$ 56</u>
 Senior Life Donation				
Assets:				
Cash and Investments	\$ 28,290	22,963	30,310	\$ 20,943
Total Assets	<u>\$ 28,290</u>	<u>22,963</u>	<u>30,310</u>	<u>\$ 20,943</u>
Liabilities:				
Accounts Payable	\$ 3,238	825	3,238	\$ 825
Undistributed Monies	\$ 25,052	22,963	27,897	\$ 20,118
Total Liabilities	<u>\$ 28,290</u>	<u>23,788</u>	<u>31,135</u>	<u>\$ 20,943</u>
 Survey Sanitary/Storm Sewer Collection				
Assets:				
Cash and Investments	\$ 2,199	1,429	1,129	\$ 2,499
Total Assets	<u>\$ 2,199</u>	<u>1,429</u>	<u>1,129</u>	<u>\$ 2,499</u>
Liabilities:				
Refundable Deposits	\$ 2,199	1,429	1,129	\$ 2,499
Total Liabilities	<u>\$ 2,199</u>	<u>1,429</u>	<u>1,129</u>	<u>\$ 2,499</u>

(Continued)

City of Fairview Park, Ohio

Combining Statement of Change in Assets and Liabilities
Agency Funds - Continued

For the Year Ended December 31, 2004

	Balance January 1, 2004	Additions	Deletions	Balance December 31, 2004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Preliminary Investigation				
Assets:				
Cash and Investments	\$ 213	-	213	\$ -
Total Assets	<u>\$ 213</u>	<u>-</u>	<u>213</u>	<u>\$ -</u>
Liabilities:				
Undistributed Monies	\$ 213	-	213	\$ -
Total Liabilities	<u>\$ 213</u>	<u>-</u>	<u>213</u>	<u>\$ -</u>
 Total				
Assets:				
Cash and Investments	\$ 91,731	91,223	97,657	\$ 85,297
Total Assets	<u>\$ 91,731</u>	<u>91,223</u>	<u>97,657</u>	<u>\$ 85,297</u>
Liabilities:				
Accounts Payable	\$ 5,650	1,649	5,650	\$ 1,649
Intergovernmental Payable	\$ 110	1,037	1,033	\$ 114
Undistributed Monies	\$ 70,392	84,030	81,383	\$ 73,039
Refundable Deposits	\$ 15,579	6,156	11,240	\$ 10,495
Total Liabilities	<u>\$ 91,731</u>	<u>92,872</u>	<u>99,306</u>	<u>\$ 85,297</u>

Individual Fund Schedules of Revenues, Expenditures
and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual

City of Fairview Park, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Street Construction, Maintenance and Repair Fund
For the Fiscal Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 480,000	\$ 525,000	\$ 567,329	\$ 42,329
Total Revenues	<u>480,000</u>	<u>525,000</u>	<u>567,329</u>	<u>42,329</u>
Expenditures:				
Current:				
Transportation	520,416	560,416	551,473	8,943
Total Expenditures	<u>520,416</u>	<u>560,416</u>	<u>551,473</u>	<u>8,943</u>
Excess of Revenues Over (Under) Expenditures	(40,416)	(35,416)	15,856	51,272
Fund Balances (Deficit) at Beginning of Year	1,861	1,861	1,861	-
Fund Balances (Deficit) at End of Year	<u>\$ (38,555)</u>	<u>\$ (33,555)</u>	<u>\$ 17,717</u>	<u>\$ 51,272</u>

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

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 38,000	\$ 40,000	\$ 46,000	\$ 6,000
Total Revenues	<u>38,000</u>	<u>40,000</u>	<u>46,000</u>	<u>6,000</u>
Expenditures:				
Current:				
Transportation	44,000	44,000	44,000	-
Total Expenditures	<u>44,000</u>	<u>44,000</u>	<u>44,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(6,000)	(4,000)	2,000	6,000
Fund Balances (Deficit) at Beginning of Year	4,453	4,453	4,453	-
Fund Balances (Deficit) at End of Year	<u>\$ (1,547)</u>	<u>\$ 453</u>	<u>\$ 6,453</u>	<u>\$ 6,000</u>

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

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 348,457	\$ 348,306	\$ 336,746	\$ (11,560)
Intergovernmental	46,000	46,000	44,591	(1,409)
Charges for Services	92,049	63,306	145,494	82,188
Interest	-	-	1,030	1,030
Other	36,694	36,694	24,498	(12,196)
Total Revenues	<u>523,200</u>	<u>494,306</u>	<u>552,359</u>	<u>58,053</u>
Expenditures:				
Current:				
Leisure Time Activities	445,346	456,344	459,514	(3,170)
Total Expenditures	<u>445,346</u>	<u>456,344</u>	<u>459,514</u>	<u>(3,170)</u>
Excess of Revenues Over (Under) Expenditures	77,854	37,962	92,845	54,883
Other Financing Sources (Uses):				
Advance In	60,000	60,000	60,000	-
Transfer In	20,000	20,000	20,000	-
Transfer Out	(174,248)	(174,248)	(174,248)	-
Total Other Financing Sources (Uses)	<u>(94,248)</u>	<u>(94,248)</u>	<u>(94,248)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(16,394)	(56,286)	(1,403)	54,883
Fund Balances (Deficit) at Beginning of Year	80,281	80,281	80,281	-
Prior Year Encumbrances Appropriated	2,432	2,432	2,432	-
Fund Balances (Deficit) at End of Year	<u>\$ 66,319</u>	<u>\$ 26,427</u>	<u>\$ 81,310</u>	<u>\$ 54,883</u>

