

CITY OF FAIRBORN



Single Audit Reports December 31, 2012



Dave Yost • Auditor of State

Members of Council
City of Fairborn
44 West Hebble Avenue
Fairborn, Ohio 45324

We have reviewed the *Independent Auditor's Report* of the City of Fairborn, Greene County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 22, 2013

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**CITY OF FAIRBORN, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Federal Grantor/Pass - Through Grantor, Program Title</u>	<u>Pass Through Entity Number</u>	<u>CFDA</u>	<u>Disbursements</u>
<u>U.S. DEPARTMENT OF HUD</u>			
<i>Direct Funding</i>			
Community Development Block Entitlement Grant	ARRA	N/A	14.253 \$25,845
<i>Pass-Through State Department of Development:</i>			
HOME Investment Partnerships Program		A-C-10-2BK-2	14.239 213,107
<i>Pass-Through State Department of HUD:</i>			
Community Development Block Entitlement Grant		B-12-MC-39-0032	14.218 287,902
<i>Pass-Through City of Dayton:</i>			
Neighborhood Stabilization Program (NSP II)		B-09-CN-OH-0029	14.256 85,259
<i>Pass-Through Greene County:</i>			
Neighborhood Stabilization Program (NSP I)		B-Z-08-1BA-1	14.228 82,749
			694,862
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Direct Funding</i>			
Edward Bryne Memorial Justice Assistance Grant		2010-DJ-BX-0186	16.738 7,050
Edward Bryne Memorial Justice Assistance Grant		2011-DJ-BX-2849	16.738 10,243
Bulletproof Vest Partnership		N/A	16.607 3,050
<i>Pass-Through Ohio Attorney General:</i>			
Victims of Crimes Act		2012-VAGENE482	16.575 18,023
Victims of Crimes Act		2013-VAGENE482	16.575 5,887
<i>Pass-Through Ohio Office of Criminal Justice Services:</i>			
Victim Witness Justice Assistance Grant		2011-JG-D01-6876	16.738 35,596
<i>Pass-Through Greene County:</i>			
Equitable Sharing Fund		N/A	16.xxx 6,637
			86,486
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Pass-Through Ohio Department of Transportation</i>			
MVRPC Grant Streetscape Phase 2		PID 87446	20.205 600,000
			600,000
<u>US ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Direct Funding</i>			
EPA Brownfield Grant		N/A	66.818 92,926
			92,926
<u>US DEPARTMENT OF HOMELAND SECURITY - FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
<i>Direct Funding</i>			
2011 SAFER Grant		N/A	97.044 23,616
<i>Pass-Through Ohio Emergency Management Agency</i>			
Buffer Zone Protection Program		2010-BF-TO-0028	97.078 27,154
			50,770
			\$1,525,044

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

**INDEPENDENT AUDITORS' 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***

Honorable Mayor, City Council and City Manager
City of Fairborn, Ohio

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairborn (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 17, 2013, wherein we noted the City adopted GASB Statement No. 62, GASB Statement No. 63 and GASB Statement No. 65 as disclosed in Note 3.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies which are included in finding 2012-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Dayton, Ohio

June 17, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor, City Council and City Manager
City of Fairborn, Ohio

Report on Compliance for Each Major Federal Program

We have audited the City of Fairborn's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 17, 2013, which contained unmodified opinions on those financial statements, wherein we noted the City adopted GASB Statement No. 62, GASB Statement No. 63 and GASB Statement No. 65 as disclosed in Note 3. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Dayton, Ohio

June 17, 2013

CITY OF FAIRBORN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

Section I – Summary of Auditor’s Results

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any material reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were the any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list): CFDA# 14.218 Community Development Block Grants/ Entitlement Grants CFDA# 14.253 Community Development Block Grant ARRA Entitlement Grants CFDA# 20.205 Highway Planning and Construction	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type B: all others Type A: > \$300,000
(d)(1)(ix)	Low Risk Auditee?	No

Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

2012–1 Finding Type — Significant Deficiency –Controls Related to Financial Reporting

The presentation of financial statements and related footnotes that are free of material misstatement is the responsibility of the City’s management. Independent auditors are not part of an entity’s internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to preparing financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes in a timely manner prior to audit.

Our audit identified misstatements in the City’s financial statements requiring adjustment in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

We provided adjustments to the City which corrected the misstatements prior to the issuance of the financial statements. Such misstatements are an indicator that improvements are needed to strengthen existing control procedures related to financial reporting and we believe that these misstatements are important enough to merit attention by those charged with the City’s governance.

A description of the misstatements follows:

Misstatement of Net Investment in Capital Assets and Unrestricted Net Position

Significant amounts of enterprise Net Investment in Capital Assets was reported in error as Unrestricted Net Position in the Statement of Fund Net Position.

Recommendation:

Consider developing a systematic, detailed final review process to take place prior to the start of the financial statement audit.

Management’s Response:

The City relies on a third party to provide GAAP conversion services. The City will work with the GAAP consultant to revise the review process so that material misstatements, presentation and disclosure errors are prevented and/or detected and corrected.

Section III – Federal Award Findings and Questioned Costs

None

**CITY OF FAIRBORN
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133
DECEMBER 31, 2012**

Summary of Prior Audit Findings and Questioned Costs:

2011-1 Finding Type —Material Weakness—Controls Related to Financial Reporting.

Our audit identified material misstatements in both the City's financial statements and notes to the financial statements requiring adjustment in order to present the financial statements and notes in conformity with accounting principles generally accepted in the United States of America.

Status: Partially corrected and reissued as Finding 2012-1.



2012



Comprehensive Annual Financial Report

CITY OF FAIRBORN, OHIO

FOR THE YEAR ENDED

DECEMBER 31, 2012

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City of Fairborn, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012
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Comprehensive Annual Financial Report
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**CITY OF FAIRBORN
FINANCE DEPARTMENT**

**44 W. Hebble Ave.
Fairborn OH 45324-4999
(937) 754-3005
Fax (937) 754-3115**

June 17, 2013

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

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Fairborn for the year ended December 31, 2012. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

This report enables the City to comply with Ohio Administrative Code Section 117-2-03(B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38, which requires that cities reporting on a GAAP basis file an unaudited annual report with the Auditor of State within 150 days of year-end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Introduction

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

The Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14/39, "*The Financial Reporting Entity*" in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

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

The City of Fairborn

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

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

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

Council is required to adopt an initial budget by no later than April 1. Council may adopt a temporary budget to cover the first three months of the year. Upon presentation by the City manager of a proposed budget document to council, council calls and publicizes a public hearing. Council will subsequently adopt such budget as it may have been amended, as the City's annual budget effective April 1, for the remainder of the year.

Economic Condition and Outlook

With economic diversity, key governmental institutions and prime land for additional development, the City has what it takes to fuel business growth. Wise and prudent City planning as well as collaboration with other organizations helps the City maintain its current business base and expand horizons with new and exciting ventures in commercial, industrial, government, and office development.

Located with four interchanges on I-675 at the intersection of I-70, Fairborn is ideally situated for connectivity to the Dayton regional market and larger metro markets. This connectivity provides easy access for not only transportation and distribution operations but also for the local workforce whose average commute times are five minutes lower than the national average. Another benefit to the local workforce is the very competitive cost of living which currently is approximately 20% less than the national average.

As home to Wright State University (WSU) and the gateway to Wright-Patterson Air Force Base, the City gains economic strength from two of the largest employers in the Miami Valley region. WSU is the region's largest university with nearly 18,000 students and is a fully accredited state university. Its eight colleges and three schools offer more than 90 undergraduate degrees and 88 graduate, masters, doctoral, and professional degree programs. The WSU Nutter Center provides a 12,000 seat sport and entertainment venue that continually draws national performers and events to the Dayton region.

Because of its close proximity to Wright-Patterson Air Force Base, the City attracts defense industry and related businesses that serve the Air Force and other branches of the military. One of the most exciting initiatives for the City is the recent development of the National Center for Medical Readiness Tactical Laboratory at Calamityville.

Calamityville, the moniker for a project of the Department of Emergency Medicine in the Boonshoft School of Medicine at Wright State University, is being developed as a state of the art collaborative training and research facility that provides unique training opportunities for the world's medical, public health, public safety, civilian and military disaster-responders and decision makers. Calamityville is located in the City on 54 acres at the site of the former CEMEX plant, an international supplier of cement.

The tactical laboratory is the first site in the United States to fully integrate civilian and military medical and non-medical responses to a disaster or other complex rescue situation, providing a more complete learning experience for students and trainees. Once fully operational, Calamityville is expected to draw thousands of participants to the area annually with a projected economic impact of \$374 million for the Miami Valley region over a five-year period.

While government and defense-related businesses are a vital part of the City's economy, there are many others that provide economic support and add to the diversity of the business community including major manufacturing facilities, distribution centers serving regional markets, printing companies as well as many others. Through the City's Business First Program, outreach specialists work to communicate with local businesses to let them know the City is glad

they are part of the community and ready to assist with any business need. Due to the competitive business environment and the opportunity which Fairborn feels is apparent the City has also become much more proactive recently and created the Fairborn Development Corporation (FDC). The FDC is a 501(c)(3) non-profit organization created to advance, encourage and promote and pursue civic, economic, commercial and industrial development within the greater Fairborn area. It serves as an important advisory board that allows community stakeholders and business leaders the opportunity to participate and contribute in a meaningful way to local economic development efforts. Additionally, the City recently created a new economic development department with the sole purpose to assist the local business community and encourage new investment within the City.

Like Wright State University's National Center for Medical Readiness, many other organizations are attracted to the City due to the available real estate poised for development. The City has the next great development frontier along I-675, which connects I-75 to I-70. The Dayton-Yellow Springs Road, State Route 235 and State Route 444 interchanges on I-675 provide prime industrial, office and commercial development sites. Fairborn is located within 600 miles of 64% of the US population, 50% of the Canadian population, 63% of all US manufacturing, 70% of all the North American manufacturing and 80% of all US headquarters.

If air travel is a concern Fairborn is fortunate to be located within 60 minutes of three international airports with daily operations that rival most metropolitan areas. The Dayton International Airport is conveniently located along a major highway network allowing the local businesses to easily reach 55% of the total US population in only 90 minutes by air.

From the technology based business office space in Wright Executive Park to the more recent Valle Greene North development with acres of shovel ready sites available, the City is ready to assist businesses looking for prime locations along I-675. The City is also one of a very limited number of cities that has rail service adjacent to industrial zoned land that is also ready for development.

The City's progress in economic growth would not be possible without the assistance of the Fairborn Chamber of Commerce and the Downtown Fairborn Betterment Association. These groups of caring residents and business professionals help facilitate business growth by organizing networking opportunities through various programs and events held during the year. Looking to the future, the City will continue to pursue successful collaborations among businesses, community organizations, and government as a catalyst for economic growth in the City.

Major Initiatives

For 2012

As with other cities, the adequacy of the City of Fairborn's infrastructure to support its needs is essential. Also, economic development and revitalization continue to be the City's priority.

A 10 year, one-quarter of one percent income tax levy was approved by the residents in 2004 for fire facilities and equipment. The 10-year tax levy generated approximately \$2 million dollars in 2012 and has been used to finance land acquisition and the construction and renovation of fire facilities, as well as the purchase of fire and EMS equipment for four stations.

During the same election in 2004, residents also approved a one-quarter of one percent income tax levy for resurfacing, reconstructing and repairing the City's thoroughfares and residential streets. The City developed a strategic plan and identified the thoroughfares and streets that will be upgraded as part of this 10-year initiative. The levy also generated approximately \$2 million in 2012 to finance the infrastructure improvements. Through 2012, the eighth year of this street improvement program, approximately 53% of the City's roadways have been resurfaced or repaired affecting 198 local streets and 22 thoroughfares.

Design work and right-of-way acquisitions for the Dayton-Yellow Springs Phase II project were completed at the end of 2012. Construction began in December 2012 and is currently in progress with completion set for the end of June 2013. This project is being funded using an awarded OPWC grant of \$400,000 along with local funds. Phase II improvements include waterline replacement, storm sewer modifications, signalization enhancement, road widening, street base repairs, street resurfacing and re-striping along Dayton-Yellow Springs Road from Beaver Valley Road to Ironwood Drive.

Wright-Patterson Air Force Base has acted to the close state route 444 to address security issues from a state route running through base property. The road was closed effective November 9, 2012, and traffic was redirected onto the newly designated state route 444 which includes Kauffman Avenue, Central Avenue and Dayton Drive. ODOT is currently working with the City's engineering department to develop plans and cost estimates for resolving whatever issues develop as a result of this relocation. To date, intersection geometry and signalization and area pavement surface deterioration appear to be the significant issues. Upgrades to remedy these issues are being planned and coordinated with ODOT.

The 2013 curb-sidewalk-approach program (CSA) replacing deteriorated concrete infrastructure began in October 2012 in an effort to jump one year ahead of the street resurfacing program. The 2014 CSA program will take place in the fall of 2013, thus completing the one-year-ahead schedule. This program is performed annually prior to the street improvement program and coincides with the Americans with Disabilities Act (ADA) curb ramp program, which constructs or reconstructs ramps to ADA standards.

As with most cities of similar age, the water and wastewater infrastructure periodically is in need of repair and/or replacement. The water and sewer division undertook several projects in 2012 to rehabilitate aging infrastructure including replacement of an aged lift station, renovation of both the North and South interceptors, and the award of a contract to replace an undersized generator at the water treatment plant.

A booster station was installed near the Rona Hills water tower. It will increase pressure to Rona Village, Ashbury Hills and Deercreek neighborhoods to meet the aesthetic desires of the residents. This improvement will also improve fire flow for firefighting purposes.

Central Park received a transformation in 2012. Added for the benefit of the citizens was an aquatic “spray ground” providing free outdoor water fun throughout the summer. Also completed at Central Park was a new permanent restroom facility, new playground (with updates to the existing playground, as well). These new additions provide a community-based park with amenities for all ages. Parents can sit under new shade structures and/or participate with their children in the water, sit comfortably under large shade trees and watch the kids on the playground, or listen to a family oriented summer concert series from the historic bandstand. Central Park will become a destination park for special events in the upcoming year.

The historic Mercer Smith Log Cabin House received some new wood logs on two walls. These logs were milled from trees that had fallen in Community Park from a wind storm, saving financial resources by utilizing natural opportunities. Additional maintenance was completed on the front door of the house.

Valle Greene Park received the formal granite park entrance sign bringing this park on line with the overall branding of the Fairborn park system. And, finally, the lower portion of the Community Park walking trail comprising nearly half a mile was resurfaced. Visitors to the park have expressed their approval and relief that the trail is completely level increasing their feeling of safety.

Three buildings and lands capital improvement projects were budgeted for 2012: Adding a second salt storage shed, replacing the communications tower, and resurfacing downtown parking lots. The salt storage shed project was abandoned as a shared services opportunity arose to join with ODOT on a new facility near the Wright State University campus. The completion of the new City communications tower was unfortunately pushed to 2013. The parking lots for the public library and the Chamber of Commerce were completed and add to the new downtown streetscape.

For the Future

The City's comprehensive plan helps facilitate managed and orderly growth. Growth however, continues to challenge the capacity of City infrastructure and the City's ability to maintain it, especially its water distribution, sewer collection, wastewater treatment, and street and thoroughfare systems. The City remains steadfast in its commitment to ensure the maintenance of existing infrastructure and the development of adequate new infrastructure to meet future demands. A perpetual five-year capital improvement plan is maintained and updated annually to assist the City in targeting the most important near-term capital improvements and the resources required to fund them.

The engineering division continues to oversee the paving program for the 452 public streets in Fairborn. It is estimated an average of 30 streets per year will be paved until the street levy collections expire in 2014, when it is projected that 64% of City streets will have been repaved. It is the intent of the City to ask residents to renew the street levy in November 2014 in order to continue repaving and repairing City streets.

Spangler Road improvement design is being finalized based upon review comments from Norfolk-Southern Corporation and will likely be scheduled for construction in the fall of 2013. Spangler Road improvements will be funded in part from a tax increment financing (TIF) district that will be established in 2013.

Construction of the Central Avenue interconnect project begins in February 2013 and consists of connecting and upgrading five intersections along Central Avenue, from Dayton Drive to Broad Street, with wireless technology. Signal heads will be replaced using LED indications, new control cabinets with UPS battery back-up systems, pedestrian crossing signals and video vehicle detection. Completion is expected by the end of May 2013.

An ODOT CMAQ grant has been awarded for the Broad Street signal upgrades project, which will include fiber optic interconnect communications with intersections from Dayton Drive to Highview Drive. These intersections will receive new LED signal indications, new control cabinets with UPS battery back-up systems, signal poles and mast arms, new pedestrian crossing signals, vehicle detection system and sidewalk. Engineering design is currently in progress. Construction work is scheduled to begin in spring 2014 with completion set for winter 2014.

The Colonel Glenn Highway improvement project has received an OPWC grant to make improvements on a one-mile section of this major five lane arterial highway. Major repairs are needed to its concrete base, curb and gutter and some sidewalk. The asphalt wearing surface is deteriorating as a result. The project will mill off the asphalt wearing surface, identify and repair those joints in need, install a stress absorbing membrane interlayer (SAMI), resurface with asphalt and re-stripe. Engineering design will begin in May 2013 with construction being scheduled for spring 2014 and completion by winter 2014.

The Central Avenue-Xenia Drive bikeway connector project has received an ODOT CMAQ grant to connect the termini of existing bikeways; one at Central Avenue near South Street and the other at Xenia Drive near Dayton Drive. An engineering consultant will be selected in the spring 2013 and construction is scheduled to begin in the spring 2014.

The Dayton Drive improvement project has received an ODOT STP grant to widen a section and make improvements from Xenia Drive to Maple Avenue. This project has not yet been scheduled through ODOT, but is anticipated to move forward in as early as 2015.

Long range planning for water and sewer systems is driven not only by anticipated growth but also by Ohio Environmental Protection Agency rules and mandates, advances in treatment and contamination detection technology, aging facilities, and the aesthetic demands of citizens. The City's planning horizon includes projects to further increase raw water and treatment capacities, water treatment process changes to improve water quality, system storage and pumping facilities to support domestic and fire fighting demands, and conveyance system upgrades for increased capacity.

Many important projects that will improve the City's ability to meet current and future demand are slated for the near future. For water treatment and distribution this includes design and construction of a water tower for additional storage capacity for firefighting and domestic

purposes, construction of a secondary raw water line to provide both redundancy and additional conveyance capacity from the City's primary well field, and generator improvements to assure system operation during loss of commercial power.

On the sewer collection side, a replacement lift station will be constructed to replace the aging Kauffman lift station. The new design incorporates additional capacity, energy saving features, and enhanced safety equipment. Efforts to reduce inflow and infiltration and renew aging sewer lines will continue through annual relining projects.

The Northwest pump station, which pumps sewage from south Fairborn to the Water Reclamation Center (WRC), is approaching a point where development in south Fairborn must be delayed if pumping capacity is not increased in the near future. The City selected Arcadis, Inc. in 2011 to evaluate the Northwest pump station and a design was developed that addresses a number of issues including the lack of pumping capacity for coping with major rain events.

The future project will include linking the pump station to the WRC's existing supervisory control and data acquisition (SCADA) system; increasing the capacity of the force main that delivers the pump station's output to the WRC; replacing the aging, unreliable, labor-intensive backup screen that removes debris from the incoming wastewater; and looping the existing non-potable water system to ensure adequate water pressure to all treatment processes.

Key considerations are the structural integrity of the pump station and whether or not it will be cost effective to increase the pumping capacity of the existing facility or if life cycle cost considerations dictate demolishing the existing facility and constructing a new one. Flow studies have indicated there is significant inflow and infiltration (I&I) of stormwater and groundwater to the collection system discharging to the Northwest pump station, thereby needlessly using up pumping capacity and increasing operational costs. In 2012, the City completed renovation of the South interceptor which feeds into this station. Analysis of the results of the inflow and infiltration reduction from this effort will determine whether it will be more cost effective to refurbish the existing pump station and increase its pumping capacity or demolish and replace it with new structure.

Once the Northwest Pump Station Project is complete, the next major WRC project is currently scheduled for 2015 and involves the design phase for a third clarifier tank and ultraviolet (UV) disinfection system upgrade, depending whether or not Ohio EPA promulgates additional and/or more stringent nutrient limits (nitrogen and phosphorus).

Parks and recreation services will expand greatly in the upcoming years due to the completion of a Parks and Recreation Community Needs and Visioning Analysis. The needs analysis specifically identifies park development and recreational programming needs, leading to a new master plan to be developed in late 2013. The results of this analysis will provide the prioritization of capital projects and community events held in parks. In 2013, the first annual "Fairborn, A Day of Jazz" will be presented in Central Park on August 10th. This type of community festival ranked high in the community needs analysis, and thus will be offered quickly. Other types of projects that ranked high in priority and will be planned in the upcoming

capital plan will be: improvements in neighborhood parks, a dog park, revitalization of Fairfield Park, permanent restrooms in all parks, Atherton Amphitheater roofing, and a nature education center. In 2013, Valle Greene Park will receive a second playground (with improvement to the existing amenity) that will not only be ADA accessible, but will allow wheelchairs and persons with disabilities to utilize the equipment. This will be the first one of these developed sites to bring ease to the disabled community members. All of these capital improvements tie in to economic development and community betterment due to the fact that regional participation will increase along with local residents driving the success.

Buildings and lands efforts in 2013 will focus heavily on the government center complex. Renovations within the government center include the relocation of a portion of the finance department to the old court area. The construction of new offices and public payment area will increase the ease for both employees and citizens. This initiative brings the entire finance department to one simple location where citizens will pay utilities, taxes and general fees. The additional benefit from this project allows the relocation of engineering and building inspection to the current finance section of the building, providing expansion for community development, neighborhood betterment and planning. This capital project utilizes existing space more effectively to improve overall efficiency.

The police department will be completely painted for the first time in over 15 years. The entire main complex will be re-keyed to correspond with the police department locking system. Exterior doors will also be replaced within the scope of this project. Efficiency and reducing duplication of services is a main goal of these projects.

On the economic development front, the City has shown a renewed interest and focus for moving economic development forward. This can most clearly be seen with the creation of a new economic development department and associated budget, the creation of two new planning documents including a new economic development strategic plan as well as a real estate analysis and strategy, the creation of new marketing material and a website solely focused on economic development, the revitalization of a formal business retention and expansion program, and the revitalization of the Fairborn Community Improvement Corporation now known as the Fairborn Development Corporation. The City also has been able to expand its working relationships with the Fairborn Chamber of Commerce, Wright State University, and other regional partners.

Current economic development efforts work to attract new businesses while encouraging existing businesses to reinvest. The City has adopted an aggressive approach to retaining existing businesses and attracting new businesses in order to assure a healthy, well diversified business base in the future. City staff met with 56 local businesses last year and continues this pace for 2013. These visits with existing businesses help determine their needs and possible links to business resources in the region. In addition to the new department and organization is the creation of small business programming and services. In 2013, the City will likely begin a new training program in partnership with the WSU Small Business Development Center. Additionally, the City has recently created the First Steps Program which has been designed to assist small businesses who wish to expand or relocate within the City. Lastly, the City plans on formally creating a new Fast Track Permit Program which will again encourage development within the City.

The City also encourages the revitalization of the downtown and Broad Street central business districts in order to capitalize on the needs of Wright State University and Wright-Patterson Air Force Base. The City is nearly finished with a new planning document in partnership with the state of Ohio as a result of the recently awarded Brownfield Action Plan Pilot Program grant. This document will assist with the redevelopment of Broad Street in particular. Recent revitalization projects initiated by the community development department include the downtown facade program and the partially grant-funded streetscape project to improve Main Street.

As mentioned previously in the Economic Condition and Outlook, Calamityville is continuing to be developed. Fairborn's brownfield cleanup and adaptive reuse of the former CEMEX, Inc. property was made possible through the use of a \$2.8 million Clean Ohio Revitalization Fund grant along with a \$200,000 grant from the US EPA. The property is expected to be transferred over to Wright State University in 2013 as the facility continues to move forward with its business model.

To encourage new military and civilian personnel to choose Fairborn as a place to live, the City works to encourage new housing developments and preservation of existing housing stock. The City has seen some strong residential growth in 2012 and that will likely increase in 2013 with the addition of a variety of residential units coming on line. These include single-family homes at Waterford Landing (488), Candlelite Estates (22 units), the new Bluffs on Trebein development (195); condominiums at Brinely Place (132 units) and Epcon community (120 units); and a new senior housing development Parkview at Rockdell (64). Also, the use of Neighborhood Stabilization Program (NSP) funds to assist in addressing housing issues in targeted neighborhoods continues to provide new housing opportunities. Lastly, efforts continue to be increased to focus on code enforcement and blight elimination to preserve and enhance the City's existing housing stock.

Financial Information

Basis of Accounting

The City uses fund accounting to maintain its financial records and operates on a cash basis of accounting during the year. For the purposes of this report and to present the most accurate picture of the City's finances for the fiscal year ended December 31, the cash basis records are converted to the modified accrual and the accrual basis of accounting consistent with generally accepted accounting principles (GAAP) as applied to governmental units.

Internal Control Structure

Development of the City's accounting system included consideration of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements. The concept of reasonable assurance states that internal control should be evaluated to ensure that the expense associated

with providing internal controls does not exceed the benefit expected to be derived from its implementation. This evaluation involves estimates and judgment by City administration and members of the finance office. The administrative and financial management personnel believe that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Control

The City adopts an annual budget that includes estimated revenues and appropriations (authorized spending levels) for the year for all funds except for certain agency funds. The budget is amended during the year as appropriate according to Ohio budgetary law. Budgetary control is maintained by the encumbrance of purchase amounts prior to ordering goods or services or the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the purchase amount. Transaction detail for budgeted and actual revenues, appropriations, expenditures, and fund balances are available at any time via queries of the financial system or are contained in monthly reports. The legal level of budgetary control is by fund, department, and line item.

A more detailed description of the basis of accounting, budgetary process, and various funds and accounts utilized by the City are included in Note 2 to the basic financial statements.

Management's Discussion and Analysis (MD&A)

GASB Statement No. 34 requires management to provide an introductory overview and narrative, known as Management's Discussion and Analysis (MD&A), to accompany the basic financial statements. This transmittal letter is intended to be read in conjunction with this analysis. The MD&A can be found immediately following the independent Auditor's report.

Independent Audit

Ohio law and the Fairborn City charter require an annual audit of the City's financial statements by an independent auditor. Plattenburg and Associates performed the audit for the year ended December 31, 2012, and included in this report is their unmodified opinion rendered on the City's basic financial statements. The annual audit also provides an opportunity for an independent review of the City's financial policies and procedures and the comments and recommendations generated continually strengthen the City's accounting and budgeting controls. The results of the audit are presented in the independent Auditor's report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairborn for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. This was the twenty-third consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to

program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A certificate of achievement is valid for one year. We believe our current report for the fiscal year ended December 31, 2012 continues to conform to program requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate of achievement.

Acknowledgements

The preparation of this CAFR was made possible by the efficient and dedicated services of the entire staff of the finance department and fiscal personnel in other City departments. Special appreciation is expressed to Annetta Williams, assistant finance director, and supporting finance staff for their efforts and commitment to the preparation of this report and to ensuring it conforms to the highest standards in governmental financial reporting. We also thank the members of City council for their interest and support in planning and conducting the financial operations of the City of Fairborn in a responsible and progressive manner.

It is the mission of the finance department to serve the City and its citizens with the highest degree of fiscal responsibility and professionalism. By issuing this CAFR we endeavor to remain fiscally accountable in order to preserve the public's confidence in our ability to govern the City's finances.

Respectfully submitted,



Randall J. Groves, CPFO, CGFM
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairborn
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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.



Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director

City of Fairborn, Ohio

Principal Officials

December 31, 2012

COUNCIL - MANAGER FORM OF GOVERNMENT

CITY COUNCIL

Thomas Nagel, Mayor

Stuart Snow, Deputy Mayor

James Hapner, Council Member

Dan Kirkpatrick, Council Member

Marilyn McCauley, Council Member

Tim Steininger, Council Member

Robert Wood, Council Member

CITY MANAGER

Deborah A. McDonnell

CITY SOLICITOR

Michael Mayer

FINANCE DIRECTOR

Randall J. Groves

ASSISTANT FINANCE DIRECTOR

Annetta L. Williams



F I N A N C I A L S E C T I O N

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Council and City Manager
City of Fairborn, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairborn (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire & EMS Fund and Police Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, in 2012, the City adopted new accounting guidance; GASB Statement No. 62, GASB Statement No. 63 and GASB Statement No. 65. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3–14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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 financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2013, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Dayton, Ohio

June 17, 2013

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis is an introspective look at the finances of the City of Fairborn for the year ending December 31, 2012, providing an overview of the City's financial performance as a whole while assisting readers in interpreting the basic financial statements. In addition to the information presented here, readers are also encouraged to review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- Governmental activities net position makes up 79% of the City' total net position. Net position of governmental activities increased \$4.7 million while net position of business-type activities increased \$0.9 million, resulting in a 5% increase in the City's total net position.
- Unrestricted governmental activities net position increased 53% to \$11.6 million.
- Unrestricted business-type activities net position increased 16% to \$10.5 million.
- The General Fund balance increased \$4.6 million to \$8.2 million.
- Business-type activities operations reflected an operating income of \$1.4 million and net position increased \$0.9 million to \$22.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

REPORTING THE CITY AS A WHOLE

Statement of Net Position and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Position and the Statement of Activities. These government-wide financial statements provide information that will help the reader to determine if the City of Fairborn is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes to those positions. These changes inform the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Position and the Statement of Activities, the City's operations are divided into two kinds of activities, governmental activities and business-type activities.

Governmental Activities – Most of the City's services are reported here including police, fire and emergency medical services, community development, recreation, street maintenance and repair, and general government administration. Municipal income taxes, property taxes, intergovernmental revenues, court fines and costs, and charges for services finance most of these activities.

Business-type Activities – These activities consist of water, sewer, and sanitation services. Service charges for these operations are assessed based upon the amount of usage or a usage fee. The intent is that the fees charged to users provide sufficient funding to cover operating costs, capital outlay, and associated debt service, while maintaining an appropriate reserve balance.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Information about the City's major funds is presented in the fund financial statements that begin on page 18. Fund financial statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required by State law and some by bond covenants. Other funds may be established by the City, with approval of Council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City's major funds are the General, Fire and EMS, Police, Water, Sewer, and Sanitation funds.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

Governmental Funds

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

Enterprise Funds

Services for which the City charges its citizens fees to generate sufficient funding to cover operating costs, capital outlay, and associated debt service are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the City's programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Position and Liabilities.

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

THE CITY AS A WHOLE

As stated previously, the Statement of Net Position looks at the City as a whole. Over time, net position can serve as a useful indicator of a government's financial position. Table 1 provides a summary of the City's net position for 2012 compared to 2011.

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total		Change
	2012	2011	2012	2011	2012	2011	
Assets:							
Current and Other Assets	\$33,532,375	\$30,122,104	\$15,221,089	\$12,918,863	\$48,753,464	\$43,040,967	\$5,712,497
Capital Assets	65,996,031	67,128,576	26,453,452	26,191,029	92,449,483	93,319,605	(870,122)
<i>Total Assets</i>	<u>99,528,406</u>	<u>97,250,680</u>	<u>41,674,541</u>	<u>39,109,892</u>	<u>141,202,947</u>	<u>136,360,572</u>	<u>4,842,375</u>
Liabilities:							
Current and Other Liabilities	2,382,749	4,739,657	2,334,587	751,090	4,717,336	5,490,747	(773,411)
Long-Term Liabilities	7,124,744	7,114,205	16,647,375	16,542,211	23,772,119	23,656,416	115,703
<i>Total Liabilities</i>	<u>9,507,493</u>	<u>11,853,862</u>	<u>18,981,962</u>	<u>17,293,301</u>	<u>28,489,455</u>	<u>29,147,163</u>	<u>(657,708)</u>
<i>Deferred Inflows of Resources</i>							
Property Tax	4,863,678	4,894,400	0	0	4,863,678	4,894,400	(30,722)
Payment in Lieu of Taxes	377,768	405,634	0	0	377,768	405,634	(27,866)
<i>Total Deferred Inflows of Resources</i>	<u>5,241,446</u>	<u>5,300,034</u>	<u>0</u>	<u>0</u>	<u>5,241,446</u>	<u>5,300,034</u>	<u>(58,588)</u>
Net Position:							
Net Investment in Capital							
Assets	59,885,657	59,259,234	12,182,697	12,778,599	72,068,354	72,037,833	30,521
Restricted	13,272,202	13,249,832	0	0	13,272,202	13,249,832	22,370
Unrestricted	11,621,608	7,587,718	10,509,882	9,037,992	22,131,490	16,625,710	5,505,780
<i>Total Net Position</i>	<u>\$84,779,467</u>	<u>\$80,096,784</u>	<u>\$22,692,579</u>	<u>\$21,816,591</u>	<u>\$107,472,046</u>	<u>\$101,913,375</u>	<u>\$5,558,671</u>

Governmental activities net position, which makes up 79% of the City's total net position, increased \$4.7 million in 2012. This increase in net position is largely due to an increase in property taxes as 2012 was the first year of collections for the two new 4.4 mill property tax levies passed in November of 2011 for police and fire operations. The increase is also due to a 20% decrease in liabilities. Additionally, income taxes were nearly 5% greater than the previous year and charges for ambulance services were up 17%.

Business-type activities net position increased \$0.9 million mainly as a result of operating income generated from the water and sewer enterprise operations.

Total net position of the City as a whole increased \$5.6 million for a 5% improvement over the prior year.

City of Fairborn, Ohio
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Table 2 shows the changes in net position for the year ended December 31, 2012 compared to 2011.

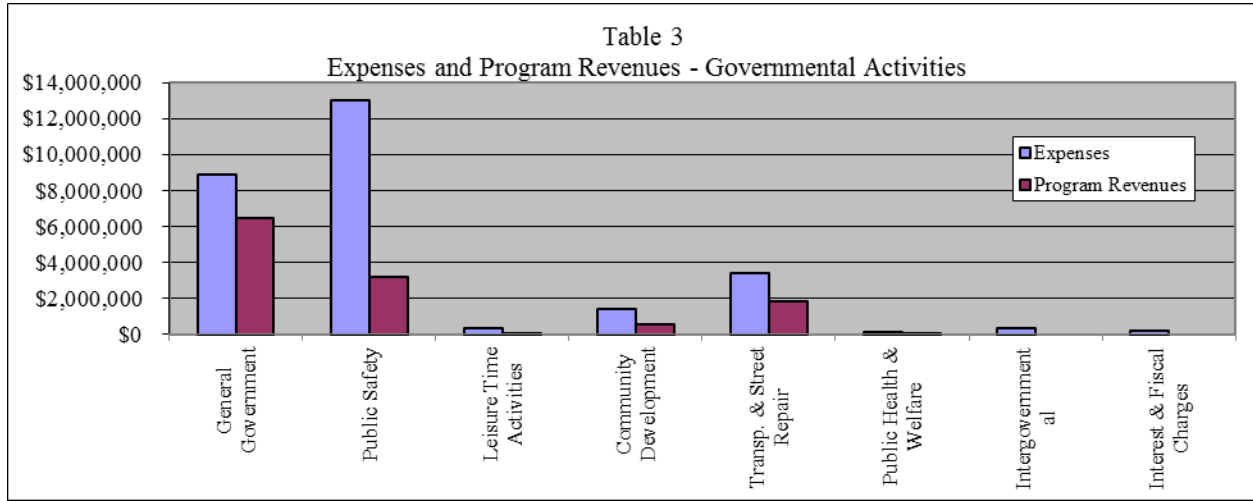
Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$7,643,081	\$6,648,452	\$13,247,863	\$12,396,628	\$20,890,944	\$19,045,080
Operating Grants, Contributions and Interest	3,313,243	3,119,605	0	0	3,313,243	3,119,605
Capital Grants, Contributions and Interest	1,178,734	3,224,212	121,240	90,165	1,299,974	3,314,377
<i>Total Program Revenues</i>	<u>12,135,058</u>	<u>12,992,269</u>	<u>13,369,103</u>	<u>12,486,793</u>	<u>25,504,161</u>	<u>25,479,062</u>
General Revenues:						
Property Taxes	5,201,762	2,676,387	0	0	5,201,762	2,676,387
Other Local Taxes	841,187	810,109	0	0	841,187	810,109
Revenue in Lieu of Taxes	379,278	332,269	0	0	379,278	332,269
Municipal Income Taxes	12,186,669	11,652,182	0	0	12,186,669	11,652,182
Grants and Entitlements not Restricted to Specific Programs	1,076,446	1,890,415	0	0	1,076,446	1,890,415
Investment Earnings	63,005	135,217	23,729	25,838	86,734	161,055
Other	479,167	501,046	17,890	25,429	497,057	526,475
<i>Total General Revenues</i>	<u>20,227,514</u>	<u>17,997,625</u>	<u>41,619</u>	<u>51,267</u>	<u>20,269,133</u>	<u>18,048,892</u>
<i>Total Revenues</i>	<u>32,362,572</u>	<u>30,989,894</u>	<u>13,410,722</u>	<u>12,538,060</u>	<u>45,773,294</u>	<u>43,527,954</u>
Program Expenses:						
General Government	8,905,813	9,358,187	0	0	8,905,813	9,358,187
Public Safety	12,978,270	13,148,808	0	0	12,978,270	13,148,808
Leisure Time Activities	332,663	353,854	0	0	332,663	353,854
Community Development	1,374,945	1,107,951	0	0	1,374,945	1,107,951
Transportation and Street Repair	3,421,331	1,858,735	0	0	3,421,331	1,858,735
Public Health and Welfare	96,413	96,966	0	0	96,413	96,966
Interest and Fiscal Charges	346,865	361,216	0	0	346,865	361,216
Intergovernmental	223,589	216,742	0	0	223,589	216,742
Water	0	0	3,450,401	3,211,043	3,450,401	3,211,043
Sewer	0	0	6,635,220	5,334,436	6,635,220	5,334,436
Sanitation	0	0	2,449,113	2,550,934	2,449,113	2,550,934
<i>Total Expenses</i>	<u>27,679,889</u>	<u>26,502,459</u>	<u>12,534,734</u>	<u>11,096,413</u>	<u>40,214,623</u>	<u>37,598,872</u>
<i>Increase in Net Position</i>	<u>4,682,683</u>	<u>4,487,435</u>	<u>875,988</u>	<u>1,441,647</u>	<u>5,558,671</u>	<u>5,929,082</u>
<i>Net Position at Beginning of Year</i>	<u>80,096,784</u>	<u>75,609,349</u>	<u>21,816,591</u>	<u>20,374,944</u>	<u>101,913,375</u>	<u>95,984,293</u>
<i>Net Position at End of Year</i>	<u>\$84,779,467</u>	<u>\$80,096,784</u>	<u>\$22,692,579</u>	<u>\$21,816,591</u>	<u>\$107,472,046</u>	<u>\$101,913,375</u>

City of Fairborn, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

Governmental Activities

The City's governmental activities expenses exceeded program revenues in 2012 by \$15.5 million. However, with an infusion of \$20.2 million of general revenues, the net result was a \$4.7 million increase in governmental activities net position. Total net position of governmental activities are now \$84.8 million.



Program revenues supporting governmental activities were 37% of total revenues and consist of charges for services; operating grants, contributions and interest; and capital grants, contributions and interest. Table 3 demonstrates graphically the disparity between governmental activities expenses and the program revenues that are generated to support these services. This disparity is made up with general revenues which finance 63% of governmental activities. The largest disparity is in public safety (police, fire, and emergency services) where only 25% of their operations are funded with program revenues.

Program revenues were 7% percent lower in 2012 than the previous year as the City received less in capital grants for community development (CDBG and neighborhood stabilization program), for the environmental remediation of the Calamityville site (Clean Ohio Revitalization Fund), and the previous year's homeland security grant was a one-time occurrence. The City received operating grants for public safety (D.A.R.E. program, victim assistance, jail diversion, and justice administration), community development, as well as operating contributions for transportation and street repair (state shared gasoline and motor vehicle license taxes).

Income taxes, property taxes, and other local taxes make up 92% of general revenues. Income taxes were 5% greater than the previous year and property taxes were 94% greater in 2012 than 2011 as a result of the aforementioned new levies. The City's reliance upon tax revenues is demonstrated in Table 4, which shows that tax revenues account for approximately 56% of total governmental activity revenues.

City of Fairborn, Ohio
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Table 4
Governmental Activity Revenues

<u>Governmental Activity Revenues</u>	<u>2012</u>	<u>% of Total</u>
General Revenues - Taxes	\$ 18,229,618	56%
General Revenues - Grants/Entitlements	1,076,446	3%
General Revenues - Other	921,450	3%
Program Revenues	<u>12,135,058</u>	<u>38%</u>
Total	\$ 32,362,572	100%

A 3D pie chart illustrating the composition of governmental activity revenues for 2012. The largest slice is Taxes at 56%, followed by Program Revenues at 38%. Grants/Entitlements and Other each represent 3% of the total.

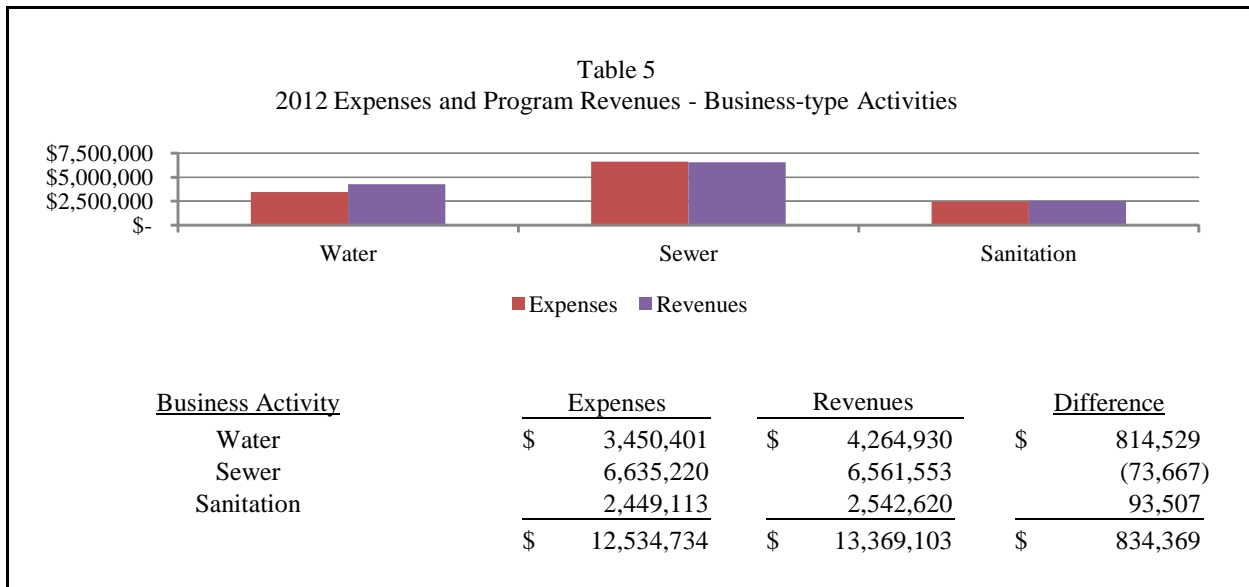
Because of the unique nature of property taxes in Ohio, taxing authorities must routinely seek voter approval for operating funds. In general, property tax revenue generated by a voted operating levy does not increase as property values increase. Instead, gross tax rates voted for by residents are reduced, if necessary, to generate the same amount of revenue annually as requested of the voters at the election. As an example, a homeowner's property with a market value of \$100,000 and a voted tax rate of 1.0 mill would initially pay \$35 annually in taxes (tax rates in Ohio are levied against 35% of market value). Three years later if the home was reappraised and the market value increased to \$200,000 (and the increase in value was comparable to other properties) the gross tax rate would be reduced to an effective tax rate of .5 mills and the owner would still pay \$35.

The City's income tax is 1.5% of all salaries, wages, commissions and other compensation, and on net profits earned from residents living within the City, as well as salaries and wages earned by non-residents that work within the City. However, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current tax rate.

Business-type Activities

Net position of the City's Water and Sewer Funds constitute 97% of the business-type activities net position, with the Sanitation Fund making up the remainder. Business-type activities net position rose 5% to \$22.7 million. Business-type activities receive no support from tax revenues. Both the Water Fund and the Sewer Fund reported increased operating income for 2012, influenced by 5% increases to water and sewer usage rates while consumption was also 5% greater than the previous year. The Sanitation Fund was bolstered by a 3.3% rate increase occurring in July of 2012 and its net position increased 14% to \$752,363 at year-end. Table 5 summarizes 2012 expenses and program revenues for business-type activities.

City of Fairborn, Ohio
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THE CITY'S FUNDS

The financial activity for governmental funds is reported with a focus on the near-term flow of expendable resources which assists in demonstrating fiscal accountability. Thus, fund balances provide us with a snapshot of what resources are available at year-end for near-term spending, and an analysis of changes to fund balances over time assists in evaluating the degree to which a specific program, or a group of activities, is “living within its means.”

The City has three major governmental funds including the General, Fire and EMS, and Police funds, which combine for 41% of all governmental fund balances and 53% of the governmental funds' total assets of \$33.5 million. The year 2012 was the first year for collections of the two new 4.4 mill, 5-year police and fire property tax levies. The levies were approved by the voters in November 2011 while three levies totaling approximately 2 mills were expiring. The \$5.2 million in property taxes generated in 2012 were more than double what was collected in the prior year and pulled the City from the brink of severe budget cuts that would have devastated public safety and general government services.

General Fund: Increased property taxes in the Fire and EMS and the Police funds from the new tax levies caused a reduction in the amount required to be transferred from the General Fund to subsidize their operations. As a result, the effect of the economy and the governor's decision in 2011 to cut certain shared revenues was able to be absorbed by the City in 2012. Local government funds have been significantly reduced and the personal property reimbursements eliminated. The estate tax was also eliminated beginning with tax year 2013, so its effect will be felt in 2013 and into the future. Increases in income taxes and charges for services helped lessen the effect of the State cuts to intergovernmental revenues, loss of property tax levies, and a drop in court fines. The General Fund thus experienced a \$4.6 million increase in its fund balance for 2012.

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Fire and EMS Fund: The new 4.4 mill tax levy helped raise property tax revenues to \$2.2 million and lessen the burden on the General Fund which subsidizes a portion of the Fire and EMS operations. General Fund transfers of \$1.2 million were only 21% of total fund revenues and other financing sources in 2012, down from 61% in 2011. The transfers are made monthly in amounts as needed with the intent that this fund maintains a minimum cash balance. Accrued revenues exceeded accrued expenditures at year-end increasing the December 31, 2012 fund balance to negative \$57,424.

Police Fund: Police operations also benefited from a new 4.4 mill tax levy with \$2.2 million in property taxes collected in 2012. The General Fund also subsidizes a large portion of police operations with monthly transfers in amounts as needed with the intent that this fund maintains a minimum cash balance. Transfers totaling \$3.2 million were 55% of total fund revenues and other financing sources in 2012, down from 93% in 2011. Accrued expenditures exceeded accrued revenues at year-end reducing the December 31, 2012 fund balance to negative \$289,166.

General Fund Budgetary Highlights

The City's budget is required by Ohio law and is prepared on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The final revenue budget was 2% greater than the original budget as income taxes and charges for services exceeded original estimates and budgeted revenues were increased. The original 2012 General Fund expenditure budget was developed and adopted prior to the election in November of 2011, when the two property tax levies for police and fire operations were on the ballot. Since the passage of one or both of the levies could not be predicted, the worst-case scenario of neither levy passing was taken during the budget process. Therefore, the original expenditure budget contained an estimate of the transfers to the Police Fund and the Fire and EMS Fund that would be necessary without the increased property taxes in those funds. After both tax levies passed, the original General Fund expenditure budget was amended and transfers-out were reduced. Actual expenditures and uses for 2012 of \$11.9 million were only 72% of the prior year's expenditures.

Of the \$11.9 million in expenditures, 48% were expended for general government services which consist of community planning, building inspection, property maintenance code enforcement, parks and recreation, engineering, facility and grounds maintenance, vehicle and equipment maintenance, city administration, finance, human resources, and municipal court operations.

Transfers-out of \$5.2 million (43%) were used to subsidize various city services including police, fire, cemetery, victim assistance, street lights, and to provide funding for general capital outlay, maintenance, or debt associated with City building and land capital improvements including the City's portion of curb and sidewalk program and handicap ramps; a portion of the downtown streetscape; resurfacing downtown parking lots; a portion of the MARCS radio system and communications tower; rekeying and repairing locks at the government center; storm sewer and catch basin repair; and debt associated with previous Court renovation and dispatch center improvements. Transfers to the Fire and EMS Fund (\$1.2 million) and the Police Fund (\$3.2 million) make up by far the vast majority of these transfers.

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The General Fund's revenue budget was increased slightly during 2012 and the final budgeted revenues were 2% greater than what was originally budgeted. Actual revenues of \$16 million were essentially equal to the final budgeted amount as well as the prior year revenues.

In summary, Fairborn took a step forward in 2012 after several years of backtracking as the City benefitted from the first year of tax collections from the two property tax levies approved by voters in November 2011, the first time in 29 years voters approved a property tax increase for City operations. The passage of the tax levies ensure that sufficient funding is provided, at least for the next five years, to maintain current City services and staffing levels and staved off a significant round of budget cuts that would have drastically affected the level of services provided to City residents and businesses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets represent all assets over the capitalization threshold used in operations that have an initial useful life of greater than one year. Table 6 summarizes the capital assets of governmental and business-type activities, net of accumulated depreciation.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 14,341,118	\$ 14,171,620	\$ 165,741	\$ 165,741	\$ 14,506,859	\$ 14,337,361
Construction in Progress	529,696	130,508	1,945,273	1,266,273	2,474,969	1,396,781
Buildings	13,187,124	13,599,724	17,215,638	16,978,315	30,402,762	30,578,039
Improvements Other						
Than Buildings	850,735	795,703	369,017	558,351	1,219,752	1,354,054
Machinery and Equipment	1,203,173	1,513,415	330,051	452,339	1,533,224	1,965,754
Vehicles	2,022,156	2,171,664	559,722	552,687	2,581,878	2,724,351
Infrastructure	33,862,029	34,745,942	5,868,010	6,217,323	39,730,039	40,963,265
Total	\$ 65,996,031	\$ 67,128,576	\$ 26,453,452	\$ 26,191,029	\$ 92,449,483	\$ 93,319,605

Capital assets used in governmental activities were 2% lower than the previous year. Major additions to capital assets included \$0.9 million in infrastructure from the street resurfacing program that is funded with the .25% income tax. The downtown streetscape project was also completed in 2012 and contributed to infrastructure additions. Deletions and depreciation were slightly greater than additions to capital assets.

City of Fairborn, Ohio
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Business-type activities construction in progress increased significantly as the Rona Village booster station and Kaufman lift station projects progressed in 2012. The water treatment plant improvement was completed and added to buildings. The net effect of all additions, deletions, and depreciation was a \$0.3 million increase to capital assets used in business-type activities.

See Note 9 in the notes to the basic financial statements for further details on the City's capital assets.

Debt Administration

Table 7 summarizes the 2012 and 2011 long-term debt activity of governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Long-term Notes	\$1,621,979	\$120,000	\$6,274,000	\$5,577,000	\$7,895,979	\$5,697,000
General Obligation Bonds	350,350	390,466	9,519,777	9,657,268	9,870,127	10,047,734
Revenue Bonds	2,496,291	3,669,437	-	-	2,496,291	3,669,437
Special Assessment Bonds	1,190,000	1,394,000	110,000	115,000	1,300,000	1,509,000
Landfill Closure and Postclosure	-	-	202,578	568,607	202,578	568,607
Loans	-	-	194,040	216,930	194,040	216,930
Capital Leases	262,874	395,237	172,031	224,744	434,905	619,981
Compensated Absences Payable	1,203,250	1,145,065	174,949	182,662	1,378,199	1,327,727
Totals	<u>\$7,124,744</u>	<u>\$7,114,205</u>	<u>\$16,647,375</u>	<u>\$16,542,211</u>	<u>\$23,772,119</u>	<u>\$23,656,416</u>

Long-term debt for governmental activities at year-end 2012 was essentially the same as the previous year as the scheduled debt service payments on previously issued debt were matched by the issuance of a \$1.5 million tax increment financing bond anticipation note for the Valle Greene infrastructure improvements, a bond anticipation note for the dispatch center, and the issuance of \$120,000 in curb and sidewalk special assessment bonds.

The issuance of \$2 million in bond anticipation notes for sewer improvements in 2012 and the renewal of \$4.3 million in water improvement bond anticipation notes contributed to the 1% increase in business-type activity long-term debt.

See Note 14 in the notes to the basic financial statements for further details on the City's long-term obligations.

City of Fairborn, Ohio
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For the Year Ended December 31, 2012
(Unaudited)

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions about this report or requests for additional financial information can be directed to Randy Groves, Finance Director, at the Fairborn Government Center (44 West Hebble Avenue, Fairborn, Ohio 45324; 937-754-3005) or through the City's website at www.ci.fairborn.oh.us/dept/finance.

City of Fairborn, Ohio
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$16,815,136	\$13,523,874	30,339,010
Accounts Receivable	377,581	1,119,038	1,496,619
Accrued Interest Receivable	3,992	0	3,992
Internal Balances	(241,336)	241,336	0
Assets Held for Resale	3,211,671	0	3,211,671
Materials and Supplies Inventory	249,824	226,841	476,665
Intergovernmental Receivable	1,627,905	0	1,627,905
Revenue in Lieu of Taxes Receivable	377,768	0	377,768
Municipal Income Taxes Receivable	4,497,274	0	4,497,274
Property Taxes Receivable	5,320,906	0	5,320,906
Other Local Taxes Receivable	127,255	0	127,255
Special Assessments Receivable	1,164,399	110,000	1,274,399
Nondepreciable Capital Assets	14,870,814	2,111,014	16,981,828
Depreciable Capital Assets, net	51,125,217	24,342,438	75,467,655
<i>Total Assets</i>	<u>99,528,406</u>	<u>41,674,541</u>	<u>141,202,947</u>
Liabilities:			
Accounts Payable	428,100	156,536	584,636
Contracts Payable	128,108	1,144,574	1,272,682
Matured Compensated Absences Payable	11,045	33,028	44,073
Accrued Wages Payable	501,237	111,415	612,652
Retainage Payable	183,052	233,129	416,181
Intergovernmental Payable	847,999	82,145	930,144
Refundable Deposits	0	220,734	220,734
Notes Payable	256,314	262,000	518,314
Accrued Interest Payable	26,894	91,026	117,920
Long-Term Liabilities:			
Due Within One Year	2,448,627	511,779	2,960,406
Due in More Than One Year	4,676,117	16,135,596	20,811,713
<i>Total Liabilities</i>	<u>9,507,493</u>	<u>18,981,962</u>	<u>28,489,455</u>
Deferred Inflows of Resources			
Property Tax	4,863,678	0	4,863,678
Payments in Lieu of Taxes	377,768	0	377,768
<i>Total Deferred Inflows of Resources</i>	<u>5,241,446</u>	<u>0</u>	<u>5,241,446</u>
Net Position:			
Net Investment in Capital Assets	59,885,657	12,182,697	72,068,354
Restricted for Debt Service	1,445,564	0	1,445,564
Restricted for Capital Outlay	1,882,311	0	1,882,311
Restricted for Public Safety	1,085,548	0	1,085,548
Restricted for Transportation and Street Repair	5,255,867	0	5,255,867
Restricted for Community Development	542,593	0	542,593
Restricted for General Government	3,060,319	0	3,060,319
Unrestricted	11,621,608	10,509,882	22,131,490
<i>Total Net Position</i>	<u>\$84,779,467</u>	<u>\$22,692,579</u>	<u>\$107,472,046</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	
Governmental Activities:				
General Government	\$8,905,813	\$5,321,951	\$605	\$1,150,579
Public Safety	12,978,270	2,242,606	945,424	27,154
Leisure Time Activities	332,663	20,668	0	1,001
Community Development	1,374,945	0	550,380	0
Transportation and Street Repair	3,421,331	16,031	1,816,834	0
Public Health and Welfare	96,413	41,825	0	0
Interest and Fiscal Charges	346,865	0	0	0
Intergovernmental	223,589	0	0	0
<i>Total Governmental Activities</i>	<u>27,679,889</u>	<u>7,643,081</u>	<u>3,313,243</u>	<u>1,178,734</u>
Business-Type Activities:				
Water	3,450,401	4,199,695	0	65,235
Sewer	6,635,220	6,505,548	0	56,005
Sanitation	2,449,113	2,542,620	0	0
<i>Total Business-Type Activities</i>	<u>12,534,734</u>	<u>13,247,863</u>	<u>0</u>	<u>121,240</u>
<i>Totals</i>	<u>\$40,214,623</u>	<u>\$20,890,944</u>	<u>\$3,313,243</u>	<u>\$1,299,974</u>

General Revenues:
Property Taxes Levied For:
 General Purposes
 Fire and EMS
 Police
 Other Local Taxes
Payments in Lieu of Taxes
Municipal Income Taxes Levied For:
 General Purposes
 Street Programs
 Capital Outlay
Grants and Entitlements not
 Restricted to Specific Programs
Investment Earnings
Other

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$2,432,678)	\$0	(\$2,432,678)
(9,763,086)	0	(9,763,086)
(310,994)	0	(310,994)
(824,565)	0	(824,565)
(1,588,466)	0	(1,588,466)
(54,588)	0	(54,588)
(346,865)	0	(346,865)
(223,589)	0	(223,589)
<u>(15,544,831)</u>	<u>0</u>	<u>(15,544,831)</u>
0	814,529	814,529
0	(73,667)	(73,667)
0	93,507	93,507
<u>0</u>	<u>834,369</u>	<u>834,369</u>
<u>(15,544,831)</u>	<u>834,369</u>	<u>(14,710,462)</u>
822,926	0	822,926
2,189,418	0	2,189,418
2,189,418	0	2,189,418
841,187	0	841,187
379,278	0	379,278
8,125,170	0	8,125,170
2,030,750	0	2,030,750
2,030,749	0	2,030,749
1,076,446	0	1,076,446
63,005	23,729	86,734
479,167	17,890	497,057
<u>20,227,514</u>	<u>41,619</u>	<u>20,269,133</u>
4,682,683	875,988	5,558,671
<u>80,096,784</u>	<u>21,816,591</u>	<u>101,913,375</u>
<u>\$84,779,467</u>	<u>\$22,692,579</u>	<u>\$107,472,046</u>

City of Fairborn, Ohio
Balance Sheet
Governmental Funds
December 31, 2012

	General	Fire and EMS	Police
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$7,465,445	\$322,863	\$158,884
Receivables:			
Property Taxes	851,876	2,234,515	2,234,515
Other Local Taxes	96,466	0	0
Municipal Income Taxes	3,000,944	0	0
Revenue in Lieu of Taxes	0	0	0
Interfund	253,750	0	0
Accounts	0	241,301	0
Special Assessments	0	0	0
Accrued Interest	3,992	0	0
Intergovernmental	631,661	161,242	155,518
Assets Held for Resale	0	0	0
Materials and Supplies Inventory	9,307	0	14,000
<i>Total Assets</i>	<u>\$12,313,441</u>	<u>\$2,959,921</u>	<u>\$2,562,917</u>
Liabilities:			
Accounts Payable	\$251,614	\$26,090	\$6,606
Contracts Payable	0	0	0
Retainage Payable	0	0	0
Interfund Payable	2,438	9,740	15,531
Accrued Wages Payable	134,042	144,910	150,711
Matured Compensated Absences Payable	11,045	0	0
Intergovernmental Payable	130,880	367,370	295,842
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u>530,019</u>	<u>548,110</u>	<u>468,690</u>
Deferred Inflows of Resources			
Property Taxes	776,804	2,043,437	2,043,437
Payments in Lieu of Taxes	0	0	0
Unavailable Revenue	2,794,668	425,798	339,956
<i>Total Deferred Inflows of Resources</i>	<u>3,571,472</u>	<u>2,469,235</u>	<u>2,383,393</u>
Fund Balances:			
Nonspendable	54,586	0	14,000
Restricted	0	0	0
Committed	0	0	0
Assigned	262,679	0	0
Unassigned (Deficit)	7,894,685	(57,424)	(303,166)
<i>Total Fund Balances (Deficit)</i>	<u>8,211,950</u>	<u>(57,424)</u>	<u>(289,166)</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$12,313,441</u>	<u>\$2,959,921</u>	<u>\$2,562,917</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$8,425,263	\$16,372,455
0	5,320,906
30,789	127,255
1,496,330	4,497,274
377,768	377,768
0	253,750
136,280	377,581
1,164,399	1,164,399
0	3,992
679,484	1,627,905
3,211,671	3,211,671
104,301	127,608
<u>\$15,626,285</u>	<u>\$33,462,564</u>
\$91,311	\$375,621
128,108	128,108
183,052	183,052
262,941	290,650
48,531	478,194
0	11,045
34,526	828,618
2,190	2,190
256,314	256,314
<u>1,006,973</u>	<u>2,553,792</u>
0	4,863,678
377,768	377,768
2,878,026	6,438,448
<u>3,255,794</u>	<u>11,679,894</u>
3,315,972	3,384,558
7,360,699	7,360,699
561,203	561,203
495,287	757,966
(369,643)	7,164,452
<u>11,363,518</u>	<u>19,228,878</u>
<u>\$15,626,285</u>	<u>\$33,462,564</u>