City of Fairview Park, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Police and Fire Pension Fund
For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 206,674	\$ 206,582	\$ 202,058	\$ (4,524)
Intergovernmental	30,000	30,000	29,970	(30)
Total Revenues	<u>236,674</u>	<u>236,582</u>	<u>232,028</u>	<u>(4,554)</u>
Expenditures:				
Current:				
Security of Persons and Property	708,232	793,032	792,959	73
Total Expenditures	<u>708,232</u>	<u>793,032</u>	<u>792,959</u>	<u>73</u>
Excess of Revenues Over (Under) Expenditures	(471,558)	(556,450)	(560,931)	(4,481)
Other Financing Sources (Uses):				
Transfer In	297,326	490,000	545,000	55,000
Transfer Out	(9,968)	(9,968)	(9,968)	-
Total Other Financing Sources (Uses)	<u>287,358</u>	<u>480,032</u>	<u>535,032</u>	<u>55,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(184,200)	(76,418)	(25,899)	50,519
Fund Balances (Deficit) at Beginning of Year	27,759	27,759	27,759	-
Fund Balances (Deficit) at End of Year	<u>\$ (156,441)</u>	<u>\$ (48,659)</u>	<u>\$ 1,860</u>	<u>\$ 50,519</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 S.A.V.E Fund
 For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balances (Deficit) at Beginning of Year	400	400	400	-
Fund Balances (Deficit) at End of Year	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ -</u>

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

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special Assessments	\$ 220,000	\$ 220,000	\$ 230,950	\$ 10,950
Total Revenues	<u>220,000</u>	<u>220,000</u>	<u>230,950</u>	<u>10,950</u>
Expenditures:				
Current:				
Security of Persons and Property	251,048	255,048	239,589	15,459
Total Expenditures	<u>251,048</u>	<u>255,048</u>	<u>239,589</u>	<u>15,459</u>
Excess of Revenues Over (Under) Expenditures	(31,048)	(35,048)	(8,639)	26,409
Fund Balances (Deficit) at Beginning of Year	249,704	249,704	249,704	-
Prior Year Encumbrances Appropriated	46,048	46,048	46,048	-
Fund Balances (Deficit) at End of Year	<u>\$ 264,704</u>	<u>\$ 260,704</u>	<u>\$ 287,113</u>	<u>\$ 26,409</u>

City of Fairview Park, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Fire Operating Levy Fund
For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 273,332	\$ 272,954	\$ 268,483	\$ (4,471)
Intergovernmental	42,000	42,000	36,953	(5,047)
Total Revenues	<u>315,332</u>	<u>314,954</u>	<u>305,436</u>	<u>(9,518)</u>
Expenditures:				
Current:				
Security of Persons and Property	320,000	320,000	317,881	2,119
Total Expenditures	<u>320,000</u>	<u>320,000</u>	<u>317,881</u>	<u>2,119</u>
Excess of Revenues Over (Under) Expenditures	(4,668)	(5,046)	(12,445)	(7,399)
Other Financing Sources (Uses):				
Advance In	-	6,000	5,300	(700)
Total Other Financing Sources (Uses)	<u>-</u>	<u>6,000</u>	<u>5,300</u>	<u>(700)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,668)	954	(7,145)	(8,099)
Fund Balances (Deficit) at Beginning of Year	7,189	7,189	7,189	-
Fund Balances (Deficit) at End of Year	<u>\$ 2,521</u>	<u>\$ 8,143</u>	<u>\$ 44</u>	<u>\$ (8,099)</u>

City of Fairview Park, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Federal Grants Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Total Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfer Out	-	-	(5,229)	(5,229)
Total Other Financing Sources (Uses)	-	-	(5,229)	(5,229)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	(5,229)	(5,229)
Fund Balances (Deficit) at Beginning of Year	6,684	6,684	6,684	-
Fund Balances (Deficit) at End of Year	<u>\$ 6,684</u>	<u>\$ 6,684</u>	<u>\$ 1,455</u>	<u>\$ (5,229)</u>

City of Fairview Park, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
State Grants Fund
For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Total Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Community Environment	-	6,000	5,820	180
Total Expenditures	-	6,000	5,820	180
Excess of Revenues Over (Under) Expenditures	-	(6,000)	(5,820)	180
Other Financing Sources (Uses):				
Advance In	-	3,850	3,900	50
Total Other Financing Sources (Uses)	-	3,850	3,900	50
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(2,150)	(1,920)	230
Fund Balances (Deficit) at Beginning of Year	1,990	1,990	1,990	-
Fund Balances (Deficit) at End of Year	<u>\$ 1,990</u>	<u>\$ (160)</u>	<u>\$ 70</u>	<u>\$ 230</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Fairview Park Sidewalk Fund
 For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 200	\$ -	\$ -	\$ -
Total Revenues	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	200	-	-	-
Fund Balances (Deficit) at Beginning of Year	4,924	4,924	4,924	-
Fund Balances (Deficit) at End of Year	<u><u>\$ 5,124</u></u>	<u><u>\$ 4,924</u></u>	<u><u>\$ 4,924</u></u>	<u><u>\$ -</u></u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Bain Park Restoration Fund
 For the Year Ended December 31, 2004