City of Fairborn, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2012*

Total Governmental Fund Balances	\$19,228,878
<i>Amounts reported for governmental activities in the Statement of Net Position is different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Capital Assets:	
Land	14,341,118
Construction in Progress	529,696
Buildings	19,448,396
Improvements Other Than Buildings	2,277,765
Machinery and Equipment	4,415,209
Vehicles	5,321,467
Infrastructure	71,864,484
Accumulated Depreciation	<u>(52,202,104)</u>
Total	65,996,031
Internal service funds are used by management to charge the costs of equipment repairs and maintenance, information technology services and payments of employee assistance programs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	
Net Position	618,407
Capital Assets	(225,207)
Capital Lease Payable	35,772
Compensated Absences Payable	<u>84,258</u>
	513,230
Adjustment to reflect the consolidation of internal service fund activities related to enterprise activity.	
	(247,672)
Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred inflows of resources in the funds:	
Property Taxes	457,233
Municipal Income Taxes	3,522,073
Intergovernmental	1,058,872
Special Assessments	1,164,399
Charges for Services	233,374
Interest	<u>2,497</u>
Total	6,438,448
In the Statement of Activities, interest is accrued on long-term debt, whereas in governmental funds, an interest expenditure is reported when due.	
	(24,704)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Premium on Debt Issued	(67,434)
Notes Payable	(1,611,186)
General Obligation Bonds	(350,000)
Income Tax Revenue Bonds	(2,440,000)
Special Assessment Bonds	(1,190,000)
Capital Leases Payable	(262,874)
Compensated Absences Payable	<u>(1,203,250)</u>
Total	<u>(7,124,744)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$84,779,467</u></u>

See accompanying notes to the basic financial statement:



City of Fairborn, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Fire and EMS	Police
Revenues:			
Property Taxes	\$830,404	\$2,202,554	\$2,202,554
Other Local Taxes	741,227	0	0
Municipal Income Taxes	7,998,004	0	0
Revenue in Lieu of Taxes	0	0	0
Fines, Licenses, and Permits	1,107,146	1,850	1,780
Charges for Services	3,505,386	2,046,214	15,885
Investment Earnings	518	0	0
Intergovernmental	1,605,415	318,616	380,145
Special Assessments	0	0	0
Contributions and Donations	0	0	0
Other	354,511	4,751	9,790
<i>Total Revenues</i>	<u>16,142,611</u>	<u>4,573,985</u>	<u>2,610,154</u>
Expenditures:			
Current:			
General Government	5,534,114	0	0
Public Safety	316,424	5,639,358	5,871,579
Leisure Time Activities	165,552	0	0
Community Development	663,949	0	0
Transportation and Street Repair	0	0	0
Public Health and Welfare	0	0	0
Capital Outlay	27,720	0	0
Intergovernmental	0	0	0
Debt Service:			
Principal Retirement	11,050	5,443	0
Interest and Fiscal Charges	2,718	1,339	0
<i>Total Expenditures</i>	<u>6,721,527</u>	<u>5,646,140</u>	<u>5,871,579</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>9,421,084</u>	<u>(1,072,155)</u>	<u>(3,261,425)</u>
Other Financing Sources (Uses):			
Special Assessment Bonds Issued	0	0	0
Notes Issued	0	0	0
Proceeds from Sale of Capital Assets	0	0	1,920
Transfers-In	7,840	1,211,716	3,196,232
Premium on Debt Issued	0	0	0
Transfers-Out	(4,862,188)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,854,348)</u>	<u>1,211,716</u>	<u>3,198,152</u>
<i>Net Change in Fund Balances</i>	4,566,736	139,561	(63,273)
<i>Fund Balances (Deficit) at Beginning of Year - Restated (See Note 3)</i>	<u>3,645,214</u>	<u>(196,985)</u>	<u>(225,893)</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u><u>\$8,211,950</u></u>	<u><u>(\$57,424)</u></u>	<u><u>(\$289,166)</u></u>

Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$5,235,512
99,960	841,187
3,996,951	11,994,955
379,278	379,278
528,710	1,639,486
211,327	5,778,812
100,909	101,427
4,231,207	6,535,383
363,052	363,052
9,276	9,276
129,542	498,594
<u>10,050,212</u>	<u>33,376,962</u>
876,340	6,410,454
455,152	12,282,513
3,637	169,189
686,026	1,349,975
3,309,867	3,309,867
94,743	94,743
1,986,891	2,014,611
223,589	223,589
1,739,077	1,755,570
359,931	363,988
<u>9,735,253</u>	<u>27,974,499</u>
<u>314,959</u>	<u>5,402,463</u>
120,000	120,000
1,611,186	1,611,186
2,564	4,484
454,240	4,870,028
16,193	16,193
(7,840)	(4,870,028)
<u>2,196,343</u>	<u>1,751,863</u>
2,511,302	7,154,326
<u>8,852,216</u>	<u>12,074,552</u>
<u>\$11,363,518</u>	<u>\$19,228,878</u>



City of Fairborn, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012*

Net Change in Fund Balances - Total Governmental Funds \$7,154,326

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	2,021,010	
Capital assets donated by developers	351,448	
Capital assets transferred from business-type activities	21,943	
Depreciation	<u>(3,410,593)</u>	
Excess of Capital Outlay and Capital Contributions over Depreciation Expense		(1,016,192)

Capital assets donated by developers:

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.

Proceeds from Sale of Fixed Assets	(4,484)	
Loss on Disposal of Capital Assets	<u>(111,869)</u>	(116,353)

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

Notes Payable	120,000	
General Obligation Bonds	40,000	
Income Tax Revenue Bonds	1,145,000	
Special Assessment Bonds	324,000	
Capital Leases Payable	<u>132,363</u>	1,761,363

The Internal Service Funds used by management to charge the costs of equipment repairs and to individual funds, is reported in the Statement of Activities. The change in net position of the internal service funds is reported with governmental activities, net of the adjustment to reflect the consolidation of internal service fund activities related to business-type activities.

Change in Net Position	4,583	
Capital Assets	31,647	
Compensated Absences	28,155	
Capital Lease Payable	(5,793)	
Adjustment to business type activities	<u>(4,971)</u>	53,621

Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the funds. Deferred inflows of resources related to the following items changed by the amounts shown below:

Property Taxes	(33,750)	
Municipal Income Taxes	191,714	
Investment Earnings	(7,485)	
Charges for Services	65,731	
Intergovernmental	(1,359,850)	
Special Assessments	(204,000)	
Other	<u>(19,427)</u>	(1,367,066)

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is reported as a liability.

Special Assessment Bonds	(120,000)	
Premium on Debt	(14,377)	
Refunding Notes	<u>(1,611,186)</u>	(\$1,745,563)

(continued)

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012
(Continued)*

In the Statement of Activities, interest accrued on outstanding issuance costs are recognized as an expenditure in the funds when it is due and bond premiums are amortized over the terms of the bonds, whereas in the governmental funds the revenue/expenditure is reported when the bonds are issued. Interest expense is recognized as the interest accrues, regardless of when it is due.

Premium on Bonds		
Accrued Interest	(\$15,114)	
Amortization of Premium on General Obligation Bond	<u>31,846</u>	16,732

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Increase in Compensated Absences		<u>(58,185)</u>
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<i>Change in Net Position of Governmental Activities</i>		<u><u>\$4,682,683</u></u>
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See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$796,250	\$770,875	\$830,404	\$59,529
Other Local Taxes	630,000	716,500	738,960	22,460
Municipal Income Taxes	7,862,466	7,896,166	7,897,198	1,032
Fines, Licenses and Permits	1,511,125	1,110,900	1,090,529	(20,371)
Charges for Services	3,177,381	3,500,492	3,505,386	4,894
Investment Earnings	75,000	22,000	25,215	3,215
Intergovernmental	1,402,035	1,573,769	1,596,199	22,430
Other	93,000	249,711	294,632	44,921
<i>Total Revenues</i>	<u>15,547,257</u>	<u>15,840,413</u>	<u>15,978,523</u>	<u>138,110</u>
Expenditures:				
Current:				
General Government	6,071,528	6,062,528	5,737,795	324,733
Leisure Time Activities	227,611	223,625	175,197	48,428
Community Development	679,475	762,409	695,500	66,909
Capital Outlay	14,202	16,473	16,473	0
<i>Total Expenditures</i>	<u>6,992,816</u>	<u>7,065,035</u>	<u>6,624,965</u>	<u>440,070</u>
<i>Excess of Revenues Over Expenditures</i>	<u>8,554,441</u>	<u>8,775,378</u>	<u>9,353,558</u>	<u>578,180</u>
Other Financing Uses:				
Special Assessment Bonds Issued	0	0	7,840	7,840
Advances-In	0	104,638	104,638	0
Advances-Out	0	(145,750)	(145,749)	1
Transfers-Out	(9,435,401)	(5,162,188)	(5,162,188)	0
<i>Total Other Financing Uses</i>	<u>(9,435,401)</u>	<u>(5,203,300)</u>	<u>(5,195,459)</u>	<u>7,841</u>
<i>Net Change in Fund Balance</i>	(880,960)	3,572,078	4,158,099	586,021
<i>Fund Balance at Beginning of Year</i>	2,597,439	2,597,439	2,597,439	0
<i>Prior Year Encumbrances Appropriated</i>	<u>182,239</u>	<u>182,239</u>	<u>182,239</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,898,718</u>	<u>\$6,351,756</u>	<u>\$6,937,777</u>	<u>\$586,021</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire and EMS Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$342,125	\$2,202,075	\$2,202,554	\$479
Fines, Licenses and Permits	1,200	1,200	1,850	650
Charges for Services	1,910,425	1,984,348	2,058,454	74,106
Intergovernmental	68,149	299,199	295,000	(4,199)
Other	0	0	4,751	4,751
<i>Total Revenues</i>	2,321,899	4,486,822	4,562,609	75,787
Expenditures:				
Current:				
Public Safety	5,712,783	5,808,911	5,749,814	59,097
Capital Outlay	0	1,500	0	1,500
<i>Total Expenditures</i>	5,712,783	5,810,411	5,749,814	60,597
<i>Excess of Revenues Under Expenditures</i>	(3,390,884)	(1,323,589)	(1,187,205)	136,384
Other Financing Sources:				
Transfers-In	3,289,268	1,211,716	1,211,716	0
<i>Net Change in Fund Balance</i>	(101,616)	(111,873)	24,511	136,384
<i>Fund Balance at Beginning of Year</i>	96,068	96,068	96,068	0
<i>Prior Year Encumbrances Appropriated</i>	77,617	77,617	77,617	0
<i>Fund Balance at End of Year</i>	\$72,069	\$61,812	\$198,196	\$136,384

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$133,875	\$2,202,554	\$2,202,554	\$0
Fines, Licenses and Permits	3,400	2,200	2,059	(141)
Charges for Services	0	12,000	15,885	3,885
Intergovernmental	134,737	382,342	381,193	(1,149)
Other	4,600	9,800	9,790	(10)
<i>Total Revenues</i>	<u>276,612</u>	<u>2,608,896</u>	<u>2,611,481</u>	<u>2,585</u>
Expenditures:				
Current:				
Public Safety	<u>5,659,580</u>	<u>5,979,747</u>	<u>5,918,498</u>	<u>61,249</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(5,382,968)</u>	<u>(3,370,851)</u>	<u>(3,307,017)</u>	<u>63,834</u>
Other Financing Sources:				
Proceeds from Sale of Capital Assets	0	0	1,920	1,920
Transfers-In	<u>5,335,597</u>	<u>3,196,232</u>	<u>3,196,232</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>5,335,597</u>	<u>3,196,232</u>	<u>3,198,152</u>	<u>1,920</u>
<i>Net Change in Fund Balance</i>	(47,371)	(174,619)	(108,865)	65,754
<i>Fund Balance at Beginning of Year</i>	179,473	179,473	179,473	0
<i>Prior Year Encumbrances Appropriated</i>	<u>38,372</u>	<u>38,372</u>	<u>38,372</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$170,474</u>	<u>\$43,226</u>	<u>\$108,980</u>	<u>\$65,754</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

	Enterprise Funds				Internal Service Funds
	Water	Sewer	Sanitation	Total	
Assets:					
Current Assets					
Equity in Pooled Cash and Cash Equivalents	\$5,563,549	\$7,086,277	\$653,314	\$13,303,140	\$442,681
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	73,578	73,578	73,578	220,734	0
Accounts Receivable	250,929	602,956	265,153	1,119,038	0
Interfund Receivable	0	0	0	0	43,546
Materials and Supplies Inventory	159,140	67,701	0	226,841	122,216
Special Assessments Receivable	0	110,000	0	110,000	0
<i>Total Current Assets</i>	<u>6,047,196</u>	<u>7,940,512</u>	<u>992,045</u>	<u>14,979,753</u>	<u>608,443</u>
Non-current Assets					
Nondepreciable Capital Assets	655,043	1,455,971	0	2,111,014	0
Depreciable Capital Assets, Net	7,083,457	17,160,789	98,192	24,342,438	225,207
<i>Total Non-current Assets</i>	<u>7,738,500</u>	<u>18,616,760</u>	<u>98,192</u>	<u>26,453,452</u>	<u>225,207</u>
<i>Total Assets</i>	<u>13,785,696</u>	<u>26,557,272</u>	<u>1,090,237</u>	<u>41,433,205</u>	<u>833,650</u>
Liabilities:					
Current Liabilities					
Accounts Payable	52,879	44,147	59,510	156,536	52,479
Contracts Payable	150,544	994,030	0	1,144,574	0
Retainage Payable	2,280	230,849	0	233,129	0
Matured Compensated Absences Payable	17,856	15,172	0	33,028	0
Accrued Wages Payable	47,288	60,191	3,936	111,415	23,043
Compensated Absences Payable	37,980	67,125	3,752	108,857	60,490
Intergovernmental Payable	33,092	46,451	2,602	82,145	19,381
Refundable Deposits	73,578	73,578	73,578	220,734	0
Interfund Payable	4,013	2,323	0	6,336	310
Notes Payable	262,000	0	0	262,000	0
Accrued Interest Payable	45,565	45,461	0	91,026	0
General Obligation Bonds Payable	54,600	90,400	0	145,000	0
Landfill Postclosure Costs Payable	0	0	32,340	32,340	0
Capital Lease Payable	544	54,174	0	54,718	6,000
Special Assessment Bonds Payable	0	10,000	0	10,000	0
OPWC Loans Payable	16,686	0	0	16,686	0
OWDA Loans Payable	0	144,178	0	144,178	0
<i>Total Current Liabilities</i>	<u>\$798,905</u>	<u>\$1,878,079</u>	<u>\$175,718</u>	<u>\$2,852,702</u>	<u>\$161,703</u>

(continued)

City of Fairborn, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2012
(Continued)

	Enterprise Funds				Internal Service Funds
	Water	Sewer	Sanitation	Total	
Long-Term Liabilities					
Notes Payable	4,274,000	2,000,000	0	6,274,000	0
General Obligation Bonds Payable	778,050	8,596,727	0	9,374,777	0
Special Assessment Bonds Payable	0	100,000	0	100,000	0
OPWC Loans Payable	41,714	0	0	41,714	0
Landfill Postclosure Costs Payable	0	0	161,700	161,700	0
Capital Lease Payable	2,701	114,612	0	117,313	29,772
Compensated Absences Payable	28,043	37,593	456	66,092	23,768
<i>Total Long-Term Liabilities</i>	<u>5,124,508</u>	<u>10,848,932</u>	<u>162,156</u>	<u>16,135,596</u>	<u>53,540</u>
<i>Total Liabilities</i>	<u>5,923,413</u>	<u>12,727,011</u>	<u>337,874</u>	<u>18,988,298</u>	<u>215,243</u>
Net Position:					
Net Investment in Capital Assets	3,253,636	8,830,869	98,192	12,182,697	189,436
Unrestricted	4,608,647	4,999,392	654,171	10,262,210	428,971
<i>Total Net Position</i>	<u>\$7,862,283</u>	<u>\$13,830,261</u>	<u>\$752,363</u>	22,444,907	<u>\$618,407</u>
Net Position reported for business-type activities in the statement of net position is different because it includes a proportionate share of the balance of the internal service fund.				<u>247,672</u>	
Net Position of Business-Type Activities				<u>\$22,692,579</u>	

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Enterprise Funds				Internal Service Funds
	Water	Sewer	Sanitation	Total	
Operating Revenues:					
Charges for Services	\$4,199,695	\$6,505,548	\$2,542,620	\$13,247,863	\$1,860,454
Other	14,747	3,143	0	17,890	4,449
<i>Total Operating Revenues</i>	<u>4,214,442</u>	<u>6,508,691</u>	<u>2,542,620</u>	<u>13,265,753</u>	<u>1,864,903</u>
Operating Expenses:					
Personal Services	1,110,021	1,396,832	115,632	2,622,485	685,611
Contractual Services	1,401,397	3,464,843	2,267,320	7,133,560	161,511
Materials and Supplies	232,314	241,592	27,428	501,334	974,956
Depreciation	606,548	989,242	39,739	1,635,529	38,046
<i>Total Operating Expenses</i>	<u>3,350,280</u>	<u>6,092,509</u>	<u>2,450,119</u>	<u>11,892,908</u>	<u>1,860,124</u>
<i>Operating Income</i>	<u>864,162</u>	<u>416,182</u>	<u>92,501</u>	<u>1,372,845</u>	<u>4,779</u>
Non-Operating Revenues (Expenses):					
Investment Earnings	12,899	10,830	0	23,729	1,229
Interest and Fiscal Charges	(90,263)	(544,775)	0	(635,038)	(1,425)
Loss on Disposal of Capital Assets	(11,759)	0	0	(11,759)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(89,123)</u>	<u>(533,945)</u>	<u>0</u>	<u>(623,068)</u>	<u>(196)</u>
<i>Income (Loss) Before Capital Contributions and Special Assessments</i>	775,039	(117,763)	92,501	749,777	4,583
Capital Contributions	65,235	50,930	0	116,165	0
Special Assesments	0	5,075	0	5,075	0
<i>Change in Net Position</i>	840,274	(61,758)	92,501	871,017	4,583
<i>Net Position at Beginning of Year</i>	<u>7,022,009</u>	<u>13,892,019</u>	<u>659,862</u>		<u>613,824</u>
<i>Net Position at End of Year</i>	<u>\$7,862,283</u>	<u>\$13,830,261</u>	<u>\$752,363</u>		<u>\$618,407</u>
<i>Adjustments to reflect the consolidation of Internal Service Funds' activity related to Enterprise Funds</i>				<u>4,971</u>	
<i>Change in net position of business-type activites</i>				<u>\$875,988</u>	

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Enterprise Funds				Internal Service Funds
	Water	Sewer	Sanitation	Total	
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities:					
Cash Received From Customers	\$4,246,664	\$6,471,654	\$2,579,584	\$13,297,902	\$0
Cash Received From Interfund Services Provided	0	0	0	0	1,853,156
Cash Received From Other Operating Revenues	14,747	3,143	0	17,890	4,449
Cash Payments for Employee Services and Benefits	(1,054,722)	(1,362,936)	(115,384)	(2,533,042)	(656,431)
Cash Payments to Suppliers	(1,474,108)	(2,594,137)	(2,436,335)	(6,504,580)	(1,142,367)
<i>Net Cash Provided by Operating Activities</i>	<u>1,732,581</u>	<u>2,517,724</u>	<u>27,865</u>	<u>4,278,170</u>	<u>58,807</u>
Cash Flows From for Capital and Related Financing Activities:					
Cash Received from Special Assessments	0	0	0	0	0
Proceeds from Sale of Capital Assets	7,539	438	0	0	0
Acquisition of Capital Assets	(608,514)	(1,309,174)	0	(1,917,688)	(6,399)
Bond Proceeds	0	0	0	0	0
Bond Discount	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	0
Note Proceeds	4,536,000	2,000,000	0	6,536,000	0
Note Premiums	26,852	14,400	0	41,252	0
Notes Principal Payments	(5,577,000)	0	0	(5,577,000)	0
Notes Interest Payments	(83,313)	0	0	(83,313)	0
General Obligation Bond Principal Payments	(52,650)	(82,350)	0	(135,000)	0
General Obligation Bond Interest Payments	(50,549)	(369,853)	0	(420,402)	0
Special Assessment Bond Principal Payments	0	(5,000)	0	(5,000)	0
Special Assessment Bond Interest Payments	0	(5,075)	0	(5,075)	0
Loans Payable Principal Payments	(16,686)	(349,343)	0	(366,029)	0
Loans Payable Interest Payments	0	(17,784)	0	(17,784)	0
Capital Lease Principal Payments	(525)	(52,188)	0	(52,713)	(5,792)
Capital Lease Interest Payments	(129)	(8,409)	0	(8,538)	(1,425)
Capital Contributions by Customers	65,235	50,930	0	116,165	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,753,740)</u>	<u>(133,408)</u>	<u>0</u>	<u>(1,895,125)</u>	<u>(13,616)</u>
Cash Flows from Investing Activities:					
Interest	12,899	10,830	0	23,729	1,229
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(8,260)	2,395,146	27,865	2,414,751	46,420
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>5,645,387</u>	<u>4,764,709</u>	<u>699,027</u>	<u>11,109,123</u>	<u>396,261</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$5,637,127</u>	<u>\$7,159,855</u>	<u>\$726,892</u>	<u>\$13,523,874</u>	<u>\$442,681</u>

(continued)

City of Fairborn, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012
(Continued)

	Enterprise Funds				Internal Service Fund
	Water	Sewer	Sanitation	Total	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	\$864,162	\$416,182	\$92,501	\$1,372,845	\$4,779
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	606,548	989,242	39,739	1,635,529	38,046
Landfill Closure and Postclosure Costs	0	0	(22,890)	(22,890)	0
Changes in Assets and Liabilities:					
Decrease in Accounts Receivable	17,301	(63,562)	7,296	(38,965)	0
(Increase) Decrease in Materials and Supplies Inventory	23,232	(7,707)	0	15,525	(12,746)
Decrease in Interfund Receivable	0	0	0	0	(7,298)
Increase (Decrease) in Accounts Payable	9,201	(66,703)	(91,009)	(148,511)	6,566
Decrease in Contracts Payable	150,544	975,114	0	1,125,658	0
Decrease in Retainage Payable	2,280	230,849	0	233,129	0
Increase (Decrease) in Accrued Wages Payable	47,288	19,934	291	67,513	3,412
Decrease in Intergovernmental Payable	505	2,638	12	3,155	(2,417)
Increase (Decrease) in Matured Compensated Absences Payable	17,856	15,172	0	33,028	0
Increase in Refundable Deposits Payable	3,368	3,368	3,368	10,104	0
Increase in Interfund Payable	646	505	(1,388)	(237)	310
Increase (Decrease) in Compensated Absences Payable	(10,350)	2,692	(55)	(7,713)	28,155
Net Cash Provided by Operating Activities	<u>\$1,732,581</u>	<u>\$2,517,724</u>	<u>\$27,865</u>	<u>\$4,278,170</u>	<u>\$58,807</u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Statement of Fiduciary Net Position
Agency Fund
December 31, 2012

Assets:	
Cash and Cash Equivalents in Segregated Accounts	<u><u>\$268,718</u></u>
Liabilities:	
Undistributed Monies	<u><u>\$268,718</u></u>

See accompanying notes to the basic financial statements

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 – DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, and activities that are not legally separate from the City. They comprise the City's legal entity which provides various services including police, fire, emergency medical, planning and zoning, street construction, maintenance and repair, administrative services, water services, sewer services and postclosure care of a landfill. Council and the city manager have direct responsibility for these activities.

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

The City participates in the Miami Valley Regional Planning Commission, the Regional Emergency Response Team, the Greene County Agencies for Combined Enforcement, the Community Improvement Corporation of Fairborn, and the Greene County Regional Planning and Coordination Commission which are defined as jointly governed organizations. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. The City is also associated with the Public Entities Pool of Ohio (PEP) which is defined as a risk-sharing pool. These organizations are presented in Notes 22 and 23.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Fairborn have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Basis of Presentation

The City's Basic Financial Statements consist of government-wide statements, including a Statement of Net Position 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 Position 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 the Agency Fund. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

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

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary Funds are reported by type.

Fund Accounting

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

Governmental Funds

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

General Fund – The General Fund accounts for and reports all financial resources not accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Fire and EMS Fund – The Fire and EMS Fund accounts for and reports the .30 mills of inside millage that is expended for fire pension payments and a property tax levy that is expended for the cost of operating the fire and EMS departments as well as charges for services, related intergovernmental revenue, and transfers from the General Fund.

Police Fund – The Police Fund accounts for and reports the .30 mills of inside millage that is expended for police pension payments and a property tax levy that is expended for the cost of operating the police department, as well as charges for services, related intergovernmental revenue, and transfers from the General Fund.

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

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

Proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector that focus on the determination of operating income, changes in net position, financial position, and cash flows. The City's proprietary funds are enterprise and internal service funds.

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

Water Fund – The Water Fund is used to account for the operation of the City's water service.

Sewer Fund – The Sewer Fund is used to account for the operation of the City's sanitary sewer system.

Sanitation Fund – The Sanitation Fund is used to account for the operation of the City's refuse collection system, street sweeping services, and landfill monitoring.

Internal Service Funds – Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on vehicle and equipment maintenance services, information technology services, and employee assistance programs associated with employee health benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary fund is an agency fund which is used to account for monies that flow through the clerk of court's office.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; the proprietary funds and agency fund also use the accrual basis of accounting. Governmental funds use the modified 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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, municipal income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes and revenue in lieu of taxes is recognized in the year for which the taxes are levied (See Notes 6 and 8). Revenue from municipal income taxes is recognized in the year in which the exchange on which the tax is imposed takes place (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income taxes, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance) fines and forfeitures, and grants.

Deferred Inflows of Resources

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

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

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

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

The City's Municipal Court has its own checking accounts for the collection and distribution of court fines and forfeitures which are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

During 2012, the City invested in federal agency securities, negotiable certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices.

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 net asset value per share which is the price the investment could be sold for on December 31, 2012.

The City Council has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2012 amounted to \$518, which includes \$420 assigned from other funds.

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

Assets Held for Resale

Assets held for resale represent properties purchased by the City which will be sold after beautification has been completed, and also a property donated to the City and leased to Wright State University after completion of pollution remediation. This amount is offset by a fund balance reserve on the governmental fund financial statements.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Receivables/Payables

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Receivable” and “Interfund Payable.” Interfund balances are eliminated on the government-wide Statement of Net Position except for any net residual amounts due between governmental and business-type activities, which are presented as “Internal Balances.”

Materials and Supplies Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures/expenses when used.

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent cash and cash equivalents which have been set aside for the repayment of deposits to water, sewer and sanitation customers.

Capital Assets

General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the governmental fund financial statements. Internal service funds that are considered governmental activities report their capital assets in their fund financial statements as well as in the governmental activities column of the government-wide Statement of Net Position. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values on the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized and 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 expensed.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-45 years
Improvements Other Than Buildings	10-20 years
Machinery and Equipment	5-15 years
Vehicles	6-20 years
Infrastructure	8-100 years

The City’s infrastructure system consists of streets, curbs, gutters, sidewalks, street lights, bridges, a storm water system, and water and sewer lines.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on 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, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, bonds, and capital leases are recognized as liabilities on the governmental fund financial statements when due.

Compensated Absences

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation and compensatory time when earned for all employees with more than one year of service.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after 20 years of service with the City.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations or retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees are paid. In the proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Bond Discounts, Premiums

On the government-wide financial statements (and in the enterprise funds), bond premiums and discounts are amortized over the term of the bonds using the straight-line (bonds outstanding) method, which approximates the effective interest method. Bond premiums/discounts are presented as additions/reductions to the face amount of bonds payable.

On the governmental fund financial statements, bond premiums and discounts are recognized in the period when the debt is issued. Note premiums are presented as an addition to the face of the notes payable.

Net Position

Net position represents the difference between all other elements in a statement of financial position. The net investment in capital assets component of net position, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. The nonspendable fund balances for the City includes prepaid items and inventory.

Restricted – The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of Council. Those committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund Transactions/Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

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 water, sewer, sanitation, information technology services, employee assistance programs, and for repair and maintenance of City vehicles and equipment. Operating expenses are the necessary costs incurred to provide the services that are the primary activities of these funds. Revenues and expenses that do not meet these definitions are reported as non-operating.

Estimates

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

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions of Capital

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

Budgetary Process

All funds, other than the Agency Fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control has been established by Council at the object level (personal services, contractual services, materials and supplies, etc.) within each department and fund. Modifications to appropriations may only be made by ordinance of Council.