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 4,829	\$ (171)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>4,829</u>	<u>(171)</u>
Expenditures:				
Current:				
General Government	7,500	7,500	5,392	2,108
Total Expenditures	<u>7,500</u>	<u>7,500</u>	<u>5,392</u>	<u>2,108</u>
Excess of Revenues Over (Under) Expenditures	(2,500)	(2,500)	(563)	1,937
Fund Balances (Deficit) at Beginning of Year	9,313	9,313	9,313	-
Fund Balances (Deficit) at End of Year	<u>\$ 6,813</u>	<u>\$ 6,813</u>	<u>\$ 8,750</u>	<u>\$ 1,937</u>

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

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ -	\$ 1,457	\$ 1,457
Total Revenues	<u>1,000</u>	<u>-</u>	<u>1,457</u>	<u>1,457</u>
Expenditures:				
Current:				
Security of Persons and Property	500	500	291	209
Total Expenditures	<u>500</u>	<u>500</u>	<u>291</u>	<u>209</u>
Excess of Revenues Over (Under) Expenditures	500	(500)	1,166	1,666
Fund Balances (Deficit) at Beginning of Year	11,973	11,973	11,973	-
Fund Balances (Deficit) at End of Year	<u>\$ 12,473</u>	<u>\$ 11,473</u>	<u>\$ 13,139</u>	<u>\$ 1,666</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 DUI Education Fund
 For the Year Ended December 31, 2004

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	\$ 2,000	\$ 3,200	\$ 3,575	\$ 375
Total Revenues	<u>2,000</u>	<u>3,200</u>	<u>3,575</u>	<u>375</u>
Expenditures:				
Current:				
Security of Persons and Property	5,337	5,337	116	5,221
Total Expenditures	<u>5,337</u>	<u>5,337</u>	<u>116</u>	<u>5,221</u>
Excess of Revenues Over (Under) Expenditures	(3,337)	(2,137)	3,459	5,596
Fund Balances (Deficit) at Beginning of Year	1,922	1,922	1,922	-
Prior Year Encumbrances Appropriated	337	337	337	-
Fund Balances (Deficit) at End of Year	<u>\$ (1,078)</u>	<u>\$ 122</u>	<u>\$ 5,718</u>	<u>\$ 5,596</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 P.O.P.A.S. Fund
 For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 100,000	\$ 116,000	\$ 92,357	\$ (23,643)
Total Revenues	<u>100,000</u>	<u>116,000</u>	<u>92,357</u>	<u>(23,643)</u>
Expenditures:				
Current:				
Security of Persons and Property	144,305	144,305	116,321	27,984
Total Expenditures	<u>144,305</u>	<u>144,305</u>	<u>116,321</u>	<u>27,984</u>
Excess of Revenues Over (Under) Expenditures	(44,305)	(28,305)	(23,964)	4,341
Fund Balances (Deficit) at Beginning of Year	6,846	6,846	6,846	-
Prior Year Encumbrances Appropriated	22,055	22,055	22,055	-
Fund Balances (Deficit) at End of Year	<u>\$ (15,404)</u>	<u>\$ 596</u>	<u>\$ 4,937</u>	<u>\$ 4,341</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Civil Reimbursement Fund
 For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,000	\$ 1,000	\$ 1,343	\$ 343
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,343</u>	<u>343</u>
Expenditures:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	1,000	1,000	1,343	343
Fund Balances (Deficit) at Beginning of Year	1,060	1,060	1,060	-
Fund Balances (Deficit) at End of Year	<u>\$ 2,060</u>	<u>\$ 2,060</u>	<u>\$ 2,403</u>	<u>\$ 343</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 New Levy/Project Account Fund
 For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balances (Deficit) at Beginning of Year	1	1	1	-
Fund Balances (Deficit) at End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Cable TV Franchise Fee Fund
 For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 90,000	\$ 90,000	\$ 90,253	\$ 253
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>90,253</u>	<u>253</u>
Expenditures:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	90,000	90,000	90,253	253
Other Financing Sources (Uses):				
Transfer Out	(90,000)	(90,000)	(90,000)	-
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	253	253
Fund Balances (Deficit) at Beginning of Year	240,296	240,296	240,296	-
Fund Balances (Deficit) at End of Year	<u>\$ 240,296</u>	<u>\$ 240,296</u>	<u>\$ 240,549</u>	<u>\$ 253</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 DARE Fund
 For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 20,532	\$ 5,532
Total Revenues	15,000	15,000	20,532	5,532
Expenditures:				
Current:				
Security of Persons and Property	25,600	25,600	15,600	10,000
Total Expenditures	25,600	25,600	15,600	10,000
Excess of Revenues Over (Under) Expenditures	(10,600)	(10,600)	4,932	15,532
Fund Balances (Deficit) at Beginning of Year	15,673	15,673	15,673	-
Fund Balances (Deficit) at End of Year	\$ 5,073	\$ 5,073	\$ 20,605	\$ 15,532