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

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

Change in Accounting Principles

For 2012, the City has implemented Governmental Accounting Standard Board (GASB) *Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 53” and Statement No. 65, “Items Previously Reported as Assets and Liabilities.”*

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. These changes were incorporated in the City’s 2012 financial statements; however there was no effect on beginning net position/fund balance.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the City’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the City’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Fund Balance

During 2012, the Street Lighting Fund no longer received restricted property tax revenues. Therefore, the fund is no longer classified as special revenue. The following is the effect on the financial statements:

	General Fund	Governmental Fund
Fund Balance at December 31, 2011	\$3,629,032	\$8,868,398
Fund Reclassification	16,182	(16,182)
Adjusted Fund Balance at December 31, 2011	<u>\$3,645,214</u>	<u>\$8,852,216</u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 4 – 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), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis) for the General, Fire and EMS, and Police Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Cash is held by the agency fund on behalf of the City on a budget basis and allocated and reported on the balance sheet (GAAP basis) in the appropriate City funds.
5. The change in fair value of investments is not included on the budget basis operating statement. This amount is included on the GAAP basis operating statement.
6. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
7. Budgetary revenues and expenditures of the Uninsured Loss and Street Lighting special revenue funds are classified to the General Fund for GAAP Reporting.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING (continued)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

Net Change in Fund Balance			
	General	Fire and EMS	Police
GAAP Basis	\$4,566,736	\$139,561	(\$63,273)
Revenue Accruals	(85,717)	(11,376)	1,327
Expenditure Accruals	40,561	20,993	2,985
Encumbrances	(334,093)	(124,667)	(49,904)
Change in Fair Value of Investments - 2012	1,781	0	0
Change in Fair Value of Investments - 2011	(12,433)	0	0
Excess of revenues under expenditures for Uninsured Loss Fund	16,424	0	0
Excess of revenues under expenditures for Street Lighting Fund	13,791	0	0
Advances	(48,951)	0	0
Budget Basis	\$4,158,099	\$24,511	(\$108,865)

NOTE 5 – DEPOSITS AND INVESTMENTS

The City is a charter City and has adopted an investment policy through City ordinance. The City has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories, active deposits, inactive deposits, and interim deposits.

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

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

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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

Interim monies held by the City may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper if training requirements have been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest, or coupons; and,
3. Obligations of the City.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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. Investments may only be made through specified dealers and institutions.

Investments

As of December 31, 2012, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity Less Than 1 Year</u>	<u>Maturity 2-5 Years</u>	<u>Moody's Rating s</u>	<u>Percent of Total Investments</u>
Federal Home Loan Bank Bonds	\$3,998,860	\$0	\$3,998,860	Aaa	84.44%
Negotiable Certificate of Deposits	735,695	490,056	245,639	N/A	15.54%
STAROhio	1,071	1,071	0	N/A	N/A
	<u>\$4,735,626</u>	<u>\$491,127</u>	<u>\$4,244,499</u>		

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires the portfolio to remain sufficiently liquid to enable the City to meet all operating requirements reasonably anticipated. Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than five years from the date of purchase. In the alternative, given the prevalence of newly issued investment securities, including callable and structured federal agency securities, in which the repayment of principal is anticipated prior to the stated final maturity date, the City will not directly invest in securities with a projected average life of more than five years from the date of purchase.

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The City's investment policy states that credit risk will be minimized by diversifying assets and ensuring that the minimum credit quality ratings required by Ohio Law exist.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The City's investment policy states that no more than 20 percent of the City's investment portfolio will be placed with any particular issuer of commercial paper or other corporate debt excepting funds which are able to be converted into cash within 24 hours of notification to the issuer or the issuer's fiscal agent.

NOTE 6 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$11.30 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	\$516,359,800
Public Utility Personal	14,040,100
Totals	<u><u>\$530,399,900</u></u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 6 – PROPERTY TAXES (continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 7 – MUNICIPAL INCOME TAX

The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions, other compensation and net profits earned within the City as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

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

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by City Council. In 2012, the proceeds of the City's one percent income tax collections were allocated to the General Fund. However, of the 1/2 percent effective January 1, 2005, 1/4 percent is for fire equipment and facilities and 1/4 percent is for thoroughfare and residential street improvements and was therefore allocated to their respective capital projects funds.

NOTE 8 – RECEIVABLES

Receivables at December 31, 2012, consisted of property taxes, other local taxes, municipal income taxes, revenue in lieu of taxes, interfund, accounts, special assessments, accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, income taxes, revenue in lieu of taxes, and special assessments.

Property, income, and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Special assessments expected to be collected in more than one year in the General Bond Retirement Fund amount to \$836,656, and in the Sewer Fund the amount is \$99,925. The City has \$119,020 of delinquent special assessments at December 31, 2012.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 8 – RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amount</u>
Local Government	\$405,478
Estate Tax	126,169
Homestead Exemption and Rollbacks	329,001
Gasoline Tax	469,930
Motor Vehicle Tax	118,064
CDBG Grant	36,251
Bulletproof Vest Partnership Grant	3,050
VOCA Grant	3,925
Justice Assistance Grant	14,925
Neighborhood Stabilization	26,168
Clean Ohio Revitalization	7,170
Jail Diversion Grant	31,348
Safer Grant	23,616
Drug Abuse Resistance Education Grant	11,252
City of Beavercreek	14,918
Greene County	6,640
Total Governmental Funds	<u>\$1,627,905</u>

Revenue in Lieu of Taxes Receivable

The City granted real property tax exemptions to landowners for improvements made to their properties. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefiting the owners. Additional payments are made to Fairborn City School District and Greene County Vocational School District since they are impacted by the tax exemption for a period of up to 30 years. The City accrues a receivable for the amount measurable at December 31, 2012 with a corresponding credit to deferred inflows of resources-payment in lieu of taxes.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 9 – CAPITAL ASSETS

Changes in general capital assets for the year ended December 31, 2012, were as follows:

	Balance At 12/31/2011	Additions	Deletions	Balance At 12/31/2012
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$14,171,620	\$169,498	\$0	\$14,341,118
Construction in Progress	130,508	399,188	0	529,696
Total Capital Assets, Not Being Depreciated	14,302,128	568,686	0	14,870,814
Depreciable Capital Assets:				
Buildings	19,390,483	57,913	0	19,448,396
Improvements Other Than Buildings	2,151,243	136,872	(10,350)	2,277,765
Machinery and Equipment	4,367,336	76,025	(28,152)	4,415,209
Vehicles	5,233,641	199,126	(111,300)	5,321,467
Infrastructure	70,843,283	1,355,779	(334,578)	71,864,484
Total Depreciable Capital Assets	101,985,986	1,825,715	(484,380)	103,327,321
Less Accumulated Depreciation:				
Buildings	(5,790,759)	(470,513)	0	(6,261,272)
Improvements Other Than Buildings	(1,355,540)	(79,253)	7,763	(1,427,030)
Machinery and Equipment	(2,853,921)	(384,370)	26,255	(3,212,036)
Vehicles	(3,061,977)	(348,634)	111,300	(3,299,311)
Infrastructure	(36,097,341)	(2,127,823)	222,709	(38,002,455)
Total Accumulated Depreciation	(49,159,538)	(3,410,593)	368,027	(52,202,104)
Depreciable Capital Assets, Net	52,826,448	(1,584,878)	(116,353)	51,125,217
Governmental Activities Capital Assets, Net	\$67,128,576	(\$1,016,192)	(\$116,353)	\$65,996,031

Additions to capital assets being depreciated include \$351,448 in assets donated by developers and transfers of fully depreciated assets of \$21,943 from business-type activities to governmental activities for the year ended December 31, 2012

Depreciation expense was charged to governmental programs as follows:

General Government	\$2,456,669
Public Safety	699,194
Leisure Time Activities	170,538
Community Development	20,490
Transportation and Street Repair	63,198
Public Health and Welfare	504
Total Depreciation Expense	\$3,410,593

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 9 – CAPITAL ASSETS (continued)

Capital assets activities of the business-type activities for the year ended December 31, 2012, was as follows:

	Balance At 12/31/2011	Additions	Deletions	Balance At 12/31/2012
<u>Business-type Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$165,741	\$0	\$0	\$165,741
Construction in Progress	1,266,273	1,610,422	(931,422)	1,945,273
Total Capital Assets, Not Being Depreciated	<u>1,432,014</u>	<u>1,610,422</u>	<u>(931,422)</u>	<u>2,111,014</u>
Depreciable Capital Assets				
Buildings	25,115,593	903,558	(166,376)	25,852,775
Improvements Other Than Buildings	1,987,798	0	(5,984)	1,981,814
Machinery and Equipment	5,343,194	34,265	(171,111)	5,206,348
Vehicles	1,377,183	33,771	(37,408)	1,373,546
Infrastructure	22,196,307	267,094	0	22,463,401
Total Depreciable Capital Assets	<u>56,020,075</u>	<u>1,238,688</u>	<u>(380,879)</u>	<u>56,877,884</u>
Less Accumulated Depreciation:				
Buildings	(8,137,278)	(648,583)	148,724	(8,637,137)
Improvements Other Than Buildings	(1,429,447)	(187,688)	4,338	(1,612,797)
Machinery and Equipment	(4,965,466)	(81,504)	170,673	(4,876,297)
Vehicles	(749,885)	(101,347)	37,408	(813,824)
Infrastructure	(15,978,984)	(616,407)	0	(16,595,391)
Total Accumulated Depreciation	<u>(31,261,060)</u>	<u>(1,635,529)</u>	<u>361,143</u>	<u>(32,535,446)</u>
Depreciable Capital Assets, Net	<u>24,759,015</u>	<u>(396,841)</u>	<u>(19,736)</u>	<u>24,342,438</u>
Business-type Activities Capital Assets, Net	<u>\$26,191,029</u>	<u>\$1,213,581</u>	<u>(\$951,158)</u>	<u>\$26,453,452</u>

Deductions to capital assets being depreciated include \$21,943 fully depreciated assets transferred from business-type activities to governmental activities.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, 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 benefits, and annual cost-of-living adjustments to members of the 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 by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement increased to 12 percent and 12.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$717,607, \$648,899, and \$758,605, respectively. For 2012, 88.56 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$23,905 made by the City and \$17,075 made by plan members.

Ohio Police and Fire Pension Fund

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

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$389,725 and \$610,260 for the year ended December 31, 2012, \$380,551 and \$607,331 for the year ended December 31, 2011, and \$428,028 and \$683,983 for the year ended December 31, 2010, respectively. For 2012, 66.25 percent for police and 68.71 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

NOTE 11 – POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 11 – POST EMPLOYMENT BENEFITS (continued)

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans 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 Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 11 – POST EMPLOYMENT BENEFITS (continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$287,043, \$287,516, and \$421,447, respectively. For 2012, 88.56 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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. That report is also available of OP&F's website at www.op-f.org.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 11 – POST EMPLOYMENT BENEFITS (continued)

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$206,325 and \$238,797 for the year ended December 31, 2012, \$201,468 and \$237,651 for the year ended December 31, 2011, and \$226,603 and \$267,645 for the year ended December 31, 2010. For 2012, 66.25 percent has been contributed for police and 68.71 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

NOTE 12 – OTHER EMPLOYEE BENEFITS

Compensated Absences

All full-time City employees earn vacation at varying rates based upon the employee's years of service. Employees are allowed to carry over up to two years of accumulated vacation. Upon separation from the City, the employee (or his estate) with six months or more of service, receives accumulated, unused vacation up to an allowable maximum ranging from one year to two years of accrual. Most City employees earn sick leave at a rate of 1.25 days per month of work completed. Firefighters earn sick leave at a rate of 1.76 days per month of work completed. Upon retirement, eligible employees will be compensated for their accumulated sick leave at a maximum rate of one-third of the balance provided they meet minimum accumulated sick leave hours ranging from 480 to 720 hours and do not exceed varying maximums ranging from 1,200 to 1,800 hours. The monetary compensation is calculated at the hourly rate of compensation of the employee at the time of retirement.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 12 – OTHER EMPLOYEE BENEFITS (continued)

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

Medical, Dental and Life Insurance Benefits

The City provides medical, dental and life insurance benefits for all employees regularly scheduled to work 30 hours or more per week. On an annual basis, the City reviews health insurance options and determines the level of coverage offered, insurance carrier and plan. Currently, all employees can select either a single or family United Healthcare (UHC) health savings account (HSA). The City provides a portion of the HSA annual deductible amount on behalf of the employee; currently \$1,500 for single plans and \$3,000 for family plans.

The City also provides life insurance through Anthem Life in the amount of \$50,000 for nonunion, FOP and IAFF personnel. The City provides, through the Ohio AFSCME Care Plan, life insurance, accidental death and dismemberment, vision and hearing aid insurance for AFSCME personnel. Life insurance through the AFSCME Care Plan is based on their hourly wage with a minimum and maximum of \$14,000 and \$26,000, respectively.

The City also provides, through the Ohio AFSCME Care Plan, dental insurance for AFSCME, FOP and IAFF personnel. Dental Insurance for non-union personnel is provided by Superior Dental.

NOTE 13 – SHORT-TERM OBLIGATIONS

Changes in short-term obligations during 2012 were as follows:

<u>Types/Issues</u>	<u>Balance at 12/31/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 12/31/2012</u>
<u>Governmental Activities</u>				
2.625% Roadway Improvement				
Increment Financing Bond Anticipation Note	\$0	\$180,000	\$0	\$180,000
Various Purpose Bond Anticipation Notes				
Curb & Sidewalk	0	76,314	0	76,314
2.75% Commerce Extension				
Increment Financing Bond Anticipation Note	1,510,000	0	1,510,000	0
Premium	11,178	0	11,178	0
2.75% Police Dispatch Bond Anticipation Note				
Premium	1,425	0	1,425	0
2.75% Rodway Improvement				
Increment Financing Bond Anticipation Note	59,000	0	59,000	0
Premium	764	0	764	0

(continued)

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 13 – SHORT-TERM OBLIGATIONS (continued)

Types/Issues	Balance at 12/31/2011	Increases	Decreases	Balance at 12/31/2012
<u>Governmental Activities</u>				
2.00% Roadway Improvement				
Increment Financing Bond Anticipation Note	\$196,792	\$0	\$196,792	\$0
Various Purpose Bond Anticipation Notes				
Curb & Sidewalk	120,000	0	120,000	0
Total Governmental Funds	<u>\$2,009,159</u>	<u>\$256,314</u>	<u>\$2,009,159</u>	<u>\$256,314</u>
<u>Business-Type Activities:</u>				
1.25% - Water Improvement Bond				
Anticipation Note	<u>\$0</u>	<u>\$262,000</u>	<u>\$0</u>	<u>\$262,000</u>

The notes are issued in anticipation of long-term bond financing and will be refinanced until such bonds are issued. They are backed by the full faith and credit of the City and mature within one year. The liability for the notes is presented in the fund that received the note proceeds.

NOTE 14 – LONG-TERM OBLIGATIONS

The summary of changes in long-term obligations of the governmental activities of the City during 2012 follows:

Types/Issues	Balance at 12/31/2011	Increases	Decreases	Balance at 12/31/2012	Due Within One Year
<u>Notes Payable:</u>					
2011 1.50% Various Purpose Curb and Sidewalk Bond Anticipation Notes - \$240,000	\$120,000	\$0	\$120,000	\$0	\$0
2012 2.63% - Tax Increment Financing Bond Anticipation Note - \$1,460,000	0	1,460,000	0	1,460,000	0
Premium	0	14,377	3,584	10,793	0
2012 3% Various Purpose Bond Anticipation Note - \$82,500	0	82,500	0	82,500	0
2012 1.25% Various Purpose/Curb & Sidewalk Bond Anticipation Note - \$68,686	0	68,686	0	68,686	0
Total Notes Payable	<u>\$120,000</u>	<u>\$1,625,563</u>	<u>\$123,584</u>	<u>\$1,621,979</u>	<u>\$0</u>

(continued)

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

Types/Issues	Balance at 12/31/2011	Increases	Decreases	Balance at 12/31/2012	Due Within One Year
<u>Unvoted General Obligation Bonds:</u>					
2003 3.50 to 4.75% Municipal Court					
Building Renovations \$455,000	\$320,000	\$0	\$20,000	\$300,000	\$20,000
2004 2.00 to 3.50% Municipal					
Building \$100,000	30,000	0	10,000	20,000	10,000
2010 2.00 to 2.25% Curb and Sidewalk \$45,000					
Premium	466	0	116	350	0
Total Unvoted General Obligation Bonds	<u>390,466</u>	<u>0</u>	<u>40,116</u>	<u>350,350</u>	<u>40,000</u>
<u>Income Tax Revenue Bonds:</u>					
2005 3.00 to 4.50% Income Tax \$10,000,000					
Premium	84,437	0	28,146	56,291	0
Total Income Tax Revenue Bonds	<u>3,669,437</u>	<u>0</u>	<u>1,173,146</u>	<u>2,496,291</u>	<u>1,195,000</u>
<u>Special Assessment Bonds with</u>					
<u>Governmental Commitment:</u>					
1998 5.15% Commerce Center/					
Channingway \$1,160,000	550,000	0	65,000	485,000	70,000
2003 4.00 to 8.30% Dayton - Yellow Spring					
Improvement \$305,000	219,000	0	14,000	205,000	15,000
2007 4.00% Curb and Sidewalk \$465,000					
Improvement	100,000	0	100,000	0	0
2008 3.75% Curb and Sidewalk \$280,000					
Improvement	120,000	0	60,000	60,000	60,000
2009 3.75% Curb and Sidewalk \$135,000					
Improvement	85,000	0	25,000	60,000	30,000
2011 3.00% Curb and Sidewalk \$320,000					
Improvement	320,000	0	60,000	260,000	60,000
2012 2.5% Curb and Sidewalk \$120,000					
Improvement	<u>0</u>	<u>120,000</u>	<u>0</u>	<u>120,000</u>	<u>20,000</u>
Total Speical Assessment Bonds	<u>1,394,000</u>	<u>120,000</u>	<u>324,000</u>	<u>1,190,000</u>	<u>255,000</u>
<u>Other Long-Term Obligations:</u>					
Capital Leases Payable					
Total	395,237	0	132,363	262,874	138,505
Compensated Absences Payable					
Total	<u>1,145,065</u>	<u>928,344</u>	<u>870,160</u>	<u>1,203,250</u>	<u>820,122</u>
Total Other Long-Term Obligations	<u>1,540,302</u>	<u>928,344</u>	<u>1,002,523</u>	<u>1,466,124</u>	<u>958,627</u>
Total Governmental Activities	<u><u>\$7,114,205</u></u>	<u><u>\$2,673,907</u></u>	<u><u>\$2,663,369</u></u>	<u><u>\$7,124,744</u></u>	<u><u>\$2,448,627</u></u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

The 2012 Tax Increment Financing Revenue Bond Anticipation Notes were issued in September 2012, in the amount of \$1,460,000 in anticipation of long-term bond financing and will be refinanced until such bonds are issued. The note was issued at a 2.63 percent interest rate and matures in April, 2013.

The 2012 Various Purpose Bond Anticipation Notes were issued in September 2012, in the amount of \$82,500 for the police dispatch system. The note was issued at a 3.00 percent interest rate and matures in April, 2013.

The 2012 Curb and Sidewalk Bond Anticipation Notes were issued in April 2012, in the amount of \$68,686 for the purpose of constructing and repairing curbs, sidewalks and driveway approaches. The note was issued at a 1.25 percent interest rate and matures in April, 2013. The note will be paid through the Special Assessment Construction Capital Projects Fund. The note is backed by the full faith and credit of the City and is a general obligation of the City.

The 2011 Curb and Sidewalk Bond Anticipation Notes were issued in April 2011, in the amount of \$240,000 for the purpose of constructing and repairing curbs, sidewalks and driveway approaches. The note was issued at a 1.50 percent interest rate and reached maturity in April, 2012. This note was refinanced prior to the issuance of the 2012 statements for \$120,000. The note will be paid through the Special Assessment Construction Capital Projects Fund. The note is backed by the full faith and credit of the City and is a general obligation of the City.

The \$455,000 Municipal Court Building Renovations general obligation bonds were issued for the purpose of making improvements and renovations to the court building. The bonds were issued for a 13 year period, with final maturity in December, 2016, and will be paid through the Building and Land Capital Projects Fund with transfers from the General Fund.

The \$100,000 Municipal Building general obligation bonds were issued for the purpose of making improvements and renovations to the municipal building. The bonds were issued for a 10 year period, with final maturity in December, 2014, and will be paid through the Building and Land Capital Projects Fund with transfers from the General Fund.

The \$45,000 Curb and Sidewalk general obligation bonds were issued for the costs of constructing and repairing certain sidewalks, curbs and driveway approaches. The bonds were issued for a five year period, with final maturity in May, 2015, and will be paid through the General Bond Retirement Debt Service Fund with special assessments revenue.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

The \$10,000,000 Income Tax revenue bonds were issued for the purpose of building fire facilities. The bonds were issued for a 10 year period, with final maturity in December, 2014, and will be paid through the Public Safety Equipment/Facility Capital Projects Fund with municipal income tax revenue.

The Commerce Center/Channingway special assessment bonds were issued to finance the construction and improvements of Commerce Center and Channingway Drive. These bonds are being paid through the General Bond Retirement Debt Service Fund with special assessments revenue.

The Dayton – Yellow Springs Improvement special assessment bonds were issued to finance the expansion and improvements of Dayton – Yellow Springs Road. These bonds are being paid through the General Bond Retirement Debt Service Fund with special assessments revenue.

The 2007, 2008, 2009, 2011 and 2012 Curb and Sidewalk special assessment bonds were issued for the purpose of constructing and repairing curbs, sidewalks and driveway approaches throughout the City. Each bond issue is being paid through the General Bond Retirement Debt Service Fund with special assessments revenue.

The special assessment bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

Capital lease obligations will be paid from the General Fund, the Fire and EMS Special Revenue Fund, Court Special Projects Capital Projects Fund, and Equipment and Information Technology Internal Service Funds. Compensated absences will be paid from the General, the Fire and EMS, Police, Street Maintenance and Repair, State Highway, Cemetery, Community Development and Victim Witness Special Revenue Funds.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

A summary of the long-term obligations reported for business-type activities during 2012 is as follows:

Types/Issues	Balance at 12/31/2011	Increases	Decreases	Balance at 12/31/2012	Due Within One Year
<u>Notes Payable:</u>					
2011 1.25% - Water Various Purpose Bond Anticipation \$5,577,000	\$5,577,000	\$0	\$5,577,000	\$0	\$0
2012 1.25% - Water Various Purpose Bond Anticipation \$4,274,000	0	4,274,000	0	4,274,000	0
2012 1.25% - Sewer Various Purpose Bond Anticipation \$2,000,000	0	2,000,000	0	2,000,000	0
Total Notes Payable	5,577,000	6,274,000	5,577,000	6,274,000	0
<u>General Obligation Bonds</u>					
2004 2.00% Water Various Purpose \$1,218,750	885,300	0	52,650	832,650	54,600
2004 2.00% Sewer Various Purpose \$1,906,250	1,384,700	0	82,350	1,302,350	85,400
2010 2.00 to 4.50% Sewer Various Purpose \$7,460,000	7,455,000	0	5,000	7,450,000	5,000
Discount	(67,732)	0	(2,509)	(65,223)	0
Total General Obligation Bonds	\$9,657,268	\$0	\$137,491	\$9,519,777	\$145,000
<u>Special Assessment Bonds with Governmental Commitment</u>					
2003 5.00% Sewer Various Purpose \$170,000	\$115,000	\$0	\$5,000	\$110,000	\$10,000
<u>Loans Payable</u>					
OPWC 0% Water \$334,216	75,086	0	16,686	58,400	16,686
1993 OWDA 8.97% Sewer \$2,519,598	196,449	0	196,449	0	0
1994 OWDA 8.97% Sewer \$200,279	14,193	0	14,193	0	0
1999 OWDA 8.97% Sewer \$1,672,365	282,879	0	138,701	144,178	144,178
Total Loans Payable	568,607	0	366,029	202,578	160,864
<u>Other Long-Term Obligations</u>					
Landfill Closure and Postclosure	216,930	0	22,890	194,040	32,340
Capital Leases	224,744	0	52,713	172,031	54,718
Compensated Absences	182,662	138,706	146,419	174,949	108,857
Total Other Long-Term Obligations	624,336	138,706	222,022	541,020	195,915
Total Business-type Activities	\$16,542,211	\$6,412,706	\$6,307,542	\$16,647,375	\$511,779

The 2012 Water Various Purpose Bond Anticipation Note was issued on April 18, 2012, in the amount of \$4,274,000 for various repairs, updates and construction to the City's water system.

The 2012 Sewer Various Purpose Bond Anticipation Note was issued on April 18, 2012, in the amount of \$2,000,000 for various repairs, updates and construction to the City's sewer system.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

The 2011, Various Purpose Bond Anticipation Notes was issued on April 19, 2011, in the amount of \$5,577,000 for rollover of the 2010 Water Various Purpose Bond Anticipation Notes, additional construction to the City’s water system and construction and repair of curbs and sidewalks. The note was issued at a 1.50 percent interest rate and reached maturity April 18, 2012. This note was partially paid down and refinanced prior to the issuance of the 2011 statements for \$4,536,000 in notes and \$120,000 in bonds. The note will be paid through the Debt Service Fund and Water Enterprise Fund. The note is backed by the full faith and credit of the City and is a general obligation of the City.

The \$1,218,750 Water Various Purpose general obligation bonds were issued for various repairs, updates and construction to the City’s water system. The bonds were issued for a 20 year period, with final maturity in December, 2024. Current operations in the Water Enterprise Fund are expected to provide sufficient cash flows to fund debt service requirements.

The \$1,906,250 Sewer Various Purpose general obligation bonds were issued for various repairs, updates and construction to the City’s sewer system. The bonds were issued for a 20 year period, with final maturity in December, 2024. Current operations in the Sewer Enterprise Fund are expected to provide sufficient cash flows to fund debt service requirements.

The \$7,460,000 Sewer Various Purpose general obligation bonds were issued for the purpose of paying the costs of designing, constructing, and improving a water reclamation center office building and laboratory with related site improvements and necessary appurtenances. Of these bonds, \$3,130,000 were serial bonds and \$4,330,000 were term bonds. The bonds were issued for a 29 year period with final maturity in May of 2038. The bonds will be retired from the Sewer Enterprise Fund.

The term bonds issued at \$4,330,000 and maturing May 2038 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on May 6, in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 275,000
2022	315,000
2024	335,000
2034	1,335,000
2038	<u>2,070,000</u>
Total	<u>\$ 4,330,000</u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

The Sewer Various Purpose special assessment bonds were issued to finance the construction of sewer lines around Dayton – Yellow Springs Road. These bonds are being paid through the Sewer Enterprise Fund with special assessments revenue. These bonds are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$91,772 in water system OPWC loans. Proceeds from these loans provided financing for the construction of water system improvements to the water reclamation center. The loans are payable solely from water customer net revenues and are payable through 2016. Annual principal and interest payments on the loans are expected to require less than two percent of net revenues. The total principal remaining to be paid on the loans is \$58,400. Principal paid for the current year and total customer net revenues were \$16,686 and \$1,458,951, respectively.

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$493,521 in sewer system OWDA loans. Proceeds from these loans provided financing for the construction of sewer system improvements. The loans are payable solely from sewer customer net revenues and are payable through 2013. Annual principal and interest payments on the loans are expected to require less than 24 percent of net revenues. The total principal remaining to be paid on the loans is \$144,178. Principal paid for the current year and total customer net revenues were \$349,343 and \$1,405,424, respectively.

Capital lease obligations will be paid from the Water and Sewer Enterprise Funds. Compensated absences will be paid from the Water, Sewer, and Sanitation Enterprise Funds.

The City’s overall legal debt margin was \$55,579,013 at December 31, 2012, and the unvoted debt margin was \$29,059,018.

A summary of the City’s future long-term debt funding requirements including principal and interest payments as of December 31, 2012 follows:

December 31,	Governmental Activities					
	General Obligation Bonds		Income Tax Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$40,000	\$15,615	\$1,195,000	\$106,813	\$255,000	\$49,293
2014	110,000	14,125	1,245,000	56,025	211,000	39,367
2015	105,000	9,275	0	0	182,000	31,117
2016	95,000	5,113	0	0	193,000	23,948
2017	0	0	0	0	129,000	16,330
2018-2022	0	0	0	0	200,000	23,110
2023	0	0	0	0	20,000	900
Total	<u>\$350,000</u>	<u>\$44,128</u>	<u>\$2,440,000</u>	<u>\$162,838</u>	<u>\$1,190,000</u>	<u>\$184,065</u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

December 31,	Business type Activities						
	General Obligation Bonds		Special Assessment Bonds		OPWC Loan	OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2013	\$145,000	\$401,818	\$10,000	\$4,870	\$16,686	\$144,178	\$4,242
2014	195,000	396,958	10,000	4,460	16,686	0	0
2015	275,000	390,757	10,000	4,050	16,686	0	0
2016	285,000	382,232	10,000	3,640	8,342	0	0
2017	295,000	372,442	10,000	3,230	0	0	0
2018-2022	1,675,000	1,670,282	50,000	9,400	0	0	0
2023-2027	1,775,000	1,298,076	10,000	470	0	0	0
2028-2032	1,960,000	927,081	0	0	0	0	0
2033-2037	2,430,000	459,531	0	0	0	0	0
2038	550,000	24,750	0	0	0	0	0
Total	<u>\$9,585,000</u>	<u>\$6,323,928</u>	<u>\$110,000</u>	<u>\$30,120</u>	<u>\$58,400</u>	<u>\$144,178</u>	<u>\$4,242</u>

NOTE 15 – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The City's landfill placed its final cover in 1989. The \$194,040 reported as a landfill post-closure care liability in the Sanitation Enterprise Fund at December 31, 2012, represents the cumulative amount reported to date based on the estimated cost of maintenance and monitoring through 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is not required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for post-closure care and remediation or containment of environmental hazards at the landfill. On March 1, 1990, the financial assurance rules went into effect. Prior to that, post-closure care was required (as long as the facility closed between March 1, 1987 and February 28, 1990), but there were no requirements for financial assurance since no financial assurance rules existed.

NOTE 16 – CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the City entered into lease agreements for a truck, municipal court space at Skyway Plaza, energy conservation improvements and a sewer jet truck. The original amount of the energy conservation lease was for \$1,045,900 with \$237,487 being considered a capital lease and \$808,414 being considered an operating lease. As part of the agreement for 2008 energy conservation improvements, Citicapital Municipal Finance, as lessor, deposited \$1,045,900 into a separate bank account in the City's name.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 16 – CAPITAL LEASES - LESSEE DISCLOSURE (continued)

Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Basic Financial Statements for the governmental funds. For the business-type activities and internal service funds, principal payments are reflected as a decrease to the liability on the Statement of Fund Net Position. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by leases have been capitalized in the amount of \$1,236,778 for governmental activities and \$287,040 in the business-type activities which equaled the present value of the future minimum lease payments at the time of acquisition. Principal payments in 2012 totaled \$132,363 in governmental activities and \$52,713 in business-type activities.

The assets acquired through capital leases are as follows:

	<u>Asset Value</u>	<u>Depreciation</u>	<u>December 31, 2012</u>
Asset:			
Governmental Activities			
Buildings	\$944,870	(\$187,224)	\$757,646
Machinery and Equipment	291,908	(128,221)	163,687
Total Governmental Funds	<u>\$1,236,778</u>	<u>(\$315,445)</u>	<u>\$921,333</u>
Business-type Activities			
Machinery and Equipment	\$5,469	(\$2,279)	\$3,190
Vehicles	281,571	(72,739)	208,832
Total Governmental Funds	<u>\$287,040</u>	<u>(\$75,018)</u>	<u>\$212,022</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2012.

<u>December 31,</u>	<u>Governmental Activities Total Payments</u>	<u>Business- type Activities Total Payments</u>
2013	\$146,647	\$61,251
2014	37,634	61,251
2015	27,766	61,251
2016	27,766	654
2017	27,766	654
2018	13,883	327
Total	<u>281,462</u>	<u>185,388</u>
Less: Amount Representing Interest	(18,588)	(13,357)
Present Value of Minimum Lease Payments	<u>\$262,874</u>	<u>\$172,031</u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 17 – OPERATING LEASE – LESSEE DISCLOSURE

In prior years, the City entered into a lease purchase agreement with Citicapital Municipal Finance to finance energy conservation improvements made to various buildings and infrastructure throughout the City. The original amount of the lease was for \$1,045,900 with \$237,487 being considered a capital lease and \$808,414 being considered an operating lease. The lease commenced on May 27, 2008 and ends May 27, 2018. The lease is non-callable until November 27, 2010, at which time the City can exercise the option to purchase the lease. Operating lease payments made during 2012 were \$96,741.

The future minimum lease payments are as follows:

<u>December 31,</u>	<u>Payment Total</u>
2013	\$96,741
2014	96,741
2015	96,741
2016	96,741
2017	96,741
2018	48,371
Total	<u><u>\$532,076</u></u>

NOTE 18 – INTERFUND ASSETS/LIABILITIES

Interfund balances at December 31, 2012, consisted of the following amounts and result from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be paid within one year.

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		
	<u>General Fund</u>	<u>Equipment Fund</u>	<u>Total</u>
General Fund	\$0	\$2,438	\$2,438
Fire and EMS Fund	0	9,740	9,740
Police Fund	0	15,531	15,531
Nonmajor			
Governmental Funds	253,750	9,191	262,941
Water Fund	0	4,013	4,013
Sewer Fund	0	2,323	2,323
Equipment Fund	0	310	310
Total	<u><u>\$253,750</u></u>	<u><u>\$43,546</u></u>	<u><u>\$297,296</u></u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 18 – INTERFUND ASSETS/LIABILITIES (continued)

Interfund transfers for the year ended December 31, 2012, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>				<u>Total</u>
	General Fund	Fire and EMS Fund	Police Fund	Nonmajor Governmental Funds	
General Fund	\$0	\$1,211,716	\$3,196,232	\$454,240	\$4,862,188
Nonmajor Governmental Funds	7,840	0	0	0	7,840
Total	\$7,840	\$1,211,716	\$3,196,232	\$454,240	\$4,870,028

Transfers are used to move General Fund revenues that are used to subsidize various programs and for debt service requirements into other funds.

NOTE 19 – RISK MANAGEMENT

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool (see Note 23) available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool ("APEEP"), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2012 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 19 – RISK MANAGEMENT (continued)

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

Financial Position

PEP's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2011:

<u>Casualty and Property Coverage</u>	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	<u>14,208,353</u>	<u>14,187,273</u>
Net Position - Unrestricted	<u><u>\$20,181,216</u></u>	<u><u>\$19,175,131</u></u>

The casualty coverage assets and net position above include approximately \$12.6 million and \$12.4 million of unpaid claims to be billed to approximately 466 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The City's share of these unpaid claims collectible in future years is approximately \$450,000. This payable includes the subsequent year's contribution due if the City terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership. The contributions for the last three years are:

<u>Contributions to PEP</u>	<u>Amount</u>
2010	\$195,321
2011	199,812
2012	204,340

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 20 – CONTINGENT LIABILITIES

Litigation

The City of Fairborn is currently a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects as of December 31, 2012. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

For the period January 1, 2012, to December 31, 2012, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 21 – CONSTRUCTION COMMITMENTS

As of December 31, 2012, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>
Streetscape Phase 1 & 2	\$115,446
Design of Mad River Secondary Raw Water Line	15,904
Rona Village Booster Station Construction Services	238,052
Kauffman Lift Station Construction Services	469,482
North and South Sanitary Sewer Interceptor	1,561,685
I-675 Corridor Development Study	56,846
Dayton Yellow Springs Phase II	1,145,970
Municipal Court Generator	11,599
Tower Replacement Construction/Equip	203,127
Rockdell Place Demolition	41,300
196 Dellwood Drive Rehabilitation	53,804
Calamityville - CORF	151,281
Police Department MARCS Radios	216,306
Fire Department MARCS Radios	186,594
NW Force Main and Lift Station	135,053
Digester Tank 3 Modification	46,500

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 22 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission

The Miami Valley Regional Planning Commission (the “Commission”) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, along with the cities of Clayton, Huber Heights, Riverside, New Carlisle, Dayton. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region.

The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the General Fund. The City contributed \$14,744 for the operation of the Commission during 2012. Financial information may be obtained by writing to Donald Spang, Executive Director, One South Main Street, Suite 260, Dayton, Ohio 45402.

Regional Emergency Response Team (RERT)

The Regional Emergency Response Team (RERT) is a jointly governed organization between the following cities: Huber Heights, Vandalia, Fairborn, and Beavercreek. The organization was created through an agreement by the cities to establish a regional council of governments for the RERT. The regional council of governments collects and expends resources to assist the RERT in fighting crime and for other related activities. The purpose of the RERT is to foster cooperation among municipalities through sharing of equipment/facilities/collective team expenses, team consultant expenses and grant sharing costs, for their common benefit. This includes the mutual interchange and sharing of police equipment, as well as police equipment to be jointly acquired and owned, to be utilized by all participating members. The Board of the RERT is made up of one representative from each municipality. Payments to the RERT are made from the General Fund. The City contributed \$4,633 for the operation of the RERT for 2012. Financial information can be obtained from the fiscal agent by writing to the RERT, c/o the City of Beavercreek, Bill Kucera, Finance Director, at 1368 Research Park Drive, Beavercreek, Ohio 45432.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 22 – JOINTLY GOVERNED ORGANIZATIONS (continued)

Greene County Agencies for Combined Enforcement (ACE Task Force)

The Greene County Agencies for Combined Enforcement (ACE Task Force) is a jointly governed organization comprised of the Greene County Sheriff's Office; the Beaver Creek, Fairborn, Xenia, Yellow Springs and Sugar Creek Township Police Departments; and Greene County Prosecutor's Office. The ACE Task Force is a multi-jurisdictional, multi-disciplinary partnership to share information and resources in order to target the flow of illegal drugs and organized criminal activity into Ohio communities, ensuring the safety and security of Ohio's citizens. Payments to the Task Force are made from the General Fund. The City contributed \$10,500 during 2012. Financial information can be obtained from Greene County Agencies for Combined Enforcement (ACE Task Force), Commander Bruce L. May, 1388 Research Park Drive, Beaver Creek, OH 45432.

Community Improvement Corporation of Fairborn (CIC)

The Community Improvement Corporation of Fairborn (CIC) is a jointly governed organization created as a not-for-profit corporation under Chapter 1724 of the Ohio Revised Code. The CIC was formed to advance, encourage, and promote the industrial, economic, commercial, and civic development of the Greene County, Ohio and the municipal corporations located therein. The City contributed \$9,050 from General Fund to the CIC during 2012. Financial information can be obtained by writing to CIC, c/o The City of Fairborn, Tom Nagel, President, at 44 West Hebble Avenue, Fairborn, OH 45324.

Greene County Regional Planning and Coordination Commission (GCRPCC)

The Greene County Regional Planning and Coordination Commission (GCRPCC) is a jointly governed organization between Green County area municipalities, townships and villages. There are two governing bodies; the Planning Commission which consists of one elected official from each member jurisdiction (two Cities, five Villages and twelve Townships) and the three County Commissioners; and the Executive Committee which consists of five member of the Planning Commission.

GCRPCC prepares plans, including studies, maps, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions, and services for the unincorporated areas of Greene County. They provide assistance to the incorporated areas of Greene County.

Payments to GCRPCC are made from the General Fund. The City made no contributions during 2012. Financial information can be obtained from Stephen Anderson, Executive Director, at 651 Dayton-Xenia Road, Xenia, Ohio 45385.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 23 – RISK-SHARING POOL

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract (“Participation Agreements”). PEP enables the subscribing subdivisions to pool risk for property, liability and public official liability. PEP has no employees, rather it is administered through contracts with various professionals.

Pursuant to a contract, the firm of Wells Fargo Insurance Services administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a “Pool Operator,” currently Pottering Insurance. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP and others as required.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio, 45402.

NOTE 24 – ACCOUNTABILITY

The Fire and EMS, Police, Victim Witness, Source Water Prevention Grant, Homeland Security Grant, and Tax Increment Financing Funds had fund balance deficits at December 31, 2012 of \$57,424, \$289,166, \$1,949, \$8,750, \$1,551, and \$180,648, respectively.

The General Fund is liable for the deficits in the Fire and EMS, Police, Victims Witness, Source Water Prevention Grant, and Homeland Security Grant Funds, and will provide transfers when cash is required, not when accruals occur. The deficit in the Tax Increment Financing Fund is due to liabilities for notes payable being reported as a fund liability. The deficit will be alleviated when the note is paid.

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 25 – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Fire and EMS	Police	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>					
Material and Supplies	\$9,307	\$0	\$14,000	\$104,301	\$127,608
Unclaimed moneys	45,279	0	0	0	45,279
Assets Held for Resale	0	0	0	3,211,671	3,211,671
	<u>54,586</u>	<u>0</u>	<u>14,000</u>	<u>3,315,972</u>	<u>3,384,558</u>
<u>Restricted for:</u>					
Road Improvements	0	0	0	4,262,239	4,262,239
Debt Service	0	0	0	237,023	237,023
Neighborhood Stabilization	0	0	0	288,455	288,455
Drug and Alcohol Enforcement	0	0	0	905,992	905,992
Victim Assistance Programs	0	0	0	4,752	4,752
Municipal Court Programs	0	0	0	499,715	499,715
Public Safety Equipment	0	0	0	1,084,515	1,084,515
Special Assessment Improvements	0	0	0	70,430	70,430
Economic Development	0	0	0	7,578	7,578
	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,360,699</u>	<u>7,360,699</u>
<u>Committed to:</u>					
Cemetery Operations	0	0	0	26,115	26,115
Land and Building Improvements	0	0	0	359,477	359,477
Recreation Improvements	0	0	0	175,611	175,611
	<u>0</u>	<u>0</u>	<u>0</u>	<u>561,203</u>	<u>561,203</u>
<u>Assigned to:</u>					
Unpaid Obligations	\$262,679	\$0	\$0	\$0	262,679
General Capital Improvements	0	0	0	495,287	495,287
	<u>262,679</u>	<u>0</u>	<u>0</u>	<u>495,287</u>	<u>757,966</u>
<u>Unassigned (Deficits):</u>	7,894,685	(57,424)	(303,166)	(369,643)	7,164,452
<u>Total Fund Balances (Deficits)</u>	<u>\$8,211,950</u>	<u>(\$57,424)</u>	<u>(\$289,166)</u>	<u>\$11,363,518</u>	<u>\$19,228,878</u>

City of Fairborn, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 26 – SUBSEQUENT EVENTS

On March 27, 2013, the City issued various Bond Anticipation Notes in the amount of \$1,935,000.

On April 16, 2013, the City issued \$9.4 million in Long-Term General Obligation bank qualified bonds. Of those bonds issued \$3,770,000 were from water bonds for notes/projects dating back to 2005. \$1,995,000 in bonds was issued to advance the 2004 water and sewer bonds. \$2,000,000 issued were from sewer interceptor bonds, \$1,630,000 in Tax Increment Financing bonds for the Valley Greene Tax Increment Financing and \$70,000 in special assessment bonds for the 2012 curb/sidewalk project.

Moody's assessed an Aa2 rating for the bond issuance, which is the same rating as the City's last long-term debt issuance. An Aa2 rating is considered high quality and subject to very low credit risk. The bonds were issued at an interest rate of 2.4%.

COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

City of Fairborn, Ohio
Nonmajor Fund Descriptions

Special Revenue Funds

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

Nonmajor Special Revenue Funds

Street Maintenance and Repair Fund

Street Maintenance and Repair Fund accounts for and reports restricted gasoline tax and motor vehicle license fees remitted to the City for routine maintenance and repairs of City streets.

State Highway Fund

State Highway Fund accounts for and report gasoline taxes and motor vehicle license fees restricted for routine maintenance of State highways within the City.

Cemetery Fund

Cemetery Fund accounts for and report revenues received from the sale of lots, charges for burial service and foundations committed to operation and maintenance of the City cemetery.

Community Development Fund

Community Development Fund accounts for and reports monies restricted federal government grant money under the Community Development Block Grant program.

Neighborhood Stabilization Fund

Neighborhood Stabilization Program Fund accounts for and reports restricted federal grant money received through the Neighborhood Stabilization Program for improvements to housing stock and living environments in eligible communities.

Neighborhood Stabilization II Fund

Neighborhood Stabilization Program Fund II accounts for and reports restricted federal grant money received through the State of Ohio through the American Recovery and Reinvestment Act to improve the housing stock and living environment in eligible communities to primarily benefit low, moderate, and middle income households.

Victim Witness Fund

Victim Witness Fund accounts for and reports restricted State grant money used for local crime victim assistance programs.

Home Fund

Home Fund accounts for and reports restricted federal grant money received through U.S. Housing and Urban Development's HOME Investment Partnerships Program to create affordable housing for low income households.

(continued)

City of Fairborn, Ohio
Nonmajor Fund Descriptions
(continued)

Victims Assistance ARRA Justice Assistance Grant Fund

Victims Assistance ARRA Justice Assistance Grant Fund accounts for and reports restricted State grant money received through the American Recovery and Reinvestment Act for local crime victim assistance programs.

Victims Assistance Justice Assistance Grant Fund

Victims Assistance Justice Assistance Grant Fund accounts for and reports restricted State grant money received for local crime victim assistance programs.

County Motor Vehicle Tax Fund

The County Motor Vehicle Tax Fund accounts for and reports municipal income taxes restricted for street projects and permissive license taxes received from the Greene County for street projects approved by the County Engineer.

Employees Awards Program Fund

Employees Award Program Fund accounts for and reports committed revenues received from donations for the City's employee awards program.

Festival Overtime Fund

Festival Overtime Fund accounts for and reports committed revenues received from donations for the City's overtime expenses related to City festivals.

Law Enforcement Trust Fund

Law Enforcement Trust Fund accounts for and reports restricted fines and forfeitures revenue generated from the prosecution of those in possession of contraband and the proceeds gained from the sale of the confiscated contraband.

Drug Law Enforcement Fund

Drug Law Enforcement Fund accounts for and reports restricted fines generated from the prosecution of illegal drug usage and sales and donations from interested civic groups.

Indigent Drivers Alcohol Treatment Fund

Indigent Drivers Alcohol Treatment fund accounts for and reports restricted fines imposed by the Municipal Court for the purpose of paying the costs of attendance of indigent OMVI offenders at alcohol and drug addiction treatment programs.

Alcohol Enforcement and Education Fund

Alcohol Enforcement and Education Fund accounts for and reports restricted fines imposed by the Municipal Court for the purpose of educating the public and enforcing the laws governing the operation of a motor vehicle while under the influence of alcohol.

(continued)

City of Fairborn, Ohio
Nonmajor Fund Descriptions
(continued)

Federal Forfeitures Fund

Federal Forfeitures Fund accounts for and reports restricted federal forfeitures received by the Fairborn Police Department. The revenue is used for law enforcement purposes only, excluding salaries.

Municipal Probation Services Fund

Municipal Probation Services Fund accounts for and reports restricted fees from the Municipal Court and used by the Probation Department for staff, equipment, and probation treatment programs.

Traffic Intervention Fund

Traffic Intervention Fund accounts for and reports restricted fines from the Municipal Court to create a traffic intervention program to increase the number of licensed and insured drivers in the community.

Court Legal Research/Computerization Fund

Court Legal Research/Computerization Fund accounts for and reports a three dollar fee charged by the Municipal Court restricted for court computerization and to procure and maintain computerized legal research services.

Court Clerk Computerization Fund

Court Clerk Computerization Fund accounts for and reports a three dollar fee charged by the Municipal Court restricted to procure and maintain computer systems for the court clerk.

Indigent Driver's Interlock and Alcohol Monitoring Fund

Indigent Driver's Interlock and Alcohol Monitoring Fund accounts for and reports the monies received from fines imposed by the Municipal Court restricted for the purpose of paying costs to procure alcohol monitoring or driver interlock devices for indigent defendants.

Clean Ohio Revitalization Fund

The Clean Ohio Revitalization Fund accounts for and reports restricted State grant money for activities associated with the environmental remediation of property.

Byrne Justice Assistance Grant Fund

Byrne Justice Assistance Grant Fund accounts for and grants restricted federal grant money used for police department equipment and training programs.

Federal Emergency Management Agency Fund

Federal Emergency Management Agency Fund accounts for and reports restricted federal grant money used to aid in cost reimbursements for hurricane Irene.

Uninsured Loss Fund

Uninsured Loss Fund accounts for and reports expenditures to repair damage to City property. This fund is included with the General Fund for GAAP reporting as it does not have a restricted or committed revenue source.

(continued)

City of Fairborn, Ohio
Nonmajor Fund Descriptions
(continued)

Street Lighting Fund

Street Lighting Fund accounts for and reports expenditures to provide street lighting within the City. This fund is included with the General Fund for GAAP reporting as it does not have a restricted or committed revenue source.

Capital Projects Funds

Capital projects funds are used to account for restricted, committed, or assigned financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Nonmajor Capital Projects Funds

Court Special Projects Fund

Court Special Projects Fund accounts for and reports restricted fines levied by the Municipal Court to be used by the court for special projects.

General Capital Improvement Fund

General Capital Improvement Fund accounts for and reports revenues assigned to purchase or construct equipment or buildings.

Parks and Recreation Improvements Fund

Parks and Recreation Improvement Fund accounts for and reports committed hotel/motel taxes and grants received for improvements in the City park system.

Source Water Protection Grant Fund

Source Water Protection Grant Fund accounts for and reports restricted grant money received from the Miami Conservancy District for the construction of a pervious brick entry way.

Homeland Security Grant Fund

Homeland Security Grant Fund accounts for and reports restricted federal grant money used to address the identified planning, organization, equipment, training, and exercise needs to prevent, protect against, mitigate, respond to, and recover from acts of terrorism and other catastrophic events.

Public Safety Equipment/Facility Fund

Public Safety Equipment/Facility Fund accounts for and reports revenues received from the one-fourth of one percent income tax levy, emergency response auto-collect and other revenue sources restricted to provide funding for fire equipment and improvements.

(continued)

City of Fairborn, Ohio
Nonmajor Fund Descriptions
(continued)

Building and Land Fund

Building and Land Fund accounts for and reports three percent of income tax revenue that is transferred from the General Fund committed to fund major repair, replacement and improvement of City owned buildings and land.

Tax Increment Financing Fund

The Tax Increment Financing Fund accounts for and reports restricted revenue received from payments in lieu of taxes from area businesses that are within tax increment financing districts, which are used for capital infrastructure improvements or pay for associated debt on past capital improvements within the designated area as well as reimbursing local school districts for a portion of the taxes lost as a result of the exemptions.

Special Assessment Construction Fund

Special Assessment Construction Fund accounts for and reports the sale of notes and the collection of special assessments restricted for the construction of specific projects which will be paid from special assessments.



City of Fairborn, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$6,039,356	\$237,023	\$2,148,884	\$8,425,263
Receivables:				
Other Local Taxes	0	0	30,789	30,789
Municipal Income Taxes	748,165	0	748,165	1,496,330
Increment Tax	0	0	377,768	377,768
Accounts	0	136,280	0	136,280
Special Assessments	0	1,164,399	0	1,164,399
Intergovernmental	679,484	0	0	679,484
Assets Held for Resale	3,211,671	0	0	3,211,671
Materials and Supplies Inventory	104,301	0	0	104,301
<i>Total Assets</i>	<u>\$10,782,977</u>	<u>\$1,537,702</u>	<u>\$3,305,606</u>	<u>\$15,626,285</u>
Liabilities:				
Accounts Payable	\$79,411	\$0	\$11,900	\$91,311
Contracts Payable	128,108	0	0	128,108
Retainage Payable	183,052	0	0	183,052
Interfund Payable	254,191	0	8,750	262,941
Accrued Wages Payable	46,677	0	1,854	48,531
Intergovernmental Payable	33,767	0	759	34,526
Accrued Interest Payable	0	0	2,190	2,190
Notes Payable	0	0	256,314	256,314
<i>Total Liabilities</i>	<u>725,206</u>	<u>0</u>	<u>281,767</u>	<u>1,006,973</u>
Deferred Inflows of Resources:				
Payments in Lieu of Taxes	0	0	377,768	377,768
Unavailable Revenue	991,698	1,300,679	585,649	2,878,026
<i>Total Deferred Inflows of Resources</i>	<u>991,698</u>	<u>1,300,679</u>	<u>963,417</u>	<u>3,255,794</u>
Fund Balances:				
Nonspendable	3,315,972	0	0	3,315,972
Restricted	5,902,680	237,023	1,220,996	7,360,699
Committed	26,115	0	535,088	561,203
Assigned	0	0	495,287	495,287
Unassigned (Deficit)	(178,694)	0	(190,949)	(369,643)
<i>Total Fund Balances</i>	<u>9,066,073</u>	<u>237,023</u>	<u>2,060,422</u>	<u>11,363,518</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$10,782,977</u>	<u>\$1,537,702</u>	<u>\$3,305,606</u>	<u>\$15,626,285</u>

City of Fairborn, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Other Local Taxes	\$0	\$0	99,960	99,960
Municipal Income Taxes	1,998,476	0	1,998,475	3,996,951
Payments in Lieu of Taxes	0	0	379,278	379,278
Fines, Licenses and Permits	356,667	0	172,043	528,710
Charges for Services	41,825	36,937	132,565	211,327
Investment Earnings	21,409	68,743	10,757	100,909
Intergovernmental	3,604,053	0	627,154	4,231,207
Special Assessments	0	363,052	0	363,052
Contributions and Donations	9,276	0	0	9,276
Other	99,183	0	30,359	129,542
<i>Total Revenues</i>	<u>6,130,889</u>	<u>468,732</u>	<u>3,450,591</u>	<u>10,050,212</u>
Expenditures:				
Current:				
General Government	148,540	26,485	701,315	876,340
Public Safety	438,838	0	16,314	455,152
Leisure Time Activities	0	0	3,637	3,637
Community Development	686,026	0	0	686,026
Transportation and Street Repair	3,309,867	0	0	3,309,867
Public Health and Welfare	94,743	0	0	94,743
Capital Outlay	467,936	0	1,518,955	1,986,891
Intergovernmental	0	0	223,589	223,589
Debt Service:				
Principal Retirement	0	334,000	1,405,077	1,739,077
Interest and Fiscal Charges	0	159,985	199,946	359,931
<i>Total Expenditures</i>	<u>5,145,950</u>	<u>520,470</u>	<u>4,068,833</u>	<u>9,735,253</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>984,939</u>	<u>(51,738)</u>	<u>(618,242)</u>	<u>314,959</u>
Other Financing Sources (Uses):				
Special Assessment Bonds Issued	0	5,388	114,612	120,000
Notes Issued	0	0	1,611,186	1,611,186
Proceeds from Sale of Capital Assets	2,564	0	0	2,564
Transfers-In	82,980	0	371,260	454,240
Premium on Debt Issued	0	0	16,193	16,193
Transfers-Out	0	0	(7,840)	(7,840)
<i>Total Other Financing Sources (Uses)</i>	<u>85,544</u>	<u>5,388</u>	<u>2,105,411</u>	<u>2,196,343</u>
<i>Net Change in Fund Balances</i>	1,070,483	(46,350)	1,487,169	2,511,302
<i>Fund Balances at Beginning of Year</i>	<u>7,995,590</u>	<u>283,373</u>	<u>573,253</u>	<u>8,852,216</u>
<i>Fund Balances at End of Year</i>	<u>\$9,066,073</u>	<u>\$237,023</u>	<u>\$2,060,422</u>	<u>\$11,363,518</u>

City of Fairborn, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Street Maintenance and Repair	State Highway	Cemetery	Community Development
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,048,161	\$190,439	\$31,094	\$85,394
Receivables:				
Municipal Income Taxes	0	0	0	0
Intergovernmental	529,815	43,113	0	36,251
Assets Held for Resale	0	0	0	15,315
Materials and Supplies Inventory	104,301	0	0	0
<i>Total Assets</i>	<u>\$1,682,277</u>	<u>\$233,552</u>	<u>\$31,094</u>	<u>\$136,960</u>
Liabilities:				
Accounts Payable	\$34,049	\$1,336	\$646	\$507
Contracts Payable	0	0	0	0
Retainage Payable	0	0	0	3,160
Interfund Payable	7,368	1,479	50	82,294
Accrued Wages Payable	26,491	2,192	2,294	4,896
Intergovernmental Payable	18,668	1,586	1,989	3,946
<i>Total Liabilities</i>	<u>86,576</u>	<u>6,593</u>	<u>4,979</u>	<u>94,803</u>
Deferred Inflows of Resources:				
Unavailable Revenue	351,963	28,693	0	4,316
Fund Balances:				
Nonspendable	104,301	0	0	15,315
Restricted	1,139,437	198,266	0	22,526
Committed	0	0	26,115	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>1,243,738</u>	<u>198,266</u>	<u>26,115</u>	<u>37,841</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,682,277</u>	<u>\$233,552</u>	<u>\$31,094</u>	<u>\$136,960</u>

Neighborhood Stabilization	Neighborhood Stabilization II	Victim Witness	Home	Victims Assistance ARRA Justice Assistance Grant	County Motor Vehicle Tax Fund	Law Enforcement Trust
\$258,939	\$103,952	\$5,622	\$56,196	\$11,498	\$2,875,961	\$195,391
0	0	0	0	0	748,165	0
0	26,168	3,925	0	14,925	15,067	0
74,092	158,436	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$333,031</u>	<u>\$288,556</u>	<u>\$9,547</u>	<u>\$56,196</u>	<u>\$26,423</u>	<u>\$3,639,193</u>	<u>\$195,391</u>
\$0	\$140	\$0	\$0	\$0	\$19,001	\$0
0	20,648	0	0	0	0	0
0	0	0	0	0	110,007	0
0	100,000	0	48,000	15,000	0	0
402	643	2,237	462	1,281	0	0
462	835	2,558	156	1,234	0	0
<u>864</u>	<u>122,266</u>	<u>4,795</u>	<u>48,618</u>	<u>17,515</u>	<u>129,008</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,857</u>	<u>585,649</u>	<u>0</u>
74,092	158,436	0	0	0	0	0
258,075	7,854	4,752	7,578	0	2,924,536	195,391
0	0	0	0	0	0	0
0	0	0	0	(1,949)	0	0
<u>332,167</u>	<u>166,290</u>	<u>4,752</u>	<u>7,578</u>	<u>(1,949)</u>	<u>2,924,536</u>	<u>195,391</u>
<u>\$333,031</u>	<u>\$288,556</u>	<u>\$9,547</u>	<u>\$56,196</u>	<u>\$26,423</u>	<u>\$3,639,193</u>	<u>\$195,391</u>

(continued)

City of Fairborn, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012
(Continued)

	Drug Law Enforcement	Indigent Drivers Alcohol Treatment	Alcohol Enforcement and Education	Federal Forfeitures	Municipal Probation Services
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$18,559	\$358,153	\$5,144	\$247,467	\$86,933
Receivables:					
Municipal Income Taxes	0	0	0	0	0
Intergovernmental	0	0	0	3,050	0
Assets Held for Resale	0	0	0	0	0
Materials and Supplies Inventory	0	0	0	0	0
<i>Total Assets</i>	<u>\$18,559</u>	<u>\$358,153</u>	<u>\$5,144</u>	<u>\$250,517</u>	<u>\$86,933</u>
Liabilities:					
Accounts Payable	\$0	\$2,333	\$0	\$0	\$0
Contracts Payable	0	0	0	0	0
Retainage Payable	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Accrued Wages Payable	0	0	0	0	4,366
Intergovernmental Payable	0	0	0	0	1,516
<i>Total Liabilities</i>	<u>0</u>	<u>2,333</u>	<u>0</u>	<u>0</u>	<u>5,882</u>
Deferred Inflows of Resources:					
Unavailable Revenue	0	0	0	3,050	0
Fund Balances:					
Nonspendable	0	0	0	0	0
Restricted	18,559	355,820	5,144	247,467	81,051
Committed	0	0	0	0	0
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>18,559</u>	<u>355,820</u>	<u>5,144</u>	<u>247,467</u>	<u>81,051</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$18,559</u>	<u>\$358,153</u>	<u>\$5,144</u>	<u>\$250,517</u>	<u>\$86,933</u>