City of Fairview Park, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Emergency Medical System Fund
For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$ 300,000	\$ 300,000	\$ 256,338	\$ (43,662)
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>256,338</u>	<u>(43,662)</u>
Expenditures:				
Current:				
Security of Persons and Property	309,835	333,835	271,029	62,806
Total Expenditures	<u>309,835</u>	<u>333,835</u>	<u>271,029</u>	<u>62,806</u>
Excess of Revenues Over (Under) Expenditures	(9,835)	(33,835)	(14,691)	19,144
Other Financing Sources (Uses):				
Advance In	-	-	4,200	4,200
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>4,200</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9,835)	(33,835)	(10,491)	23,344
Fund Balances (Deficit) at Beginning of Year	10,317	10,317	10,317	-
Prior Year Encumbrances Appropriated	1,220	1,220	1,220	-
Fund Balances (Deficit) at End of Year	<u>\$ 1,702</u>	<u>\$ (22,298)</u>	<u>\$ 1,046</u>	<u>\$ 23,344</u>

City of Fairview Park, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Bond Retirement Fund
For the Fiscal Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt Service:				
Principal Retirement	1,630,920	1,630,920	1,630,920	-
Interest and Fiscal Charges	234,033	234,033	234,033	-
Total Expenditures	<u>1,864,953</u>	<u>1,864,953</u>	<u>1,864,953</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(1,864,953)	(1,864,953)	(1,864,953)	-
Other Financing Sources (Uses):				
Transfer In	1,864,953	1,864,953	1,864,953	-
Total Other Financing Sources (Uses)	<u>1,864,953</u>	<u>1,864,953</u>	<u>1,864,953</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	-	-	-
Fund Balances (Deficit) at Beginning of Year	(41,513)	(41,513)	(41,513)	-
Fund Balances (Deficit) at End of Year	<u>\$ (41,513)</u>	<u>\$ (41,513)</u>	<u>\$ (41,513)</u>	<u>\$ -</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Recreation Construction Fund
 For the Year Ended December 31, 2004

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital Outlay	51,612	53,612	34,389	19,223
Total Expenditures	<u>51,612</u>	<u>53,612</u>	<u>34,389</u>	<u>19,223</u>
Excess of Revenues Over (Under) Expenditures	(51,612)	(53,612)	(34,389)	19,223
Fund Balances (Deficit) at Beginning of Year	32,608	32,608	32,608	-
Prior Year Encumbrances Appropriated	19,012	19,012	19,012	
Fund Balances (Deficit) at End of Year	<u>\$ 8</u>	<u>\$ (1,992)</u>	<u>\$ 17,231</u>	<u>\$ 19,223</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Permanent Improvement Fund
 For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Taxes	\$ 301,177	\$ 313,045	\$ 292,969	\$ (20,076)
Intergovernmental	42,000	42,000	41,570	(430)
Interest	6,000	1,000	2,448	1,448
Miscellaneous	-	-	1,800	1,800
Total Revenues	<u>349,177</u>	<u>356,045</u>	<u>338,787</u>	<u>(17,258)</u>
Expenditures:				
Capital Outlay	154,315	314,315	252,837	61,478
Total Expenditures	<u>154,315</u>	<u>314,315</u>	<u>252,837</u>	<u>61,478</u>
Excess of Revenues Over (Under) Expenditures	194,862	41,730	85,950	44,220
Other Financing Sources (Uses):				
Inception of Capital Lease	-	-	162,287	162,287
Transfer Out	(195,685)	(195,685)	(195,685)	-
Total Other Sources (Uses)	<u>(195,685)</u>	<u>(195,685)</u>	<u>(33,398)</u>	<u>162,287</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(823)	(153,955)	52,552	206,507
Fund Balances (Deficit) at Beginning of Year	92,848	92,848	92,848	-
Fund Balances (Deficit) at End of Year	<u>\$ 92,025</u>	<u>\$ (61,107)</u>	<u>\$ 145,400</u>	<u>\$ 206,507</u>

City of Fairview Park, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Lorain Road Revitalization Fund
For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 877	\$ 877
Total Revenues	<u>-</u>	<u>-</u>	<u>877</u>	<u>877</u>
Expenditures:				
Capital Outlay	64,300	64,300	15,434	48,866
Total Expenditures	<u>64,300</u>	<u>64,300</u>	<u>15,434</u>	<u>48,866</u>
Excess of Revenues Over (Under) Expenditures	(64,300)	(64,300)	(14,557)	49,743
Other Financing Sources (Uses):				
Proceeds from Notes	1,400,000	1,400,000	1,200,000	(200,000)
Transfer In	100,000	150,000	298,600	148,600
Transfer Out	(1,485,092)	(1,485,092)	(1,485,092)	-
Total Other Sources (Uses)	<u>14,908</u>	<u>64,908</u>	<u>13,508</u>	<u>(51,400)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(49,392)	608	(1,049)	(1,657)
Fund Balances (Deficit) at Beginning of Year	1,128	1,128	1,128	-
Fund Balances (Deficit) at End of Year	<u>\$ (48,264)</u>	<u>\$ 1,736</u>	<u>\$ 79</u>	<u>\$ (1,657)</u>

City of Fairview Park, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Senior Center Construction Fund
 For the Year Ended December 31, 2004

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balances (Deficit) at Beginning of Year	10,858	10,858	10,858	-
Fund Balances (Deficit) at End of Year	<u>\$ 10,858</u>	<u>\$ 10,858</u>	<u>\$ 10,858</u>	<u>\$ -</u>

City of Fairview Park, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Capital Projects Fund
For the Year Ended December 31, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Tax	\$ 1,250,000	\$ 1,250,000	\$ 1,203,592	\$ (46,408)
Intergovernmental	-	1,271,000	1,395,724	124,724
Interest	-	-	14,957	14,957
Total Revenues	<u>1,250,000</u>	<u>2,521,000</u>	<u>2,614,273</u>	<u>93,273</u>
Expenditures:				
Capital Outlay	2,364,286	3,594,286	3,298,508	295,778
Total Expenditures	<u>2,364,286</u>	<u>3,594,286</u>	<u>3,298,508</u>	<u>295,778</u>
Excess of Revenues Over (Under) Expenditures	(1,114,286)	(1,073,286)	(684,235)	389,051
Fund Balances (Deficit) at Beginning of Year	600,417	600,417	600,417	-
Prior Year Encumbrances Appropriated	793,286	793,286	793,286	-
Fund Balances (Deficit) at End of Year	<u>\$ 279,417</u>	<u>\$ 320,417</u>	<u>\$ 709,468</u>	<u>\$ 389,051</u>

Statistical Section

City of Fairview Park, Ohio
General Government
Revenue by Sources and Expenses/Expenditures by Function (1)
Last Ten Fiscal Years

	<u>2004</u>		<u>2003</u>	
	<u>Full Accrual</u>	<u>Modified Accrual</u>	<u>Full Accrual</u>	<u>Modified Accrual</u>
Program Revenue				
Charges for Services	\$ 1,206,779	NA	\$ 1,253,754	NA
Operating Grants and Contributions	1,407,973	NA	538,662	NA
General Revenues				
Taxes	8,812,065	\$ 8,666,743	9,689,348	\$ 8,816,411
Intergovernmental	1,992,936	3,403,709	2,596,571	3,164,482
Charges for Services	-	503,833	-	541,180
Fines, Licenses and Permits	-	383,864	-	422,376
Special Assessments	-	230,950	-	230,971
Interest	75,626	75,626	63,432	63,432
Other	126,944	151,442	195,583	195,583
<i>Total</i>	<u>\$ 13,622,323</u>	<u>\$ 13,416,167</u>	<u>\$ 14,337,350</u>	<u>\$ 13,434,435</u>
Expenses/Expenditures				
General Government	\$ 2,596,622	\$ 1,846,775	\$ 2,632,827	\$ 1,871,902
Security of Persons and Property	6,092,682	5,989,043	6,003,528	5,760,650
Public Health and Welfare	57,305	57,305	49,447	49,447
Leisure Time Activities	3,170,834	838,805	693,544	713,599
Community Environment	1,755,129	1,606,713	1,760,877	1,593,359
Transportation	864,474	931,146	1,980,401	932,973
Capital Outlay	-	1,982,089	-	2,064,837
Loss on Sale of Capital Assets	3,400	-	-	-
Debt Service (2)	269,468	1,983,840	275,893	504,595
<i>Total</i>	<u>\$ 14,809,914</u>	<u>\$ 15,235,716</u>	<u>\$ 13,396,517</u>	<u>\$ 13,491,362</u>

(1) Includes General, Special Revenue, Debt Service, and Capital Projects Funds for modified accrual and all governmental activities for full accrual.

(2) Represents all interest paid on bonds and notes in addition payments made to reduce the principal or the actual amount borrowed. Does not include the gross effect of note rollovers.

<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 8,538,909	\$ 7,574,098	\$ 7,965,255	\$ 7,624,393	\$ 7,225,336	\$ 6,752,261	\$ 7,386,405
3,484,994	4,146,726	2,025,185	2,541,790	2,355,695	2,235,336	1,784,757
215,756	245,540	297,431	200,803	287,899	260,093	233,979
458,474	596,309	619,283	709,147	288,055	201,965	264,652
223,456	226,048	225,147	208,184	201,116	202,753	210,238
249,843	409,375	306,041	145,130	102,740	80,094	68,009
81,842	269,415	38,384	252,870	163,530	17,528	9,912
<u>\$ 13,253,274</u>	<u>\$ 13,467,511</u>	<u>\$ 11,476,726</u>	<u>\$ 11,682,317</u>	<u>\$ 10,624,371</u>	<u>\$ 9,750,030</u>	<u>\$ 9,957,952</u>
\$ 1,612,294	\$ 1,911,286	\$ 1,638,614	\$ 1,606,178	\$ 1,508,402	\$ 1,529,385	\$ 1,774,933
5,484,567	5,565,714	5,061,879	4,879,587	4,292,831	4,260,854	3,908,845
61,546	52,784	51,917	54,695	48,801	45,692	48,200
1,526,721	2,122,278	907,820	815,042	661,233	497,464	454,573
1,495,481	1,393,372	1,203,078	1,293,452	1,015,362	1,069,420	901,892
973,226	852,552	888,275	802,226	855,497	821,747	528,495
2,659,043	4,065,081	2,044,297	1,028,635	817,679	1,029,453	1,855,837
-	-	-	-	-	-	-
566,961	410,024	838,558	694,829	845,245	85,531	87,726
<u>\$ 14,379,839</u>	<u>\$ 16,373,091</u>	<u>\$ 12,634,438</u>	<u>\$ 11,174,644</u>	<u>\$ 10,045,050</u>	<u>\$ 9,339,546</u>	<u>\$ 9,560,501</u>