Traffic Intervention	Court Legal Research/ Computerization	Court Clerk Computerization	Indigent Driver's Interlock and Alcohol Monitoring	Clean Ohio Revitalization	Byrne Justice Assistance Grant	Total Nonmajor Special Revenue Funds
\$1,424	\$84,490	\$291,108	\$82,831	\$600	\$0	\$6,039,356
0	0	0	0	0	0	748,165
0	0	0	0	0	7,170	679,484
0	0	0	0	2,963,828	0	3,211,671
0	0	0	0	0	0	104,301
<u>\$1,424</u>	<u>\$84,490</u>	<u>\$291,108</u>	<u>\$82,831</u>	<u>\$2,964,428</u>	<u>\$7,170</u>	<u>\$10,782,977</u>
\$0	\$5,113	\$16,286	\$0	\$0	\$0	\$79,411
0	0	0	0	107,460	0	128,108
0	0	0	0	69,885	0	183,052
0	0	0	0	0	0	254,191
270	0	1,143	0	0	0	46,677
374	0	443	0	0	0	33,767
<u>644</u>	<u>5,113</u>	<u>17,872</u>	<u>0</u>	<u>177,345</u>	<u>0</u>	<u>725,206</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,170</u>	<u>991,698</u>
0	0	0	0	2,963,828	0	3,315,972
780	79,377	273,236	82,831	0	0	5,902,680
0	0	0	0	0	0	26,115
0	0	0	0	(176,745)	0	(178,694)
<u>780</u>	<u>79,377</u>	<u>273,236</u>	<u>82,831</u>	<u>2,787,083</u>	<u>0</u>	<u>9,066,073</u>
<u>\$1,424</u>	<u>\$84,490</u>	<u>\$291,108</u>	<u>\$82,831</u>	<u>\$2,964,428</u>	<u>\$7,170</u>	<u>\$10,782,977</u>

City of Fairborn, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

	Street Maintenance and Repair	State Highway	Cemetery	Community Development	Neighborhood Stabilization	Neighborhood Stabilization II
Revenues:						
Municipal Income Taxes	0	0	0	0	0	0
Fines, Licenses and Permits	0	0	0	0	0	0
Charges for Services	0	0	41,825	0	0	0
Investment Earnings	5,010	897	0	0	0	0
Intergovernmental	1,078,101	87,413	0	313,194	0	70,408
Contributions and Donations	0	0	0	0	0	0
Other	12,807	20	795	5,101	2,941	747
<i>Total Revenues</i>	<u>1,095,918</u>	<u>88,330</u>	<u>42,620</u>	<u>318,295</u>	<u>2,941</u>	<u>71,155</u>
Expenditures:						
Current:						
General Government	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Development	0	0	0	219,941	207,052	79,525
Transportation and Street Repair	1,064,366	81,685	0	0	0	0
Public Health and Welfare	0	0	94,743	0	0	0
Capital Outlay	66,662	0	0	98,112	5,772	0
<i>Total Expenditures</i>	<u>1,131,028</u>	<u>81,685</u>	<u>94,743</u>	<u>318,053</u>	<u>212,824</u>	<u>79,525</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(35,110)</u>	<u>6,645</u>	<u>(52,123)</u>	<u>242</u>	<u>(209,883)</u>	<u>(8,370)</u>
Other Financing Sources:						
Proceeds from Sale of Capital Assets	1,086	0	0	0	0	0
Transfers-In	0	0	56,792	0	0	0
<i>Total Other Financing Sources</i>	<u>1,086</u>	<u>0</u>	<u>56,792</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(34,024)</u>	<u>6,645</u>	<u>4,669</u>	<u>242</u>	<u>(209,883)</u>	<u>(8,370)</u>
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>1,277,762</u>	<u>191,621</u>	<u>21,446</u>	<u>37,599</u>	<u>542,050</u>	<u>174,660</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$1,243,738</u>	<u>\$198,266</u>	<u>\$26,115</u>	<u>\$37,841</u>	<u>\$332,167</u>	<u>\$166,290</u>

Victim Witness	Home Fund	Victims Assistance Justice Assistance Grant	Employee Rewards Program	Festival Overtime	County Motor Vehicle License Tax Fund	Law Enforcement Trust
0	0	0	0	0	1,998,476	0
11,262	0	0	0	0	16,031	0
0	0	0	0	0	0	0
0	0	0	0	0	14,295	0
57,899	230,470	35,596	0	0	627,364	0
0	0	0	605	0	0	8,671
62	0	0	0	2,601	20,075	52,441
<u>69,223</u>	<u>230,470</u>	<u>35,596</u>	<u>605</u>	<u>2,601</u>	<u>2,676,241</u>	<u>61,112</u>
0	0	0	1,521	2,903	0	0
79,105	0	50,282	0	0	0	25,208
0	0	0	0	0	0	0
0	179,508	0	0	0	0	0
0	0	0	0	0	2,163,816	0
0	0	0	0	0	0	0
0	0	0	0	0	164,565	30,548
<u>79,105</u>	<u>179,508</u>	<u>50,282</u>	<u>1,521</u>	<u>2,903</u>	<u>2,328,381</u>	<u>55,756</u>
<u>(9,882)</u>	<u>50,962</u>	<u>(14,686)</u>	<u>(916)</u>	<u>(302)</u>	<u>347,860</u>	<u>5,356</u>
0	0	0	0	0	0	1,478
15,188	0	11,000	0	0	0	0
<u>15,188</u>	<u>0</u>	<u>11,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,478</u>
5,306	50,962	(3,686)	(916)	(302)	347,860	6,834
<u>(554)</u>	<u>(43,384)</u>	<u>1,737</u>	<u>916</u>	<u>302</u>	<u>2,576,676</u>	<u>188,557</u>
<u>\$4,752</u>	<u>\$7,578</u>	<u>(\$1,949)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,924,536</u>	<u>\$195,391</u>

(continued)

City of Fairborn, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012
(Continued)

	Drug Law Enforcement Fund	Indigent Drivers Alcohol Treatment	Alcohol Enforcement and Education	Federal Forfeitures	Municipal Probation Services	Traffic Intervention
Revenues:						
Municipal Income Taxes	0	0	0	0	0	0
Fines, Licenses and Permits	0	44,085	2,158	23,138	78,996	14,888
Charges for Services	0	0	0	0	0	0
Investment Earnings	0	0	0	1,207	0	0
Intergovernmental	0	0	0	1,885	0	0
Contributions and Donations	0	0	0	0	0	0
Other	1,593	0	0	0	0	0
<i>Total Revenues</i>	<u>1,593</u>	<u>44,085</u>	<u>2,158</u>	<u>26,230</u>	<u>78,996</u>	<u>14,888</u>
Expenditures:						
Current:						
General Government	0	0	0	0	0	0
Public Safety	0	51,182	1,132	9,687	132,336	27,520
Leisure Time Activities	0	0	0	0	0	0
Community Development	0	0	0	0	0	0
Transportation and Street Repair	0	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0	0
Capital Outlay	740	0	9,000	0	1,784	0
<i>Total Expenditures</i>	<u>740</u>	<u>51,182</u>	<u>10,132</u>	<u>9,687</u>	<u>134,120</u>	<u>27,520</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>853</u>	<u>(7,097)</u>	<u>(7,974)</u>	<u>16,543</u>	<u>(55,124)</u>	<u>(12,632)</u>
Other Financing Sources:						
Proceeds from Sale of Capital Assets	0	0	0	0	0	0
Transfers-In	0	0	0	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	853	(7,097)	(7,974)	16,543	(55,124)	(12,632)
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>17,706</u>	<u>362,917</u>	<u>13,118</u>	<u>230,924</u>	<u>136,175</u>	<u>13,412</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$18,559</u>	<u>\$355,820</u>	<u>\$5,144</u>	<u>\$247,467</u>	<u>\$81,051</u>	<u>\$780</u>

Court Legal Research/ Computer- ization	Court Clerk Computer- ization	Indigent Driver's Interlock and Alcohol Monitoring	Clean Ohio Revitalization	Byrne Justice Assistance Grant	Federal Emergency Management Agency	Total Nonmajor Special Revenue Funds
0	0	0	0	0	0	1,998,476
17,013	120,729	28,367	0	0	0	356,667
0	0	0	0	0	0	41,825
0	0	0	0	0	0	21,409
0	0	0	1,054,450	17,353	29,920	3,604,053
0	0	0	0	0	0	9,276
0	0	0	0	0	0	99,183
<u>17,013</u>	<u>120,729</u>	<u>28,367</u>	<u>1,054,450</u>	<u>17,353</u>	<u>29,920</u>	<u>6,130,889</u>
0	51,573	0	92,543	0	0	148,540
5,113	0	10,000	0	17,353	29,920	438,838
0	0	0	0	0	0	0
0	0	0	0	0	0	686,026
0	0	0	0	0	0	3,309,867
0	0	0	0	0	0	94,743
47,837	42,916	0	0	0	0	467,936
<u>52,950</u>	<u>94,489</u>	<u>10,000</u>	<u>92,543</u>	<u>17,353</u>	<u>29,920</u>	<u>5,145,950</u>
(35,937)	26,240	18,367	961,907	0	0	984,939
0	0	0	0	0	0	2,564
0	0	0	0	0	0	82,980
0	0	0	0	0	0	85,544
(35,937)	26,240	18,367	961,907	0	0	1,070,483
115,314	246,996	64,464	1,825,176	0	0	7,995,590
<u>\$79,377</u>	<u>\$273,236</u>	<u>\$82,831</u>	<u>\$2,787,083</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,066,073</u>

City of Fairborn, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	Court Special Projects	General Capital Improvement	Parks and Recreation Improvements	Source Water Protection Grant
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$68,664	\$501,242	\$144,822	\$0
Receivables:				
Other Local Taxes	0	0	30,789	0
Municipal Income Taxes	0	0	0	0
Increment Tax	0	0	0	0
<i>Total Assets</i>	<u>\$68,664</u>	<u>\$501,242</u>	<u>\$175,611</u>	<u>\$0</u>
Liabilities:				
Accounts Payable	\$0	\$5,955	\$0	\$0
Interfund Payable	0	0	0	8,750
Accrued Wages Payable	1,854	0	0	0
Intergovernmental Payable	759	0	0	0
Deferred Revenue	0	0	0	0
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>2,613</u>	<u>5,955</u>	<u>0</u>	<u>8,750</u>
Deferred Inflows of Resources:				
Payment in Lieu of Taxes	0	0	0	0
Unavailable Revenue	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Restricted	66,051	0	0	0
Committed	0	0	175,611	0
Assigned		495,287	0	0
Unassigned	0	0	0	(8,750)
<i>Total Fund Balances</i>	<u>66,051</u>	<u>495,287</u>	<u>175,611</u>	<u>(8,750)</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$68,664</u>	<u>\$501,242</u>	<u>\$175,611</u>	<u>\$0</u>

Homeland Security Grant	Public Safety Equipment/Facility	Building and Land	Tax Increment Financing Fund	Special Assessment Construction	Total Nonmajor Capital Projects Funds
\$0	\$921,999	\$363,871	\$861	\$147,425	\$2,148,884
0	0	0	0	0	30,789
0	748,165	0	0	0	748,165
0	0	0	377,768	0	377,768
<u>\$0</u>	<u>\$1,670,164</u>	<u>\$363,871</u>	<u>\$378,629</u>	<u>\$147,425</u>	<u>\$3,305,606</u>
\$1,551	\$0	\$4,394	\$0	\$0	\$11,900
0	0	0	0	0	8,750
0	0	0	0	0	1,854
0	0	0	0	0	759
0	0	0	0	0	0
0	0	0	1,509	681	2,190
0	0	0	180,000	76,314	256,314
<u>1,551</u>	<u>0</u>	<u>4,394</u>	<u>181,509</u>	<u>76,995</u>	<u>281,767</u>
0	0	0	377,768	0	377,768
0	585,649	0	0	0	585,649
<u>0</u>	<u>585,649</u>	<u>0</u>	<u>377,768</u>	<u>0</u>	<u>963,417</u>
0	1,084,515	0	0	70,430	1,220,996
0	0	359,477	0	0	535,088
0	0	0	0	0	495,287
<u>(1,551)</u>	<u>0</u>	<u>0</u>	<u>(180,648)</u>	<u>0</u>	<u>(190,949)</u>
<u>(1,551)</u>	<u>1,084,515</u>	<u>359,477</u>	<u>(180,648)</u>	<u>70,430</u>	<u>2,060,422</u>
<u>\$0</u>	<u>\$1,670,164</u>	<u>\$363,871</u>	<u>\$378,629</u>	<u>\$147,425</u>	<u>\$3,305,606</u>

City of Fairborn, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2012

	Court Special Projects	General Capital Improvement	Parks and Recreation Improvements	Source Water Protection Grant
Revenues:				
Other Local Taxes	\$0	\$0	\$99,960	\$0
Municipal Income Taxes	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Fines, Licenses and Permits	172,043	0	0	0
Charges for Services	0	0	20,668	0
Investment Earnings	0	2,407	1,001	0
Intergovernmental	0	600,000	0	0
Other	0	0	3,007	0
<i>Total Revenues</i>	<u>172,043</u>	<u>602,407</u>	<u>124,636</u>	<u>0</u>
Expenditures:				
Current:				
General Government	66,094	11,502	0	0
Public Safety	0	0	0	0
Leisure Time Activities	0	0	3,637	0
Capital Outlay	903	838,024	222,162	35,000
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	110,077	0	0	0
Interest and Fiscal Charges	8,807	0	0	0
<i>Total Expenditures</i>	<u>185,881</u>	<u>849,526</u>	<u>225,799</u>	<u>35,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(13,838)</u>	<u>(247,119)</u>	<u>(101,163)</u>	<u>(35,000)</u>
Other Financing Sources (Uses):				
Special Assessment Bonds Issued	0	0	0	0
Refunding Notes Issued	0	0	0	0
Transfers-In	0	148,504	0	0
Premium on Debt Issued	0	0	0	0
Transfers-Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>148,504</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(13,838)</u>	<u>(98,615)</u>	<u>(101,163)</u>	<u>(35,000)</u>
<i>Fund Balances at Beginning of Year</i>	<u>79,889</u>	<u>593,902</u>	<u>276,774</u>	<u>26,250</u>
<i>Fund Balances (Deficit) at End of Year</i>	<u>\$66,051</u>	<u>\$495,287</u>	<u>\$175,611</u>	<u>(\$8,750)</u>

Homeland Security Grant	Public Safety Equipment/ Facility	Building and Land	Tax Increment Financing Fund	Special Assessment Construction	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$0	\$99,960
0	1,998,475	0	0	0	1,998,475
0	0	0	379,278	0	379,278
0	0	0	0	0	172,043
0	797	0	0	111,100	132,565
0	7,349	0	0	0	10,757
27,154	0	0	0	0	627,154
0	25,403	1,949	0	0	30,359
<u>27,154</u>	<u>2,032,024</u>	<u>1,949</u>	<u>379,278</u>	<u>111,100</u>	<u>3,450,591</u>
0	531,666	76,674	11,561	3,818	701,315
16,314	0	0	0	0	16,314
0	0	0	0	0	3,637
12,391	295,259	0	0	115,216	1,518,955
0	0	0	223,589	0	223,589
0	1,145,000	30,000	0	120,000	1,405,077
0	152,613	17,722	14,563	6,241	199,946
<u>28,705</u>	<u>2,124,538</u>	<u>124,396</u>	<u>249,713</u>	<u>245,275</u>	<u>4,068,833</u>
<u>(1,551)</u>	<u>(92,514)</u>	<u>(122,447)</u>	<u>129,565</u>	<u>(134,175)</u>	<u>(618,242)</u>
0	0	0	0	114,612	114,612
0	0	82,500	1,460,000	68,686	1,611,186
0	0	222,756	0	0	371,260
0	0	997	14,337	859	16,193
0	0	0	0	(7,840)	(7,840)
<u>0</u>	<u>0</u>	<u>306,253</u>	<u>1,474,337</u>	<u>176,317</u>	<u>2,105,411</u>
(1,551)	(92,514)	183,806	1,603,902	42,142	1,487,169
<u>0</u>	<u>1,177,029</u>	<u>175,671</u>	<u>(1,784,550)</u>	<u>28,288</u>	<u>573,253</u>
<u>(\$1,551)</u>	<u>\$1,084,515</u>	<u>\$359,477</u>	<u>(\$180,648)</u>	<u>\$70,430</u>	<u>\$2,060,422</u>

City of Fairborn, Ohio
Nonmajor Fund Descriptions

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department to other departments within the City.

Equipment Fund

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

Information Technology Fund

To account for charges to other funds for information technology services.

Employee Assistance Program Fund

To account for the payment of employee assistance programs and other human resource costs associated with employees' health and benefits.

City of Fairborn, Ohio
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2012

	<u>Equipment</u>	<u>Information Technology</u>	<u>Employee Assistance Program</u>	<u>Total</u>
Assets:				
Current Assets				
Equity in Pooled Cash and Cash Equivalents	\$117,591	\$78,165	\$246,925	\$442,681
Interfund Receivable	43,546	0	0	43,546
Materials and Supplies Inventory	122,216	0	0	122,216
<i>Total Current Assets</i>	<u>283,353</u>	<u>78,165</u>	<u>246,925</u>	<u>608,443</u>
Non-current Assets				
Depreciable Capital Assets, Net	181,763	43,444	0	225,207
<i>Total Assets</i>	<u>465,116</u>	<u>121,609</u>	<u>246,925</u>	<u>833,650</u>
Liabilities:				
Current Liabilities				
Accounts Payable	37,841	14,638	0	52,479
Accrued Wages Payable	15,495	7,548	0	23,043
Compensated Absences Payable	53,623	6,867	0	60,490
Intergovernmental Payable	12,486	6,895	0	19,381
Interfund Payable	310	0	0	310
Capital Lease Payable	6,000	0	0	6,000
<i>Total Current Liabilities</i>	<u>125,755</u>	<u>35,948</u>	<u>0</u>	<u>161,703</u>
Long-Term Liabilities				
Capital Lease Payable	29,772	0	0	29,772
Compensated Absences Payable	22,934	834	0	23,768
<i>Total Long-Term Liabilities</i>	<u>52,706</u>	<u>834</u>	<u>0</u>	<u>53,540</u>
<i>Total Liabilities</i>	<u>178,461</u>	<u>36,782</u>	<u>0</u>	<u>215,243</u>
Net Position:				
Net Investment in Capital Assets	145,992	43,444	0	189,436
Unrestricted	140,663	41,383	246,925	428,971
<i>Total Net Position</i>	<u>\$286,655</u>	<u>\$84,827</u>	<u>\$246,925</u>	<u>\$618,407</u>

City of Fairborn, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2012

	<u>Equipment</u>	<u>Information Technology</u>	<u>Employee Assistance Program</u>	<u>Total</u>
Operating Revenues:				
Charges for Services	\$1,431,620	\$428,834	\$0	\$1,860,454
Other	1,886	2,563	0	4,449
<i>Total Operating Revenues</i>	<u>1,433,506</u>	<u>431,397</u>	<u>0</u>	<u>1,864,903</u>
Operating Expenses:				
Personal Services	428,140	257,471	0	685,611
Contractual Services	14,080	144,501	2,930	161,511
Materials and Supplies	970,220	4,736	0	974,956
Depreciation	24,626	13,420	0	38,046
<i>Total Operating Expenses</i>	<u>1,437,066</u>	<u>420,128</u>	<u>2,930</u>	<u>1,860,124</u>
<i>Operating Income (Loss)</i>	<u>(3,560)</u>	<u>11,269</u>	<u>(2,930)</u>	<u>4,779</u>
Non-Operating Revenues (Expenses):				
Investment Earnings	0	0	1,229	1,229
Interest and Fiscal Charges	(1,425)	0	0	(1,425)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(1,425)</u>	<u>0</u>	<u>1,229</u>	<u>(196)</u>
<i>Change in Net Position</i>	(4,985)	11,269	(1,701)	4,583
<i>Net Position at Beginning of Year</i>	<u>291,640</u>	<u>73,558</u>	<u>248,626</u>	<u>613,824</u>
<i>Net Position at End of Year</i>	<u>\$286,655</u>	<u>\$84,827</u>	<u>\$246,925</u>	<u>\$618,407</u>

City of Fairborn, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2012

	Equipment	Information Technology	Employee Assistance Program	Total
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received From Interfund Services Provided	\$1,424,322	\$428,834	\$0	\$1,853,156
Cash Received From Other Operating Revenues	1,886	2,563	0	4,449
Cash Payments for Employee Services and Benefits	(403,248)	(253,183)	0	(656,431)
Cash Payments to Suppliers	(994,052)	(145,385)	(2,930)	(1,142,367)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>28,908</u>	<u>32,829</u>	<u>(2,930)</u>	<u>58,807</u>
Cash Flows Used for Capital and Related Financing Activities:				
Acquisition of Capital Assets	0	(6,399)	0	(6,399)
Capital Lease Principal Payments	(5,792)	0	0	(5,792)
Capital Lease Interest Payments	(1,425)	0	0	(1,425)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(7,217)</u>	<u>(6,399)</u>	<u>0</u>	<u>(13,616)</u>
Cash Flows from Investing Activities:				
Interest	0	0	1,229	1,229
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	21,691	26,430	(1,701)	46,420
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>95,900</u>	<u>51,735</u>	<u>248,626</u>	<u>396,261</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$117,591</u></u>	<u><u>\$78,165</u></u>	<u><u>\$246,925</u></u>	<u><u>\$442,681</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	(\$3,560)	\$11,269	(\$2,930)	\$4,779
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	24,626	13,420	0	38,046
Changes in Assets and Liabilities:				
Increase in Materials and Supplies Inventory	(12,746)	0	0	(12,746)
Increase in Interfund Receivable	(7,298)	0	0	(7,298)
Increase in Accounts Payable	2,714	3,852	0	6,566
Increase in Accrued Wages Payable	3,203	209	0	3,412
Decrease in Intergovernmental Payable	(1,506)	(911)	0	(2,417)
Increase in Interfund Payable	310	0	0	310
Increase in Compensated Absences Payable	23,165	4,990	0	28,155
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>\$28,908</u></u>	<u><u>\$32,829</u></u>	<u><u>(\$2,930)</u></u>	<u><u>\$58,807</u></u>

City of Fairborn, Ohio
Nonmajor Fund Descriptions

Agency Fund

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and/or other funds.

Municipal Court Fund

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

City of Fairborn, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2012

	Balance at 12/31/2011	Additions	Reductions	Balance at 12/31/2012
<u>Municipal Court</u>				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$250,504	\$3,649,335	\$3,631,121	\$268,718
Liabilities:				
Undistributed Monies	\$250,504	\$3,649,335	\$3,631,121	\$268,718

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$770,875	\$830,404	\$59,529
Other Local Taxes	716,500	738,960	22,460
Municipal Income Taxes	7,896,166	7,897,198	1,032
Fines, Licenses and Permits	1,110,900	1,090,529	(20,371)
Charges for Services	3,500,492	3,505,386	4,894
Investment Earnings	22,000	25,215	3,215
Intergovernmental	1,573,769	1,596,199	22,430
Other	249,711	294,632	44,921
<i>Total Revenues</i>	<u>15,840,413</u>	<u>15,978,523</u>	<u>138,110</u>
Expenditures:			
Current:			
General Government			
City Council			
Personal Services	113,780	113,387	393
Contractual Services	64,332	35,467	28,865
Materials and Supplies	15,924	15,518	406
<i>Total City Council</i>	<u>194,036</u>	<u>164,372</u>	<u>29,664</u>
Municipal Court			
Personal Services	1,509,616	1,465,955	43,661
Contractual Services	308,335	258,616	49,719
Materials and Supplies	33,782	32,843	939
<i>Total Municipal Court</i>	<u>1,851,733</u>	<u>1,757,414</u>	<u>94,319</u>
Jail Diversion Grant			
Personal Services	42,697	42,697	0
Contractual Services	20,094	20,094	0
<i>Total Jail Diversion Grant</i>	<u>62,791</u>	<u>62,791</u>	<u>0</u>
City Manager's Office			
Personal Services	288,747	288,149	598
Contractual Services	19,472	18,639	833
Materials and Supplies	3,743	3,743	0
<i>Total City Manager's Office</i>	<u>311,962</u>	<u>310,531</u>	<u>1,431</u>
Administration and General Accounting			
Personal Services	491,512	490,472	1,040
Contractual Services	99,505	73,021	26,484
Materials and Supplies	4,766	4,766	0
<i>Total Administration and General Accounting</i>	<u>\$595,783</u>	<u>\$568,259</u>	<u>\$27,524</u>

(continued)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2012
(Continued)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Utilities Accounting			
Personal Services	\$172,786	\$159,638	\$13,148
Contractual Services	103,398	102,398	1,000
Materials and Supplies	3,682	3,522	160
<i>Total Utilities Accounting</i>	<u>279,866</u>	<u>265,558</u>	<u>14,308</u>
City Income Tax Accounting			
Personal Services	191,299	189,456	1,843
Contractual Services	452,801	372,716	80,085
Materials and Supplies	1,850	1,520	330
<i>Total City Income Tax Accounting</i>	<u>645,950</u>	<u>563,692</u>	<u>82,258</u>
Legal Department			
Personal Services	208,251	205,762	2,489
Contractual Services	48,175	43,776	4,399
Materials and Supplies	6,000	4,750	1,250
<i>Total Legal Department</i>	<u>262,426</u>	<u>254,288</u>	<u>8,138</u>
Personnel Department			
Personal Services	71,219	71,066	153
Contractual Services	61,866	61,865	1
Materials and Supplies	7,314	7,314	0
<i>Total Personnel Department</i>	<u>140,399</u>	<u>140,245</u>	<u>154</u>
Engineering and Drafting			
Personal Services	338,135	336,050	2,085
Contractual Services	20,242	14,734	5,508
Materials and Supplies	12,335	12,010	325
<i>Total Engineering and Drafting</i>	<u>370,712</u>	<u>362,794</u>	<u>7,918</u>
Plant Maintenance			
Personal Services	348,057	341,477	6,580
Contractual Services	114,510	114,285	225
Materials and Supplies	82,736	82,633	103
<i>Total Plant Maintenance</i>	<u>545,303</u>	<u>538,395</u>	<u>6,908</u>
Contingency			
Personal Services	74,454	74,453	1
Contractual Services	706,820	654,710	52,110
Materials and Supplies	20,293	20,293	0
<i>Total Contingency</i>	<u>801,567</u>	<u>749,456</u>	<u>52,111</u>
<i>Total General Government</i>	<u>\$6,062,528</u>	<u>\$5,737,795</u>	<u>\$324,733</u>

(continued)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Year Ended December 31, 2012
(Continued)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Leisure Time Activities			
Parks and Recreation			
Personal Services	\$146,319	\$98,375	\$47,944
Contractual Services	36,588	36,149	439
Materials and Supplies	40,718	40,673	45
<i>Total Leisure Time Activities</i>	<u>223,625</u>	<u>175,197</u>	<u>48,428</u>
Community Development			
Community Development Urban Planner			
Personal Services	232,719	231,111	1,608
Contractual Services	28,914	26,754	2,160
Materials and Supplies	1,526	1,366	160
<i>Total Community Development Urban Planner</i>	<u>263,159</u>	<u>259,231</u>	<u>3,928</u>
Building Inspection and Zoning Enforcement			
Personal Services	344,062	296,188	47,874
Contractual Services	51,339	37,512	13,827
Materials and Supplies	13,849	13,569	280
<i>Total Building Inspection and Zoning Enforcement</i>	<u>409,250</u>	<u>347,269</u>	<u>61,981</u>
Economic Development			
Contractual Services	90,000	89,000	1,000
<i>Total Economic Development</i>	<u>90,000</u>	<u>89,000</u>	<u>1,000</u>
<i>Total Community Development</i>	<u>762,409</u>	<u>695,500</u>	<u>66,909</u>
Capital Outlay			
Capital Outlay	16,473	16,473	0
<i>Total Expenditures</i>	<u>7,065,035</u>	<u>6,624,965</u>	<u>440,070</u>
<i>Excess of Revenues Over Expenditures</i>	8,775,378	9,353,558	578,180
Other Financing Sources (Uses):			
Special Assessment Bonds Issued	0	7,840	7,840
Advances-In	104,638	104,638	0
Advances-Out	(145,750)	(145,749)	1
Transfers-Out	(5,164,641)	(5,162,188)	2,453
<i>Total Other Financing Sources (Uses)</i>	<u>(5,205,753)</u>	<u>(5,195,459)</u>	<u>10,294</u>
<i>Net Change in Fund Balance</i>	3,569,625	4,158,099	588,474
<i>Fund Balance at Beginning of Year</i>	2,597,439	2,597,439	0
<i>Prior Year Encumbrances Appropriated</i>	182,239	182,239	0
<i>Fund Balance at End of Year</i>	<u>\$6,349,303</u>	<u>\$6,937,777</u>	<u>\$588,474</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Fire and EMS Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$2,202,075	\$2,202,554	\$479
Fines, Licenses and Permits	1,200	1,850	650
Charges for Services	1,984,348	2,058,454	74,106
Intergovernmental	299,199	295,000	(4,199)
Other	0	4,751	4,751
<i>Total Revenues</i>	<u>4,486,822</u>	<u>4,562,609</u>	<u>75,787</u>
Expenditures:			
Current:			
Public Safety			
Fire Administrative Services			
Personal Services	370,026	367,207	2,819
Contractual Services	455,704	444,641	11,063
Materials and Supplies	26,047	25,341	706
<i>Total Fire Administrative Services</i>	<u>851,777</u>	<u>837,189</u>	<u>14,588</u>
Fire Life Safety			
Personal Services	131,967	131,402	565
Contractual Services	365	345	20
Materials and Supplies	4,374	3,924	450
<i>Total Fire Life Safety</i>	<u>136,706</u>	<u>135,671</u>	<u>1,035</u>
Fire Operations			
Personal Services	4,499,443	4,460,549	38,894
Contractual Services	37,482	36,867	615
Materials and Supplies	145,513	145,456	57
<i>Total Fire Operations</i>	<u>4,682,438</u>	<u>4,642,872</u>	<u>39,566</u>
Training			
Personal Services	129,024	125,116	3,908
Contractual Services	6,356	6,356	0
Materials and Supplies	2,610	2,610	0
<i>Total Training</i>	<u>137,990</u>	<u>134,082</u>	<u>3,908</u>
<i>Total Public Safety</i>	<u>5,808,911</u>	<u>5,749,814</u>	<u>59,097</u>
Capital Outlay			
Capital Outlay	1,500	0	1,500
<i>Total Expenditures</i>	<u>5,810,411</u>	<u>5,749,814</u>	<u>60,597</u>
<i>Excess of Revenues Under Expenditures</i>	(1,323,589)	(1,187,205)	136,384
Other Financing Sources:			
Transfers-In	1,211,716	1,211,716	0
<i>Net Change in Fund Balance</i>	(111,873)	24,511	136,384
<i>Fund Balance at Beginning of Year</i>	96,068	96,068	0
<i>Prior Year Encumbrances Appropriated</i>	77,617	77,617	0
<i>Fund Balance at End of Year</i>	<u>\$61,812</u>	<u>\$198,196</u>	<u>\$136,384</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Property Taxes	\$2,202,554	\$2,202,554	\$0
Fines, Licenses and Permits	2,200	2,059	(141)
Charges for Services	12,000	15,885	3,885
Intergovernmental	382,342	381,193	(1,149)
Other	9,800	9,790	(10)
<i>Total Revenues</i>	<u>2,608,896</u>	<u>2,611,481</u>	<u>2,585</u>
Expenditures:			
Current:			
Public Safety			
Police Administrative Services			
Personal Services	537,968	532,489	5,479
Contractual Services	407,383	400,590	6,793
Materials and Supplies	38,066	36,450	1,616
<i>Total Police Administrative Services</i>	<u>983,417</u>	<u>969,529</u>	<u>13,888</u>
Police Dispatch			
Personal Services	704,805	697,979	6,826
Contractual Services	71,708	71,108	600
<i>Total Police Dispatch</i>	<u>776,513</u>	<u>769,087</u>	<u>7,426</u>
Police Detective Section			
Personal Services	788,076	781,241	6,835
Contractual Services	4,333	3,955	378
Materials and Supplies	26,513	26,513	0
<i>Total Police Detective Section</i>	<u>818,922</u>	<u>811,709</u>	<u>7,213</u>
Police Patrol Section			
Personal Services	3,120,281	3,094,993	25,288
Contractual Services	10,000	8,135	1,865
Materials and Supplies	161,930	161,930	0
<i>Total Police Patrol Section</i>	<u>3,292,211</u>	<u>3,265,058</u>	<u>27,153</u>
Police Animal Control			
Contractual Services	122	122	0
D.A.R.E.			
Personal Services	108,457	102,958	5,499
Contractual Services	105	35	70
<i>Total D.A.R.E.</i>	<u>108,562</u>	<u>102,993</u>	<u>5,569</u>
<i>Total Public Safety</i>	<u>\$5,979,747</u>	<u>\$5,918,498</u>	<u>\$61,249</u>