City of Fairview Park, Ohio
Property Tax Levies and Collections
Last Ten Fiscal Years

Collection Year	Current Tax Levy	(1) Current Tax Collections	Percent Levy Collected	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes To Current Tax Levy
1995	\$3,320,485	\$3,139,095	94.5%	\$100,238	3.0%
1996	3,317,865	2,991,656	90.2	124,456	3.8
1997	3,702,214	3,522,103	95.1	143,595	3.9
1998	4,006,690	3,750,044	93.6	109,207	2.7
1999	3,879,470	3,797,785	97.9	104,185	2.7
2000	3,922,860	3,822,383	97.4	128,625	3.3
2001	4,303,981	4,141,439	96.2	167,031	3.9
2002	4,254,969	4,131,651	97.1	160,239	3.8
2003	4,760,254	4,593,043	96.5	179,475	3.8
2004	4,465,296	4,265,225	95.5	152,048	3.4

(1) Represents amounts collected by the County for the City during the year indicated.

Source: Cuyahoga County Auditor

City of Fairview Park, Ohio
Assessed and Estimated Value of All Taxable Property (1)
Last Ten Fiscal Years

Collection Year	Real Property		Public Utility Tangible Property		Tangible Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value	
1995	\$288,878,080	\$825,365,943	\$10,242,190	\$11,638,852	\$11,126,369	\$44,505,476	\$310,246,639	\$881,510,271	35.19%
1996	288,260,820	823,602,343	9,793,290	11,128,739	11,327,056	45,308,224	309,381,166	880,039,306	35.16
1997	293,690,410	839,115,457	9,588,730	10,896,284	11,394,515	45,578,060	314,673,655	895,589,801	35.14
1998	317,905,830	908,302,371	9,385,270	10,665,080	11,819,544	47,278,176	339,110,644	966,245,627	35.10
1999	320,707,080	916,305,943	9,441,390	10,782,852	11,702,030	46,808,120	341,850,500	973,896,915	35.10
2000	324,605,540	927,444,400	9,610,600	10,921,136	11,895,084	47,580,336	346,111,224	985,945,872	35.10
2001	360,993,440	1,031,409,829	9,122,440	10,366,409	12,603,703	50,414,812	382,719,583	1,092,191,050	35.04
2002	359,239,220	1,026,397,772	6,685,310	7,596,943	12,416,078	51,733,658	378,340,608	1,085,728,373	34.85
2003	356,530,290	1,018,657,971	6,690,510	7,602,852	11,237,049	45,856,734	374,457,849	1,072,117,557	34.83
2004	379,251,240	1,083,574,971	6,316,660	7,178,022	8,737,178	37,987,730	394,305,078	1,128,740,723	34.93

(1) The assessed valuation is computed at approximately the following percentage of estimated actual value:

- a) real property – 35%
- b) public utility tangible property – 88%
- c) tangible personal property – 1994-2001 – 25%, 2002-2003 – 24%

Source: Cuyahoga County Auditor

City of Fairview Park, Ohio
Property Tax Rates – Direct and Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

Tax Year	Collection Year	City	County and Special Taxing Districts	Fairview Park School District	Berea School District	Rocky River School District	Polaris JVSD	Total
1994	1995	12.80	18.20	70.50	56.90	58.90	2.50	219.80
1995	1996	10.40	18.00	78.60	57.00	58.40	2.40	224.80
1996	1997	11.80	18.00	78.40	57.90	60.90	2.40	229.40
1997	1998	11.80	18.00	78.10	57.90	64.40	2.40	232.60
1998	1999	11.80	16.70	76.20	58.00	64.40	2.40	229.80
1999	2000	11.80	16.70	76.20	63.90	68.60	2.40	239.60
2000	2001	11.80	17.60	82.20	63.80	68.00	2.40	245.80
2001	2002	11.80	17.60	78.40	63.80	67.50	2.40	241.50
2002	2003	11.80	19.40	86.30	69.80	72.00	2.40	261.70
2003	2004	11.80	19.40	86.30	69.80	72.00	2.40	261.70

Source: Cuyahoga County Auditor

City of Fairview Park, Ohio
Property Tax Rates – Compared to Charter Limitations
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

<u>Tax Year/ Collection Year</u>	<u>General Fund</u>	<u>Recreation Purposes</u>	<u>Permanent Improvement</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Fire Levy</u>	<u>Total City Millage</u>
1994/1995	8.33	0.60	0.87	0.30	0.30	-	10.40
1995/1996	8.33	1.00	0.87	0.30	0.30	1.00	11.80
1996/1997	8.33	1.00	0.87	0.30	0.30	1.00	11.80
1997/1998	8.33	1.00	0.87	0.30	0.30	1.00	11.80
1998/1999	8.33	1.00	0.87	0.30	0.30	1.00	11.80
1999/2000	8.33	1.00	0.87	0.30	0.30	1.00	11.80
2000/2001	8.33	1.00	0.87	0.30	0.30	1.00	11.80
2001/2002	8.33	1.00	0.87	0.30	0.30	1.00	11.80
2002/2003	8.33	1.00	0.87	0.30	0.30	1.00	11.80
2003/2004	8.33	1.00	0.87	0.30	0.30	1.00	11.80