(continued)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Police Fund
For the Year Ended December 31, 2011
(Continued)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<i>Excess of Revenues Under Expenditures</i>	(3,370,851)	(3,307,017)	63,834
Other Financing Sources:			
Proceeds from Sale of Capital Assets	0	1,920	1,920
Transfers-In	3,196,232	3,196,232	0
<i>Total Other Financing Sources (Uses)</i>	3,196,232	3,198,152	1,920
<i>Net Change in Fund Balance</i>	(174,619)	(108,865)	65,754
<i>Fund Balance at Beginning of Year</i>	179,473	179,473	0
<i>Prior Year Encumbrances Appropriated</i>	38,372	38,372	0
<i>Fund Balance at End of Year</i>	\$43,226	\$108,980	\$65,754

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Water Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$3,768,168	\$4,246,664	\$478,496
Tap-In Fees	40,000	65,235	25,235
Investment Earnings	10,000	12,899	2,899
Notes Issued	4,686,000	4,536,000	(150,000)
Premium on Notes Issued	26,852	26,852	0
Proceeds from Sale of Capital Assets	1,000	7,539	6,539
Other	8,500	14,747	6,247
<i>Total Revenues</i>	<u>8,540,520</u>	<u>8,909,936</u>	<u>369,416</u>
Expenses:			
Personal Services	1,100,883	1,055,307	45,576
Contractual Services	1,478,767	1,456,896	21,871
Materials and Supplies	268,800	261,058	7,742
Capital Outlay	1,660,391	1,379,768	280,623
Debt Service:			
Principal Retirement	5,646,336	5,646,336	0
Interest and Fiscal Charges	133,862	133,862	0
<i>Total Expenses</i>	<u>10,289,039</u>	<u>9,933,227</u>	<u>355,812</u>
<i>Net Change in Fund Equity</i>	(1,748,519)	(1,023,291)	725,228
<i>Fund Equity at Beginning of Year</i>	5,127,141	5,127,141	0
<i>Prior Year Encumbrances Appropriated</i>	<u>518,249</u>	<u>518,249</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$3,896,871</u></u>	<u><u>\$4,622,099</u></u>	<u><u>\$725,228</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Sewer Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$6,054,645	\$6,471,654	\$417,009
Tap-In Fees	20,000	50,930	30,930
Investment Earnings	10,000	10,830	830
Notes Issued	2,000,000	2,000,000	0
Premium on Notes Issued	12,435	14,400	1,965
Proceeds from Sale of Capital Assets	0	438	438
Other	7,208	3,143	(4,065)
<i>Total Revenues</i>	<u>8,104,288</u>	<u>8,551,395</u>	<u>447,107</u>
Expenses:			
Personal Services	1,509,782	1,364,643	145,139
Contractual Services	2,385,217	2,342,064	43,153
Materials and Supplies	311,222	294,711	16,511
Capital Outlay	3,889,898	3,754,689	135,209
Debt Service:			
Principal Retirement	392,712	436,693	(43,981)
Interest and Fiscal Charges	436,693	392,712	43,981
<i>Total Expenses</i>	<u>8,925,524</u>	<u>8,585,512</u>	<u>340,012</u>
<i>Net Change in Fund Equity</i>	(821,236)	(34,117)	787,119
<i>Fund Equity at Beginning of Year</i>	4,347,710	4,347,710	0
<i>Prior Year Encumbrances Appropriated</i>	<u>416,998</u>	<u>416,998</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$3,943,472</u></u>	<u><u>\$4,730,591</u></u>	<u><u>\$787,119</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Sanitation Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$2,628,890	\$2,579,584	(\$49,306)
Expenses:			
Personal Services	123,364	115,435	7,929
Contractual Services	2,616,103	2,559,827	56,276
Materials and Supplies	36,269	32,689	3,580
<i>Total Expenses</i>	<u>2,775,736</u>	<u>2,707,951</u>	<u>67,785</u>
<i>Net Change in Fund Equity</i>	(146,846)	(128,367)	18,479
<i>Fund Equity at Beginning of Year</i>	535,993	535,993	0
<i>Prior Year Encumbrances Appropriated</i>	<u>163,033</u>	<u>163,033</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$552,180</u></u>	<u><u>\$570,659</u></u>	<u><u>\$18,479</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Maintenance and Repair Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$4,000	\$5,010	\$1,010
Intergovernmental	1,087,000	1,079,675	(7,325)
Other	5,000	12,807	7,807
<i>Total Revenues</i>	<u>1,096,000</u>	<u>1,097,492</u>	<u>1,492</u>
Expenditures:			
Current:			
Transportation and Street Repair			
General Street Administration			
Personal Services	61,445	59,664	1,781
Contractual Services	144,013	137,266	6,747
Materials and Supplies	20,603	18,959	1,644
<i>Total General Street Administration</i>	<u>226,061</u>	<u>215,889</u>	<u>10,172</u>
Maintenance and Repairs			
Personal Services	411,332	409,239	2,093
Contractual Services	5,576	5,566	10
Materials and Supplies	253,451	252,746	705
<i>Total Maintenance and Repairs</i>	<u>670,359</u>	<u>667,551</u>	<u>2,808</u>
Traffic Signs and Signals			
Personal Services	180,350	177,818	2,532
Contractual Services	62,904	23,951	38,953
Materials and Supplies	47,808	35,439	12,369
<i>Total Traffic Signs and Signals</i>	<u>291,062</u>	<u>237,208</u>	<u>53,854</u>
<i>Total Transportation and Street Repair</i>	<u>1,187,482</u>	<u>1,120,648</u>	<u>66,834</u>
Capital Outlay	99,976	99,976	0
<i>Total Expenditures</i>	<u>1,287,458</u>	<u>1,220,624</u>	<u>66,834</u>
<i>Excess of Revenues Under Expenditures</i>	(191,458)	(123,132)	68,326
Other Financing Sources:			
Proceeds from Sale of Capital Assets	0	1,086	1,086
<i>Net Change in Fund Balance</i>	(191,458)	(122,046)	69,412
<i>Fund Balance at Beginning of Year</i>	940,065	940,065	0
<i>Prior Year Encumbrances Appropriated</i>	<u>123,774</u>	<u>123,774</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$872,381</u>	<u>\$941,793</u>	<u>\$69,412</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
State Highway Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$1,000	\$897	(\$103)
Intergovernmental	88,195	87,541	(654)
Other	0	20	20
<i>Total Revenues</i>	<u>89,195</u>	<u>88,458</u>	<u>(737)</u>
Expenditures:			
Current:			
Transportation and Street Repair			
State Highway Maintenance			
Personal Services	66,793	60,356	6,437
Contractual Services	7,709	5,318	2,391
Materials and Supplies	25,794	20,145	5,649
<i>Total Expenditures</i>	<u>100,296</u>	<u>85,819</u>	<u>14,477</u>
<i>Net Change in Fund Balance</i>	(11,101)	2,639	13,740
<i>Fund Balance at Beginning of Year</i>	172,957	172,957	0
<i>Prior Year Encumbrances Appropriated</i>	<u>7,821</u>	<u>7,821</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$169,677</u></u>	<u><u>\$183,417</u></u>	<u><u>\$13,740</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Cemetery Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$40,100	\$41,825	\$1,725
Other	50	795	745
<i>Total Revenues</i>	<u>40,150</u>	<u>42,620</u>	<u>2,470</u>
Expenditures:			
Current:			
Public Health and Welfare			
Cemetery Operations			
Personal Services	75,066	74,680	386
Contractual Services	18,455	18,124	331
Materials and Supplies	10,049	9,923	126
<i>Total Expenditures</i>	<u>103,570</u>	<u>102,727</u>	<u>843</u>
<i>Excess of Revenues Under Expenditures</i>	(63,420)	(60,107)	3,313
Other Financing Sources:			
Transfers-In	56,793	56,792	(1)
<i>Net Change in Fund Balance</i>	(6,627)	(3,315)	3,312
<i>Fund Balance at Beginning of Year</i>	22,996	22,996	0
<i>Prior Year Encumbrances Appropriated</i>	4,749	4,749	0
<i>Fund Balance at End of Year</i>	<u>\$21,118</u>	<u>\$24,430</u>	<u>\$3,312</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Community Development Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$281,259	\$281,259	\$0
Other	4,667	5,101	434
<i>Total Revenues</i>	<u>285,926</u>	<u>286,360</u>	<u>434</u>
Expenditures:			
Current:			
Community Development			
Entitlement Administration			
Personal Services	39,002	38,119	883
Contractual Services	6,650	6,565	85
Materials and Supplies	1,494	1,494	0
<i>Total Entitlement Administration</i>	<u>47,146</u>	<u>46,178</u>	<u>968</u>
Entitlement Housing Rehab			
Personal Services	1,470	1,470	0
Code Enforcement			
Personal Services	95,028	93,808	1,220
Contractual Services	6,266	5,869	397
Materials and Supplies	8,306	8,228	78
<i>Total Code Enforcement</i>	<u>109,600</u>	<u>107,905</u>	<u>1,695</u>
Entitlement Fair Housing			
Contractual Services	13,615	13,615	0
Materials and Supplies	442	442	0
<i>Total Entitlement Fair Housing</i>	<u>14,057</u>	<u>14,057</u>	<u>0</u>
Downtown Streetscape Project			
Personal Services	654	536	118
Contractual Services	1,650	1,638	12
<i>Total Downtown Streetscape Project</i>	<u>2,304</u>	<u>2,174</u>	<u>130</u>
Tool Lending Closet			
Personal Services	1,825	1,824	1
Materials and Supplies	1,100	1,100	0
<i>Total Lending Closet</i>	<u>\$2,925</u>	<u>\$2,924</u>	<u>\$1</u>

(continued)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Community Development Fund
For the Year Ended December 31, 2012
(Continued)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Developmental Home Repair			
Personal Services	\$23,967	\$21,733	\$2,234
Contractual Services	25,000	25,000	0
<i>Total Community Developmental Home Repair</i>	<u>48,967</u>	<u>46,733</u>	<u>2,234</u>
Downtown Storefront Program			
Contractual Services	20,000	20,000	0
Downtown Façade Program			
Personal Services	\$5,554	\$5,457	\$97
<i>Total Community Development</i>	<u>252,023</u>	<u>246,898</u>	<u>5,125</u>
Capital Outlay	103,224	103,142	82
<i>Total Expenditures</i>	<u>355,247</u>	<u>350,040</u>	<u>5,207</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(69,321)</u>	<u>(63,680)</u>	<u>5,641</u>
Other Financing Sources (Uses):			
Advances-In	39,000	39,000	0
Advances-Out	(43,000)	(43,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,000)</u>	<u>(4,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(73,321)	(67,680)	5,641
<i>Fund Balance at Beginning of Year</i>	35,838	35,838	0
<i>Prior Year Encumbrances Appropriated</i>	37,943	37,943	0
<i>Fund Balance at End of Year</i>	<u>\$460</u>	<u>\$6,101</u>	<u>\$5,641</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Neighborhood Stabilization II Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$91,882	\$91,882	\$0
Other	747	747	0
<i>Total Revenues</i>	<u>92,629</u>	<u>92,629</u>	<u>0</u>
Expenditures:			
Current:			
Community Development			
Neighborhood Stabilization Program			
Personal Services	23,151	22,119	1,032
Contractual Services	122,789	122,669	120
<i>Total Community Development</i>	<u>145,940</u>	<u>144,788</u>	<u>1,152</u>
Capital Outlay	42,749	42,749	0
<i>Total Expenditures</i>	<u>188,689</u>	<u>187,537</u>	<u>1,152</u>
<i>Excess of Revenues Under Expenditures</i>	(96,060)	(94,908)	1,152
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	44,225	44,225	0
Advances-In	50,000	50,000	0
Advances-Out	(50,000)	(50,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>44,225</u>	<u>44,225</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(51,835)	(50,683)	1,152
<i>Fund Balance at Beginning of Year</i>	1,561	1,561	0
<i>Prior Year Encumbrances Appropriated</i>	50,796	50,796	0
<i>Fund Balance at End of Year</i>	<u>\$522</u>	<u>\$1,674</u>	<u>\$1,152</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Neighborhood Stabilization II Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$91,882	\$91,882	\$0
Other	747	747	0
<i>Total Revenues</i>	<u>92,629</u>	<u>92,629</u>	<u>0</u>
Expenditures:			
Current:			
Community Development Neighborhood Stabilization Program			
Personal Services	23,151	22,119	1,032
Contractual Services	122,789	122,669	120
<i>Total Community Development</i>	<u>145,940</u>	<u>144,788</u>	<u>1,152</u>
Capital Outlay	42,749	42,749	0
<i>Total Expenditures</i>	<u>188,689</u>	<u>187,537</u>	<u>1,152</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(96,060)</u>	<u>(94,908)</u>	<u>1,152</u>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	44,225	44,225	0
Advances-In	50,000	50,000	0
Advances-Out	(50,000)	(50,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>44,225</u>	<u>44,225</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(51,835)	(50,683)	1,152
<i>Fund Balance at Beginning of Year</i>	1,561	1,561	0
<i>Prior Year Encumbrances Appropriated</i>	<u>50,796</u>	<u>50,796</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$522</u>	<u>\$1,674</u>	<u>\$1,152</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Victim Witness Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$11,291	\$11,291	\$0
Intergovernmental	56,038	55,976	(62)
Other	0	62	62
<i>Total Revenues</i>	<u>67,329</u>	<u>67,329</u>	<u>0</u>
Expenditures:			
Current:			
Public Safety			
Administration			
Personal Services	77,496	76,847	649
Contractual Services	3,908	3,880	28
Materials and Supplies	825	825	0
<i>Total Expenditures</i>	<u>82,229</u>	<u>81,552</u>	<u>677</u>
<i>Excess of Revenues Under Expenditures</i>	(14,900)	(14,223)	677
Other Financing Sources:			
Transfers-In	15,188	15,188	0
<i>Net Change in Fund Balance</i>	288	965	677
<i>Fund Balance at Beginning of Year</i>	2,781	2,781	0
<i>Prior Year Encumbrances Appropriated</i>	858	858	0
<i>Fund Balance at End of Year</i>	<u>\$3,927</u>	<u>\$4,604</u>	<u>\$677</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Home Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$220,114	\$230,470	\$10,356
Expenditures:			
Current:			
Community and Economic Development			
Neighborhood Betterment			
Personal Services	19,271	15,227	4,044
Contractual Services	200,935	198,991	1,944
<i>Total Expenditures</i>	220,206	214,218	5,988
<i>Excess of Revenues Under Expenditures</i>	(92)	16,252	16,344
Other Financing Sources (Uses):			
Advances-In	48,000	48,000	0
Advances-Out	(52,000)	(52,000)	0
<i>Total Other Financing Sources (Uses)</i>	(4,000)	(4,000)	0
<i>Net Change in Fund Balance</i>	(4,092)	12,252	16,344
<i>Fund Balance at Beginning of Year</i>	4,907	4,907	0
<i>Prior Year Encumbrances Appropriated</i>	37,926	37,926	0
<i>Fund Balance at End of Year</i>	\$38,741	\$55,085	\$16,344

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Victim Witness ARRA Justice Assistance Grant Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$46,196	\$42,385	(\$3,811)
Expenditures:			
Current:			
Public Safety			
Administration			
Personal Services	50,560	49,346	1,214
<i>Excess of Revenues Under Expenditures</i>	(4,364)	(6,961)	(2,597)
Other Financing Sources:			
Transfers-In	11,000	11,000	0
<i>Net Change in Fund Balance</i>	6,636	4,039	(2,597)
<i>Fund Balance at Beginning of Year</i>	7,459	7,459	0
<i>Fund Balance at End of Year</i>	\$14,095	\$11,498	(\$2,597)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Employee Awards Program
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Contributions and Donations	\$605	\$605	\$0
Expenditures:			
Current:			
General Government			
Administration			
Contractual Services	1,521	1,521	0
<i>Net Change in Fund Balance</i>	(916)	(916)	0
<i>Fund Balance at Beginning of Year</i>	673	673	0
<i>Prior Year Encumbrances Appropriated</i>	243	243	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Festival Overtime Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other	2,601	2,601	0
Expenditures:			
Current:			
General Government			
Administration			
Personal Services	3,230	3,230	0
<i>Net Change in Fund Balance</i>	(629)	(629)	0
<i>Fund Balance at Beginning of Year</i>	629	629	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
County Motor Vehicle Tax Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Municipal Income Taxes	\$1,965,616	\$1,972,756	\$7,140
Fines, Licenses and Permits	0	16,031	16,031
Investment Earnings	10,000	14,295	4,295
Intergovernmental	679,000	628,272	(50,728)
Other	0	20,075	20,075
<i>Total Revenues</i>	<u>2,654,616</u>	<u>2,651,429</u>	<u>(3,187)</u>
Expenditures:			
Current:			
Transportation and Street Repair			
Contractual Services	1,760,087	1,693,154	66,933
Dayton Yellow Springs Road Phase II			
Contractual Services	8,203	8,203	0
Spangler Road Improvements			
Contractual Services	99,146	80,992	18,154
Central Ave Traffic Signal			
Contractual Services	17,613	17,613	0
State Route 444 Environment Assessment			
Contractual Services	4,200	4,200	0
Street Tax Levy			
Contractual Services	420,653	400,901	19,752
<i>Total Transportation and Street Repair</i>	<u>2,309,902</u>	<u>2,205,063</u>	<u>104,839</u>
Capital Outlay	962,336	844,928	117,408
<i>Total Expenditures</i>	<u>3,272,238</u>	<u>3,049,991</u>	<u>222,247</u>
<i>Net Change in Fund Balance</i>	(617,622)	(398,562)	219,060
<i>Fund Balance at Beginning of Year</i>	1,867,550	1,867,550	0
<i>Prior Year Encumbrances Appropriated</i>	583,330	583,330	0
<i>Fund Balance at End of Year</i>	<u>\$1,833,258</u>	<u>\$2,052,318</u>	<u>\$219,060</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Law Enforcement Trust Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Contributions and Donations	\$6,000	\$8,671	\$2,671
Other	74,000	52,441	(21,559)
<i>Total Revenues</i>	<u>80,000</u>	<u>61,112</u>	<u>(18,888)</u>
Expenditures:			
Current:			
Public Safety			
Safety City			
Contractual Services	8,725	7,416	1,309
Materials and Supplies	15,483	14,936	547
<i>Total Safety City</i>	<u>24,208</u>	<u>22,352</u>	<u>1,856</u>
DARE Program			
Contractual Services	3,000	3,000	0
Materials and Supplies	3,800	3,800	0
<i>Total DARE Program</i>	<u>6,800</u>	<u>6,800</u>	<u>0</u>
<i>Total Public Safety</i>	<u>31,008</u>	<u>29,152</u>	<u>1,856</u>
Capital Outlay	30,741	30,548	193
<i>Total Expenditures</i>	<u>61,749</u>	<u>59,700</u>	<u>2,049</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	18,251	1,412	(16,839)
Other Financing Sources:			
Proceeds from Sale of Capital Assets	0	1,478	1,478
<i>Net Change in Fund Balance</i>	18,251	2,890	(15,361)
<i>Fund Balance at Beginning of Year</i>	157,822	157,822	0
<i>Prior Year Encumbrances Appropriated</i>	<u>34,159</u>	<u>34,159</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$210,232</u>	<u>\$194,871</u>	<u>(\$15,361)</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Drug Law Enforcement Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other	\$3,000	\$1,768	(\$1,232)
Expenditures:			
Current:			
Public Safety			
Drug Law Enforcement			
Capital Outlay	740	740	0
<i>Net Change in Fund Balance</i>	2,260	1,028	(1,232)
<i>Fund Balance at Beginning of Year</i>	17,531	17,531	0
<i>Fund Balance at End of Year</i>	\$19,791	\$18,559	(\$1,232)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Indigent Drivers Alcohol Treatment Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$24,000	\$44,066	\$20,066
Expenditures:			
Current:			
Public Safety			
Law Enforcement			
Contractual Services	79,833	79,833	0
<i>Net Change in Fund Balance</i>	(55,833)	(35,767)	20,066
<i>Fund Balance at Beginning of Year</i>	360,512	360,512	0
<i>Prior Year Encumbrances Appropriated</i>	1,034	1,034	0
<i>Fund Balance at End of Year</i>	<u>\$305,713</u>	<u>\$325,779</u>	<u>\$20,066</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Alcohol Enforcement and Education Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$3,510	\$2,189	(\$1,321)
Expenditures:			
Current:			
Public Safety			
Law Enforcement			
Materials and Supplies	1,300	1,132	168
Capital Outlay	10,800	9,000	1,800
<i>Total Expenditures</i>	12,100	10,132	1,968
<i>Net Change in Fund Balance</i>	(8,590)	(7,943)	647
<i>Fund Balance at Beginning of Year</i>	12,975	12,975	0
<i>Fund Balance at End of Year</i>	\$4,385	\$5,032	\$647

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Federal Forfeitures Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$30,000	\$23,138	(\$6,862)
Investment Earnings	2,000	1,207	(793)
Intergovernmental	2,500	1,885	(615)
<i>Total Revenues</i>	<u>34,500</u>	<u>26,230</u>	<u>(8,270)</u>
Expenditures:			
Current:			
Public Safety			
Law Enforcement			
Contractual Services	8,000	1,480	6,520
Materials and Supplies	12,000	12,000	0
<i>Total Public Safety</i>	<u>20,000</u>	<u>13,480</u>	<u>6,520</u>
Capital Outlay	70,000	0	70,000
<i>Total Expenditures</i>	<u>90,000</u>	<u>13,480</u>	<u>76,520</u>
<i>Net Change in Fund Balance</i>	(55,500)	12,750	68,250
<i>Fund Balance at Beginning of Year</i>	<u>230,924</u>	<u>230,924</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$175,424</u></u>	<u><u>\$243,674</u></u>	<u><u>\$68,250</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Municipal Probation Services Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$79,650	\$77,003	(\$2,647)
Expenditures:			
Current:			
Public Safety			
Law Enforcement			
Personal Services	146,261	130,744	15,517
Contractual Services	4,890	2,840	2,050
Materials and Supplies	2,500	2,300	200
<i>Total Public Safety</i>	<u>153,651</u>	<u>135,884</u>	<u>17,767</u>
Capital Outlay	2,815	2,315	500
<i>Total Expenditures</i>	<u>156,466</u>	<u>138,199</u>	<u>18,267</u>
<i>Net Change in Fund Balance</i>	(76,816)	(61,196)	15,620
<i>Fund Balance at Beginning of Year</i>	135,028	135,028	0
<i>Prior Year Encumbrances Appropriated</i>	2,931	2,931	0
<i>Fund Balance at End of Year</i>	<u><u>\$61,143</u></u>	<u><u>\$76,763</u></u>	<u><u>\$15,620</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Traffic Intervention Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$14,784	\$14,784	\$0
Expenditures:			
Public Safety			
Law Enforcement			
Personal Services	27,624	27,621	3
<i>Net Change in Fund Balance</i>	(12,840)	(12,837)	3
<i>Fund Balance at Beginning of Year</i>	12,855	12,855	0
<i>Fund Balance at End of Year</i>	\$15	\$18	\$3

City of Fairborn, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget and Actual (Non-GAAP Basis)
 Court Legal Research/Computerization Fund
 For the Year Ended December 31, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$16,849	\$16,850	\$1
Expenditures:			
Current:			
General Government			
Municipal Court			
Contractual Services	15,570	15,570	0
Capital Outlay			
Capital Outlay	71,430	60,682	10,748
<i>Total Expenditures</i>	<u>87,000</u>	<u>76,252</u>	<u>10,748</u>
<i>Net Change in Fund Balance</i>	(70,151)	(59,402)	10,749
<i>Fund Balance at Beginning of Year</i>	65,427	65,427	0
<i>Prior Year Encumbrances Appropriated</i>	<u>48,933</u>	<u>48,933</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$44,209</u></u>	<u><u>\$54,958</u></u>	<u><u>\$10,749</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Court Clerk Computerization Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$114,798	\$120,404	\$5,606
Expenditures:			
Current:			
General Government			
Municipal Court			
Personal Services	29,568	29,361	207
Contractual Services	19,210	14,210	5,000
Materials and Supplies	1,500	1,500	0
<i>Total General Government</i>	50,278	45,071	5,207
Capital Outlay			
Capital Outlay	127,463	77,699	49,764
<i>Total Expenditures</i>	177,741	122,770	54,971
<i>Net Change in Fund Balance</i>	(62,943)	(2,366)	60,577
<i>Fund Balance at Beginning of Year</i>	179,025	179,025	0
<i>Prior Year Encumbrances Appropriated</i>	61,746	61,746	0
<i>Fund Balance at End of Year</i>	\$177,828	\$238,405	\$60,577

City of Fairborn, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget and Actual (Non-GAAP Basis)
 Indigent Driver's Interlock and Alcohol Monitoring Fund
 For the Year Ended December 31, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$39,000	\$29,916	(\$9,084)
Expenditures:			
Current:			
Public Safety			
Law Enforcement			
Contractual Services	10,902	10,902	0
<i>Net Change in Fund Balance</i>	28,098	19,014	(9,084)
<i>Fund Balance at Beginning of Year</i>	59,377	59,377	0
<i>Prior Year Encumbrances Appropriated</i>	2,098	2,098	0
<i>Fund Balance at End of Year</i>	<u>\$89,573</u>	<u>\$80,489</u>	<u>(\$9,084)</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Clean Ohio Revitalization Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$1,339,752	\$1,079,695	(\$260,057)
Expenditures:			
Current:			
General Government			
Calamityville			
Contractual Services	586,769	(216,214)	802,983
Capital Outlay	802,983	1,605,966	802,983
<i>Total Expenditures</i>	<u>1,389,752</u>	<u>1,389,752</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(50,000)	(310,057)	(260,057)
<i>Fund Balance at Beginning of Year</i>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$0</u></u>	<u><u>(\$260,057)</u></u>	<u><u>(\$260,057)</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Byrne Justice Assistance Grant Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$17,353	\$17,353	\$0
Expenditures:			
Current:			
Public Safety			
Byrne Justice Assistance Grant			
Contractual Services	7,110	7,110	0
Materials and Supplies	10,243	10,243	0
<i>Total Administration</i>	17,353	17,353	0
<i>Total Expenditures</i>	17,353	17,353	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Fairborn, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget and Actual (Non-GAAP Basis)
 Federal Emergency Management Agency Fund
 For the Year Ended December 31, 2012*

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$29,920	\$29,920	\$0
Expenditures:			
Current:			
Security of Persons and Property			
Fire Operations			
Personal Services	29,920	29,920	0
<i>Net Change in Fund Balance</i>	0	0	0
<i>Fund Balance at Beginning of Year</i>	0	0	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Uninsured Loss Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other	\$110,000	\$59,879	(\$50,121)
Expenditures:			
Current:			
General Government			
Uninsured Loss			
Contractual Services	103,313	93,313	10,000
Materials and Supplies	28,000	8,000	20,000
<i>Total General Government</i>	131,313	101,313	30,000
Capital Outlay	30,000	11,247	18,753
<i>Total Expenditures</i>	161,313	112,560	48,753
<i>Net Change in Fund Balance</i>	(51,313)	(52,681)	(1,368)
<i>Fund Balance at Beginning of Year</i>	67,822	67,822	0
<i>Prior Year Encumbrances Appropriated</i>	72,815	72,815	0
<i>Fund Balance at End of Year</i>	\$89,324	\$87,956	(\$1,368)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Street Lighting Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Public Safety			
Street Lighting			
Contractual Services	339,547	339,547	0
<i>Excess of Revenues Under Expenditures</i>	(339,547)	(339,547)	0
Other Financing Sources:			
Transfers-In	300,000	300,000	0
<i>Net Change in Fund Balance</i>	(39,547)	(39,547)	0
<i>Fund Balance at Beginning of Year</i>	16,341	16,341	0
<i>Prior Year Encumbrances Appropriated</i>	25,250	25,250	0
<i>Fund Balance at End of Year</i>	\$2,044	\$2,044	\$0