Source: Cuyahoga County Auditor

City of Fairview Park, Ohio
Special Assessment Billings and Collections
Last Ten Fiscal Years

<u>Collection Year</u>	<u>Amount Billed</u>	<u>(1) Amount Collected</u>	<u>Percent Collected</u>
1995	\$212,248	\$209,628	98.8%
1996	207,262	202,942	97.9
1997	203,744	201,569	98.9
1998	204,358	200,214	98.0
1999	225,609	220,841	97.9
2000	225,264	220,999	98.1
2001	230,192	223,252	97.0
2002	229,436	223,849	98.0
2003	227,754	229,911	100.9
2004	230,691	225,013	97.5

(1) Collection made by County Auditors only.

Source: Cuyahoga County Auditor

City of Fairview Park, Ohio
 Computation of Legal Debt Margin – Statutory Debt Limitations
 December 31, 2004

Statutory (direct) debt limitation

Overall debt limitation 10-1/2% of assessed valuation		\$41,402,033
Gross indebttness	\$6,145,977	
Less: debt not subject to limitation	<u>(641,954)</u>	

Debt within 10-1/2% limitation	5,504,023	
Less: amount available in debt service fund	<u>(91,812)</u>	<u>5,595,835</u>

Legal debt margin within 10-1/2% limitation		<u><u>\$35,806,198</u></u>
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Unvoted debt limitation 5-1/2% of assessed valuation		21,686,779
Gross indebttness	\$6,145,977	
Less: debt not subject to limitation	<u>(641,954)</u>	

Debt within 5-1/2% limitation	5,504,023	
Less: amount available in debt service fund	<u>(91,812)</u>	<u>5,595,835</u>

Legal debt margin within 5-1/2% limitation		<u><u>\$16,090,944</u></u>
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City of Fairview Park, Ohio
Computation of Legal Debt Margin – Constitutional Debt Limitations
December 31, 2004

Constitutional (indirect) debt limitation

Overall debt limitation authorized by Charter	11.8000 mills
Encumbered millage as of December 31, 2004	<u>3.5425 mills</u>
Available millage as of December 31, 2004	<u>8.2575 mills</u>

Assume maturity over a twenty year period with 5.5% annual interest.

City of Fairview Park, Ohio
 Computation of Direct and Overlapping Debt
 December 31, 2004

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Fairview Park, Ohio (1)	Amount Applicable to City of Fairview Park, Ohio
City of Fairview Park	\$6,145,977	100.00%	\$6,145,977
Fairview Park City School District	3,530,000	91.88	3,243,464
Rocky River City School District	23,139,128	8.09	1,871,955
Berea City School District	20,405,000	0.03	6,122
Cuyahoga County	251,154,636	1.29	3,239,895
Greater Cleveland Regional Transit Authority	<u>147,025,000</u>	1.29	<u>1,896,623</u>
Totals:	<u><u>\$451,399,741</u></u>		<u><u>\$16,404,036</u></u>

(1) The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing the overlapping subdivision's assessed valuation with the City by its total assessed valuation.

City of Fairview Park, Ohio
Ratio of Net General Debt to Assessed Value
and Net Debt Per Capital
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Gross Debt	General Obligation Debt
1995	18,028	\$310,246,639	\$3,065,000	\$3,065,000
1996	18,028	309,381,166	2,425,000	2,425,000
1997	18,028	314,673,655	1,870,000	1,870,000
1998	18,028	339,110,644	1,630,817	1,630,817
1999	18,028	341,850,500	5,672,013	5,130,000
2000	17,572	346,111,224	7,222,766	6,035,498
2001	17,572	382,719,583	6,844,699	5,790,498
2002	17,572	378,340,608	6,325,567	4,115,000
2003	17,572	374,457,849	6,043,563	3,795,000
2004	17,572	394,305,078	5,428,534	3,470,000

General Obligation Debt Service Money Available	(1) Net General Obligation Debt	Ratio of Net Debt to Assessed Valuation	Net General Obligation Debt Per Capital
\$25,499	\$3,039,501	1.0	\$169
200	2,424,800	0.8	135
4	1,869,996	0.6	104
847	1,629,970	0.5	90
0	5,130,000	1.5	285
25,608	6,009,890	1.7	342
14,716	5,775,782	1.5	329
0	4,115,000	1.1	335
0	3,795,000	1.0	216
0	3,470,000	0.9	197

(1) Does not include OPWC debt.

City of Fairview Park, Ohio
Ratio of Annual Debt Service Expenditures
for General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years

Year	(1) General Obligation Principal	General Obligation Interest	General Obligation Debt Service	Total General Operating Expenditures	Ratio of General Obligation Debt Service to General Operating Expenditures
1995	\$124,990	\$98,687	\$223,677	9,560,501	2.34%
1996	120,000	89,950	209,950	9,339,546	2.25
1997	120,000	81,550	201,550	10,045,050	2.01
1998	120,000	73,150	193,150	11,174,644	1.73
1999	120,000	133,123	253,123	12,634,438	2.00
2000	345,000	261,468	606,468	16,373,091	3.70
2001	360,000	369,709	729,709	14,379,839	5.07
2002	310,000	330,717	640,717	14,554,999	4.44
2003	320,000	299,274	619,274	13,466,810	4.60
2004	325,000	286,559	611,559	15,235,716	4.01

(1) Does not include the rollover of principal due under bond anticipation notes, Lorain Road revitalization notes or OPWC loans.

City of Fairview Park, Ohio
Demographic Statistics
Last Ten Fiscal Years

Year	(1) Population	(2) Fairview Park City School District	(2) Rocky River City School District	(3) Cuyahoga County Unemployment Rate
1995	18,028	1,997	-	4.7%
1996	18,028	2,052	-	5.2
1997	18,028	2,091	-	4.8
1998	18,028	2,076	16	4.5
1999	18,028	1,974	16	4.5
2000	17,572	1,903	20	4.6
2001	17,572	1,899	33	6.0
2002	17,572	1,870	33	6.2
2003	17,572	1,831	33	6.8
2004	17,572	1,822	52	5.7

(1) Census Statistics

(2) Records are not kept for each City by the Schools. School population is for district taken as a whole.

(3) Ohio Bureau of Labor Marketing Information.

City of Fairview Park, Ohio
Construction, Bank Deposits and Assessed Property Values
Last Ten Fiscal Years

Year	(1) Resident & Commercial Construction Value	(1) Residential & Commercial Construction Permits	(2) County Bank Deposits (In Thousands)	(3 and 4) Total Assessed Property Values
1995	\$12,855,065	366	\$22,694,304	\$310,246,639
1996	7,897,348	382	27,068,211	309,381,166
1997	7,207,918	416	53,941,971	314,673,655
1998	6,046,691	400	58,904,596	339,110,644
1999	4,697,708	348	57,816,942	341,850,500
2000	3,227,495	379	61,942,764	346,111,224
2001	10,439,559	383	63,893,769	382,719,583
2002	9,273,481	410	95,761,917	378,340,608
2003	4,750,630	353	97,238,973	374,457,849
2004	4,872,485	436	101,838,959	394,305,078

(1) City of Fairview Park Building Department.

(2) Federal Reserve Bank of Cleveland (total demand, time and saving deposits in Cuyahoga County).

(3) Cuyahoga County Auditors' Office.

(4) Represents the values assessed for taxation which range from 25% to 88% of estimated true value.

City of Fairview Park, Ohio
Principal Taxpayers – Real Property (1)
December 31, 2003

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Z & Sons Limited Partnership	\$6,688,680	1.84%
Fairview Shopping Center Corp.	4,015,900	1.11
Lawn Village Inc.	2,444,930	0.67
Cleveland Electric Illuminating Co.	2,152,780	0.60
200 West Apartments	2,005,890	0.55
Ohio Bell Telephone Co.	1,965,220	0.54
Stallard-Schrier Family Ltd Partnership	951,940	0.26
Puzzitiello Rocco H Jr. Trust	919,840	0.25
North Solon Office	918,750	0.25
Fairview Reality Invest Ltd	<u>910,390</u>	<u>0.25</u>
	\$ <u>22,974,320</u>	<u>6.32%</u>
Total assessed valuation	\$ <u>363,220,800</u>	

Sources: Cuyahoga County Auditors' Office.

(1) Data for December 31, 2004 is not available at the time when this report was issued.

City of Fairview Park, Ohio
Principal Taxpayers – Personal Property
December 31, 2004

<u>Taxpayer</u>	<u>Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
Higbee Co.	\$1,456,480	16.67%
Kohls Department Stores, Inc.	615,670	7.05
Cox Cable Cleveland	305,530	3.50
Tops Market LLC	261,920	3.00
West Valley Regional P E T	247,850	2.83
Quadax Inc	131,160	1.50
Wideopenwest Cleveland LLC	125,490	1.44
GAP Inc	125,040	1.43
J R Cozad Inc	96,440	1.10
CitiCorp Vendor Finance Inc.	<u>95,990</u>	<u>1.10</u>
	<u>\$ 3,461,570</u>	<u>39.62%</u>
Total assessed valuation	<u>\$ 8,737,178</u>	

Source: Cuyahoga County Auditors' Office.

City of Fairview Park, Ohio
Miscellaneous Statistics
December 31, 2004

Date of incorporation	1910
Form of government	Mayor-Council
Area	4.77 Square miles
Miles of streets	52.9
Number of street lights	1,262
Fire protection:	
Number of stations	1
Number of full-time firemen and officers	28
Police protection:	
Number of stations	1
Number of full-time policemen and officers	28
Sewers:	
Sanitary sewers	50 miles
Water:	
Water mains	47 miles
Fire hydrants	832
Recreation:	
Number of parks	5
Employees:	
Full-time (classified)	118
Part-time	55



**Auditor of State
Betty Montgomery**

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**CITY OF FAIRVIEW PARK
CUYAHOGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 13, 2005**