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Bond Retirement Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	40,775	36,937	(3,838)
Special Assessments	395,495	441,870	46,375
<i>Total Revenues</i>	<u>436,270</u>	<u>478,807</u>	<u>42,537</u>
Expenditures:			
Current:			
General Government			
Special Assessments			
Contractual Services	31,927	26,485	5,442
Debt Service			
Principal Retirement	339,000	339,000	0
Interest and Fiscal Charges	165,060	165,060	0
<i>Total Expenditures</i>	<u>535,987</u>	<u>530,545</u>	<u>5,442</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(99,717)	(51,738)	47,979
Other Financing Sources:			
Special Assessment Bonds Issued	0	5,388	5,388
<i>Net Change in Fund Balance</i>	(99,717)	(46,350)	53,367
<i>Fund Balance at Beginning of Year</i>	283,333	283,333	0
<i>Prior Year Encumbrances Appropriated</i>	40	40	0
<i>Fund Balance at End of Year</i>	<u>\$183,656</u>	<u>\$237,023</u>	<u>\$53,367</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Court Special Projects Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Licenses and Permits	\$169,730	\$172,203	\$2,473
Expenditures:			
Current:			
General Government			
Skyway Plaza Improvement			
Personal Services	50,789	50,717	72
Contractual Services	135,340	134,450	890
<i>Total General Government</i>	186,129	185,167	962
Capital Outlay	35,101	35,101	0
<i>Total Expenditures</i>	221,230	220,268	962
<i>Net Change in Fund Balance</i>	(51,500)	(48,065)	3,435
<i>Fund Balance at Beginning of Year</i>	70,759	70,759	0
<i>Prior Year Encumbrances Appropriated</i>	708	708	0
<i>Fund Balance at End of Year</i>	\$19,967	\$23,402	\$3,435

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
General Capital Improvement Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$2,617	\$2,407	(\$210)
Intergovernmental	600,000	600,000	0
<i>Total Revenues</i>	<u>602,617</u>	<u>602,407</u>	<u>(210)</u>
Expenditures:			
Current:			
General Government			
General Capital Improvement			
Contractual Services	42,479	40,479	2,000
Materials and Supplies	27,689	20,068	7,621
<i>Total General Government</i>	<u>70,168</u>	<u>60,547</u>	<u>9,621</u>
Capital Outlay	1,086,607	885,171	201,436
<i>Total Expenditures</i>	<u>1,156,775</u>	<u>945,718</u>	<u>211,057</u>
<i>Excess of Revenues Under Expenditures</i>	(554,158)	(343,311)	210,847
Other Financing Sources:			
Transfers-In	148,600	148,504	(96)
<i>Net Change in Fund Balance</i>	(405,558)	(194,807)	210,751
<i>Fund Balance at Beginning of Year</i>	540,786	540,786	0
<i>Prior Year Encumbrances Appropriated</i>	<u>55,115</u>	<u>55,115</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$190,343</u></u>	<u><u>\$401,094</u></u>	<u><u>\$210,751</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Parks and Recreation Improvements Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other Local Taxes	\$80,000	\$93,622	\$13,622
Charges for Services	17,275	20,668	3,393
Investment Earnings	1,000	1,001	1
Other	8,500	3,007	(5,493)
<i>Total Revenues</i>	<u>106,775</u>	<u>118,298</u>	<u>11,523</u>
Expenditures:			
Current:			
Leisure Time Activities			
Park and Recreation Improvements			
Contractual Services	3,439	3,439	0
Materials and Supplies	198	198	0
<i>Total Leisure Time Activities</i>	<u>3,637</u>	<u>3,637</u>	<u>0</u>
Capital Outlay	<u>256,480</u>	<u>255,687</u>	<u>793</u>
<i>Total Expenditures</i>	<u>260,117</u>	<u>259,324</u>	<u>793</u>
<i>Net Change in Fund Balance</i>	(153,342)	(141,026)	12,316
<i>Fund Balance at Beginning of Year</i>	246,218	246,218	0
<i>Prior Year Encumbrances Appropriated</i>	<u>6,106</u>	<u>6,106</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$98,982</u></u>	<u><u>\$111,298</u></u>	<u><u>\$12,316</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Source Water Protection Grant Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:	\$8,750	\$0	(\$8,750)
Intergovernmental			0
Expenditures:			
Capital Outlay	35,000	35,000	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(26,250)	(35,000)	(8,750)
Other Financing Sources (Uses):			
Advances-In	0	8,750	8,750
<i>Net Change in Fund Balance</i>	(26,250)	(26,250)	0
<i>Fund Balance at Beginning of Year</i>	26,250	26,250	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$0

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Homeland Security Grant
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$28,487	\$27,154	(\$1,333)
Expenditures:			
Current:			
Public Safety			
Homeland Security Equipment Grant			
Contractual Services	17,647	17,647	0
Capital Outlay	10,840	10,840	0
<i>Total Expenditures</i>	28,487	28,487	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(1,333)	(1,333)
Other Financing Uses:			
Advances-Out	(2,638)	(2,638)	0
<i>Net Change in Fund Balance</i>	(2,638)	(3,971)	(1,333)
<i>Fund Balance at Beginning of Year</i>	2,638	2,638	0
<i>Fund Balance at End of Year</i>	\$0	(\$1,333)	(\$1,333)

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Public Safety Equipment/Facility
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Income Taxes	\$1,965,616	\$1,972,755	\$7,139
Charges for Services	7,000	1,671	(5,329)
Intergovernmental	28,710	0	(28,710)
Interest	7,000	7,349	349
Other	2,500	25,403	22,903
<i>Total Revenues</i>	<u>2,010,826</u>	<u>2,007,178</u>	<u>(3,648)</u>
Expenditures:			
Current:			
General Government			
EMS Tax Levy			
Contractual Services	420,449	400,900	19,549
Materials and Supplies	160,715	160,714	1
<i>Total- General Government</i>	<u>581,164</u>	<u>561,614</u>	<u>19,550</u>
Capital Outlay	754,678	718,656	36,022
Debt Service			
Principal Retirement	1,145,000	1,145,000	0
Interest and Fiscal Charges	152,613	152,613	0
<i>Total Expenditures</i>	<u>2,633,455</u>	<u>2,577,883</u>	<u>55,572</u>
<i>Net Change in Fund Balance</i>	(622,629)	(570,705)	51,924
<i>Fund Balance at Beginning of Year</i>	991,472	991,472	0
<i>Prior Year Encumbrances Appropriated</i>	51,152	51,152	0
<i>Fund Balance at End of Year</i>	<u>\$419,995</u>	<u>\$471,919</u>	<u>\$51,924</u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Building and Land Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other	\$0	\$1,949	\$1,949
Expenditures:			
Current:			
General Government			
Building and Land			
Contractual Services	63,004	62,765	239
Materials and Supplies	39,371	39,371	0
<i>Total - General Government</i>	<u>102,375</u>	<u>102,136</u>	<u>239</u>
Capital Outlay	<u>302,457</u>	<u>302,457</u>	<u>0</u>
Debt Service			
Principal Retirement	140,000	140,000	0
Interest and Fiscal Charges	20,094	20,094	0
<i>Total Expenditures</i>	<u>564,926</u>	<u>564,687</u>	<u>239</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(564,926)</u>	<u>(562,738)</u>	<u>2,188</u>
Other Financing Sources:			
Transfers-In	222,756	222,756	0
Notes Issued	82,500	82,500	0
Premium on Debt Issued	1,900	997	(903)
<i>Total Other Financing Sources</i>	<u>307,156</u>	<u>306,253</u>	<u>(903)</u>
<i>Net Change in Fund Balance</i>	(257,770)	(256,485)	1,285
<i>Fund Balance at Beginning of Year</i>	278,045	278,045	0
<i>Prior Year Encumbrances Appropriated</i>	<u>23,976</u>	<u>23,976</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$44,251</u></u>	<u><u>\$45,536</u></u>	<u><u>\$1,285</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Tax Increment Financing Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Revenue in Lieu of Taxes	\$155,689	\$155,689	\$0
Expenditures:			
Current:			
General Government			
Tax Increment Financing			
Contractual Services	11,561	11,561	0
Debt Service			
Principal Retirement	1,765,762	1,765,762	0
Interest and Fiscal Charges	36,219	36,219	0
<i>Total Debt Service</i>	1,801,981	1,801,981	0
<i>Total Expenditures</i>	1,813,542	1,813,542	0
<i>Excess of Revenues Under Expenditures</i>	(1,657,853)	(1,657,853)	0
Other Financing Sources:			
Notes Issued	1,640,000	1,640,000	0
Premium on Notes Issued	14,337	14,337	0
<i>Total Other Financing Sources</i>	1,654,337	1,654,337	0
<i>Net Change in Fund Balance</i>	(3,516)	(3,516)	0
<i>Fund Balance at Beginning of Year</i>	3,019	3,019	0
<i>Prior Year Encumbrances Appropriated</i>	1,358	1,358	0
<i>Fund Balance at End of Year</i>	\$861	\$861	\$0

City of Fairborn, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Non-GAAP Basis)
Special Assessment Construction
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$64,000	\$0	(\$64,000)
Expenditures:			
Current:			
General Government			
Special Assessments Construction			
Contractual Services	25,466	4,058	21,408
Capital Outlay	119,970	115,216	4,754
Debt Service			
Principal Retirement	240,000	240,000	0
Interest and Fiscal Charges	10,711	6,736	3,975
<i>Total Expenditures</i>	396,147	366,010	30,137
<i>Excess of Revenues Over (Under) Expenditures</i>	(332,147)	(254,910)	77,237
Other Financing Sources:			
Bonds Issued	133,000	0	(133,000)
Special Assessment Bonds Issued	0	106,772	106,772
Notes Issued	300,000	145,000	(155,000)
Premium on Notes Issued	5,000	859	(4,141)
<i>Total Other Financing Sources</i>	438,000	252,631	(185,369)
<i>Net Change in Fund Balance</i>	105,853	(2,279)	(108,132)
<i>Fund Balance at Beginning of Year</i>	130,490	130,490	0
<i>Prior Year Encumbrances Appropriated</i>	18,974	18,974	0
<i>Fund Balance at End of Year</i>	\$255,317	\$147,185	(\$108,132)

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Equipment Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$1,404,159	\$1,424,322	\$20,163
Other	500	1,886	1,386
<i>Total Revenues</i>	<u>1,404,659</u>	<u>1,426,208</u>	<u>21,549</u>
Expenditures:			
Personal Services	414,985	403,405	11,580
Contractual Services	58,317	57,477	840
Materials and Supplies	1,004,853	1,001,117	3,736
Capital Outlay	2,229	2,229	0
<i>Total Expenditures</i>	<u>1,480,384</u>	<u>1,464,228</u>	<u>16,156</u>
<i>Net Change in Fund Equity</i>	(75,725)	(75,725)	37,705
<i>Fund Equity at Beginning of Year</i>	51,620	51,620	0
<i>Prior Year Encumbrances Appropriated</i>	<u>44,279</u>	<u>44,279</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$20,174</u></u>	<u><u>\$57,879</u></u>	<u><u>\$37,705</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Information Technology Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$428,808	\$428,834	\$26
Other	150	2,563	2,413
<i>Total Revenues</i>	<u>428,958</u>	<u>431,397</u>	<u>2,439</u>
Expenditures:			
Personal Services	255,172	253,209	1,963
Contractual Services	140,033	139,636	397
Materials and Supplies	12,997	9,554	3,443
Capital Outlay	37,822	37,821	1
<i>Total Expenditures</i>	<u>446,024</u>	<u>440,220</u>	<u>5,804</u>
<i>Net Change in Fund Equity</i>	(17,066)	(8,823)	8,243
<i>Fund Equity at Beginning of Year</i>	11,737	11,737	0
<i>Prior Year Encumbrances Appropriated</i>	<u>39,998</u>	<u>39,998</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$34,669</u></u>	<u><u>\$42,912</u></u>	<u><u>\$8,243</u></u>

City of Fairborn, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget and Actual (Non-GAAP Basis)
Employee Assistance Program Fund
For the Year Ended December 31, 2012

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$5,000	\$1,229	\$3,771
Other	5,000	0	(5,000)
<i>Total Revenues</i>	<u>10,000</u>	<u>1,229</u>	<u>(8,771)</u>
Expenditures:			
Personal Services	5,000	0	5,000
Contractual Services	8,675	8,675	0
<i>Total Expenditures</i>	<u>13,675</u>	<u>8,675</u>	<u>5,000</u>
<i>Net Change in Fund Equity</i>	(3,675)	(7,446)	3,771
<i>Fund Equity at Beginning of Year</i>	<u>248,626</u>	<u>248,626</u>	<u>0</u>
<i>Fund Equity at End of Year</i>	<u><u>\$244,951</u></u>	<u><u>\$241,180</u></u>	<u><u>\$3,771</u></u>

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STATISTICAL TABLES

This part of the City of Fairborn’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	162-171
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	172-180
These schedules contain information to help the reader assess the City’s most significant local revenue sources, property taxes and income taxes.	
Debt Capacity	182-191
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	192-193
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating information	194-199
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial reports relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Fairborn
Net Position by Component
Last Ten Years
(accrual basis of accounting)
Schedule 1

	2002	2003	2004	2005	2006
Governmental Activities					
Net Investment in Capital Assets	\$54,620,618	\$51,699,260	\$53,449,082	\$53,703,616	\$52,488,251
Restricted	2,288,050	8,908,087	7,825,897	5,536,261	9,740,033
Unrestricted	8,904,252	4,827,281	5,471,500	7,725,904	5,223,383
<i>Total Governmental Activities Net Position</i>	<u>\$65,812,920</u>	<u>\$65,434,628</u>	<u>\$66,746,479</u>	<u>\$66,965,781</u>	<u>\$67,451,667</u>
Business-Type Activities					
Net Investment in Capital Assets	\$6,384,413	\$8,410,344	\$9,532,806	\$9,458,159	\$10,090,771
Unrestricted	7,465,721	5,979,615	6,425,634	7,517,353	6,670,119
<i>Total Business-Type Activities Net Position</i>	<u>\$13,850,134</u>	<u>\$14,389,959</u>	<u>\$15,958,440</u>	<u>\$16,975,512</u>	<u>\$16,760,890</u>
Total Primary Government					
Net Investment in Capital Assets	\$61,005,031	\$60,109,604	\$62,981,888	\$63,161,775	\$62,579,022
Restricted	2,288,050	8,908,087	7,825,897	5,536,261	9,740,033
Unrestricted	16,369,973	10,806,896	11,897,134	15,243,257	11,893,502
<i>Total Primary Government Net Position</i>	<u>\$79,663,054</u>	<u>\$79,824,587</u>	<u>\$82,704,919</u>	<u>\$83,941,293</u>	<u>\$84,212,557</u>

2007	2008	2009	2010	2011	2012
\$54,537,585	\$56,578,526	\$57,492,409	\$58,223,118	\$59,259,234	\$59,885,657
6,871,704	9,231,712	11,579,836	10,917,852	13,249,832	13,272,202
9,007,506	7,221,856	5,834,667	6,468,379	7,587,718	11,621,608
<u>\$70,416,795</u>	<u>\$73,032,094</u>	<u>\$74,906,912</u>	<u>\$75,609,349</u>	<u>\$80,096,784</u>	<u>\$84,779,467</u>
\$9,928,349	\$11,700,861	\$12,903,901	\$12,913,413	\$12,778,599	\$12,182,697
7,169,040	6,733,325	6,413,278	7,461,531	9,037,992	10,509,882
<u>\$17,097,389</u>	<u>\$18,434,186</u>	<u>\$19,317,179</u>	<u>\$20,374,944</u>	<u>\$21,816,591</u>	<u>\$22,692,579</u>
\$64,465,934	\$68,279,387	\$70,396,310	\$71,136,531	\$72,037,833	\$72,068,354
6,871,704	9,231,712	11,579,836	10,917,852	13,249,832	13,272,202
16,176,546	13,955,181	12,247,945	13,929,910	16,625,710	22,131,490
<u>\$87,514,184</u>	<u>\$91,466,280</u>	<u>\$94,224,091</u>	<u>\$95,984,293</u>	<u>\$101,913,375</u>	<u>\$107,472,046</u>

City of Fairborn
Changes in Net Position
Last Ten Years
(accrual basis of accounting)
Schedule 2

	2003	2004	2005	2006
Program Revenues:				
Governmental Activities:				
Charges for Services:				
General Government	\$3,718,960	\$3,926,762	\$4,113,140	\$4,804,288
Public Safety	1,175,583	1,285,022	1,313,898	1,498,951
Leisure Time Activities	59,699	55,506	60,430	65,446
Community Development	313,328	297,960	292,286	254,979
Transportation and Street Repair	0	0	0	0
Public Health and Welfare	30,715	28,829	34,073	32,022
Operating Grants, Contributions and Interest	775,560	2,417,960	2,274,918	2,504,549
Capital Grants, Contributions and Interest	888,166	2,063,689	528,654	2,186,866
Total Governmental Activities Program Revenues	6,962,011	10,075,728	8,617,399	11,347,101
Business-Type Activities:				
Charges for Services:				
Water	2,607,726	2,836,439	2,805,354	2,759,818
Sewer	4,006,820	4,433,028	4,594,321	4,840,354
Sanitation	1,878,380	2,005,865	2,010,264	2,144,265
Operating Grants, Contributions and Interest:				
Water	0	0	0	0
Sewer	0	0	0	0
Capital Grants, Contributions and Interest:				
Water	0	0	0	0
Sewer	0	0	0	0
Total Business-Type Activities Program Revenues	8,492,926	9,275,332	9,409,939	9,744,437
Total Primary Government Program Revenues	15,454,937	19,351,060	18,027,338	21,091,538
Expenses:				
Governmental Activities:				
General Government	7,913,833	7,992,100	9,772,999	10,850,767
Public Safety	10,411,559	10,864,285	11,379,893	13,282,937
Leisure Time Activities	204,881	217,512	257,014	486,746
Community Development	924,385	895,745	1,080,955	1,147,616
Transportation and Street Repair	962,684	878,685	1,187,932	1,214,199
Public Health and Welfare	161,312	161,299	172,154	109,854
Interest and Fiscal Charges	243,382	226,575	663,995	598,655
Intergovernmental	0	0	0	0
Total Governmental Activities Expenses	20,822,036	21,236,201	24,514,942	27,690,774
Business-Type Activities:				
Water	2,528,612	2,624,043	3,204,297	3,038,417
Sewer	3,408,437	3,158,600	4,535,248	5,155,747
Sanitation	2,025,971	1,946,026	2,027,626	2,054,612
Total Business-Type Activities Expenses	7,963,020	7,728,669	9,767,171	10,248,776
Total Primary Government Expenses	\$28,785,056	\$28,964,870	\$34,282,113	\$37,939,550

2007	2008	2009	2010	2011	2012
\$4,255,380	\$4,468,225	\$4,735,434	\$4,546,522	\$5,006,470	\$5,321,951
1,637,736	1,643,651	1,570,569	2,243,439	1,580,842	2,242,606
64,074	15,800	15,431	17,755	20,555	20,668
279,014	0	0	0	0	0
897	0	0	0	0	16,031
29,696	27,171	46,576	31,559	40,585	41,825
2,910,842	2,852,492	3,312,494	2,601,148	3,119,605	3,313,243
672,689	1,867,845	2,049,859	1,154,072	3,224,212	1,178,734
9,850,328	10,875,184	11,730,363	10,594,495	12,992,269	12,135,058
2,975,569	3,410,484	3,535,657	3,737,937	3,957,558	4,199,695
4,944,647	5,466,151	5,571,836	5,754,670	5,936,952	6,505,548
2,246,696	2,396,874	2,482,526	2,525,807	2,502,118	2,542,620
0	5,813	2,657	0	0	0
0	3,170	1,800	51,742	0	0
0	0	37,460	27,700	43,300	65,235
0	0	44,330	39,540	46,865	56,005
10,166,912	11,282,492	11,676,266	12,137,396	12,486,793	13,369,103
20,017,240	22,157,676	23,406,629	22,731,891	25,479,062	25,504,161
9,425,790	8,784,812	9,093,180	10,210,347	9,358,187	8,905,813
12,753,371	13,011,273	13,664,046	13,166,582	13,148,808	12,978,270
300,073	301,791	389,573	509,311	353,854	332,663
1,042,518	932,039	1,030,438	1,096,602	1,107,951	1,374,945
1,391,534	1,461,350	2,044,120	1,829,298	1,858,735	3,421,331
103,575	79,371	91,313	91,846	96,966	96,413
726,456	577,333	523,675	459,319	216,742	346,865
0	195,085	207,546	222,316	361,216	223,589
25,743,317	25,343,054	27,043,891	27,585,621	26,502,459	27,679,889
3,289,099	3,274,444	3,421,387	3,456,025	3,211,043	3,450,401
4,514,767	4,717,417	4,339,587	5,382,287	5,334,436	6,635,220
2,523,416	2,109,350	2,702,870	2,328,675	2,550,934	2,449,113
10,327,282	10,101,211	10,463,844	11,166,987	11,096,413	12,534,734
\$36,070,599	\$35,444,265	\$37,507,735	\$38,752,608	\$37,598,872	\$40,214,623

(continued)

City of Fairborn
Changes in Net Position
Last Ten Years
(accrual basis of accounting)
Schedule 2

	2002	2003	2004	2005	2006
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	\$3,710,434	\$3,718,960	\$3,926,762	\$4,113,140	\$4,804,288
Public Safety	1,146,719	1,175,583	1,285,022	1,313,898	1,498,951
Leisure Time Activities	61,701	59,699	55,506	60,430	65,446
Community Development	252,513	313,328	297,960	292,286	254,979
Transportation and Street Repair	0	0	0	0	0
Public Health and Welfare	29,575	30,715	28,829	34,073	32,022
Operating Grants, Contributions and Interest	1,649,218	775,560	2,417,960	2,274,918	2,504,549
Capital Grants, Contributions and Interest	544,854	888,166	2,063,689	528,654	2,186,866
Total Governmental Activities Program Revenues	7,395,014	6,962,011	10,075,728	8,617,399	11,347,101
Business-Type Activities:					
Charges for Services:					
Water	2,584,278	2,607,726	2,836,439	2,805,354	2,759,818
Sewer	4,006,321	4,006,820	4,433,028	4,594,321	4,840,354
Sanitation	1,903,751	1,878,380	2,005,865	2,010,264	2,144,265
Operating Grants, Contributions and Interest:					
Water	0	0	0	0	0
Sewer	0	0	0	0	0
Capital Grants, Contributions and Interest:					
Water	0	0	0	0	0
Sewer	0	0	0	0	0
Total Business-Type Activities Program Revenues	8,494,350	8,492,926	9,275,332	9,409,939	9,744,437
Total Primary Government Program Revenues	15,889,364	15,454,937	19,351,060	18,027,338	21,091,538
Expenses:					
Governmental Activities:					
General Government	7,051,733	7,913,833	7,992,100	9,772,999	10,850,767
Public Safety	10,224,571	10,411,559	10,864,285	11,379,893	13,282,937
Leisure Time Activities	192,053	204,881	217,512	257,014	486,746
Community Development	876,786	924,385	895,745	1,080,955	1,147,616
Transportation and Street Repair	960,594	962,684	878,685	1,187,932	1,214,199
Public Health and Welfare	170,269	161,312	161,299	172,154	109,854
Interest and Fiscal Charges	227,385	243,382	226,575	663,995	598,655
Intergovernmental	0	0	0	0	0
Total Governmental Activities Expenses	19,703,391	20,822,036	21,236,201	24,514,942	27,690,774
Business-Type Activities:					
Water	2,681,226	2,528,612	2,624,043	3,204,297	3,038,417
Sewer	3,657,890	3,408,437	3,158,600	4,535,248	5,155,747
Sanitation	1,784,814	2,025,971	1,946,026	2,027,626	2,054,612
Total Business-Type Activities Expenses	8,123,930	7,963,020	7,728,669	9,767,171	10,248,776
Total Primary Government Expenses	\$27,827,321	\$28,785,056	\$28,964,870	\$34,282,113	\$37,939,550

2007	2008	2009	2010	2011	2012
(\$15,892,989)	(\$14,467,870)	(\$15,313,528)	(\$16,991,126)	(\$13,510,190)	(\$15,544,831)
(160,370)	1,181,281	1,212,422	970,409	1,390,380	834,369
(16,053,359)	(13,286,589)	(14,101,106)	(16,020,717)	(12,119,810)	(14,710,462)
2,174,289	1,751,432	1,604,334	1,645,992	1,551,379	822,926
0	373,158	373,388	380,949	545,417	2,189,418
0	0	148,183	152,106	340,974	2,189,418
146,175	133,767	149,933	149,388	114,364	0
0	142,205	134,505	139,667	124,253	0
564,276	0	0	0	0	0
159,966	0	0	0	0	0
0	840,651	738,667	712,099	810,109	841,187
11,791,441	0	0	0	0	0
0	8,488,898	7,384,148	7,739,285	7,759,131	8,125,170
0	2,060,948	1,853,273	1,931,190	1,946,526	2,030,750
0	2,030,024	1,848,135	1,931,190	1,946,525	2,030,749
0	294,409	310,823	339,114	332,269	379,278
2,357,094	2,072,364	2,148,568	2,158,308	1,890,415	1,076,446
0	0	0	0	0	0
1,048,527	958,903	125,503	16,369	135,217	63,005
0	0	0	0	0	0
227,875	410,769	368,886	397,906	501,046	479,167
(11,212)	0	0	0	0	0
0	0	0	0	0	0
18,458,431	19,557,528	17,188,346	17,693,563	17,997,625	20,227,514
259,186	113,524	126,621	57,526	25,838	23,729
76,471	41,992	31,975	29,830	25,429	17,890
11,212	0	0	0	0	0
346,869	155,516	158,596	87,356	51,267	41,619
18,805,300	19,713,044	17,346,942	17,780,919	18,048,892	20,269,133
399,686	0	0	0	0	0
150,000	0	(488,025)	0	0	0
2,965,128	5,089,658	1,874,818	702,437	4,487,435	4,682,683
336,499	1,336,797	882,993	1,057,765	1,441,647	875,988
\$3,301,627	\$6,426,455	\$2,757,811	\$1,760,202	\$5,929,082	\$5,558,671

City of Fairborn
Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
Schedule 3

	2003	2004	2005	2006
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	245,934	217,896	168,628	245,018
Unreserved	<u>3,790,060</u>	<u>3,776,580</u>	<u>4,641,173</u>	<u>5,202,888</u>
Total General Fund	<u>4,035,994</u>	<u>3,994,476</u>	<u>4,809,801</u>	<u>5,447,906</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned(Deficit)	0	0	0	0
Reserved	1,507,275	743,955	2,188,633	1,916,625
Unreserved, Undesignated (Deficit) Reported in:				
Special Revenue Funds	1,118,846	1,100,078	1,026,335	2,500,629
Debt Service Fund	0	0	0	380,838
Capital Projects Funds	<u>978,497</u>	<u>1,051,916</u>	<u>7,144,789</u>	<u>(1,980,179)</u>
Total all Other Governmental Funds	<u>3,604,618</u>	<u>2,895,949</u>	<u>10,359,757</u>	<u>2,817,913</u>
All Governmental Funds	<u><u>\$7,640,612</u></u>	<u><u>\$6,890,425</u></u>	<u><u>\$15,169,558</u></u>	<u><u>\$8,265,819</u></u>

(1) The City implemented GASB 54 in 2011.

2007	2008	2009	2010 (1)	2011	2012
\$0	\$0	\$0	\$28,888	\$46,497	\$54,586
0	0	0	213,705	171,849	262,679
0	0	0	3,371,738	3,410,686	7,894,685
134,360	202,949	243,901	0	0	0
5,577,044	4,496,405	3,522,534	0	0	0
5,711,404	4,699,354	3,766,435	3,614,331	3,629,032	8,211,950
0	0	0	1,284,429	3,412,502	3,329,972
0	0	0	6,575,123	7,071,041	7,360,699
0	0	0	374,831	491,291	561,203
0	0	0	474,042	593,902	495,287
0	0	0	(2,553,880)	(3,123,216)	(730,233)
747,853	650,135	2,017,230	0	0	0
2,342,636	2,678,806	3,274,776	0	0	0
369,454	346,215	325,721	0	0	0
(899,905)	(541,650)	(334,303)	0	0	0
2,560,038	3,133,506	5,283,424	6,154,545	8,445,520	11,016,928
\$8,271,442	\$7,832,860	\$9,049,859	\$9,768,876	\$12,074,552	\$19,228,878

City of Fairborn
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)
Schedule 4

	2003	2004	2005	2006
Revenues:				
Property Taxes	\$0	\$0	\$0	\$0
Other Local Taxes	0	0	0	0
Municipal Income Taxes	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0
Taxes (1)	9,341,627	9,430,916	12,748,456	14,340,781
Fines, Licenses and Permits	1,733,554	1,576,265	1,673,142	1,835,529
Charges for Services	3,552,641	4,017,814	4,140,685	4,257,434
Investment Earnings	233,397	235,220	695,348	895,623
Intergovernmental	4,862,993	4,713,476	4,964,424	5,164,926
Special Assessments	450,642	325,991	496,664	543,391
Contributions and Donations	0	0	0	0
Other	439,315	773,721	811,522	521,639
Total Revenues	20,614,169	21,073,403	25,530,241	27,559,323
Expenditures:				
Current:				
General Government	5,777,571	5,831,092	6,735,946	6,477,723
Public Safety	9,976,207	10,329,612	10,912,325	12,564,172
Leisure Time Activities	170,123	176,296	195,785	410,110
Community Development	873,993	850,517	1,033,507	1,059,955
Transportation and Street Repair	866,139	843,820	1,056,935	1,018,784
Public Health and Welfare	155,009	158,972	170,082	89,967
Capital Outlay	2,469,469	2,990,691	5,632,627	11,390,490
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	435,000	506,208	1,176,700	1,387,422
Interest and Fiscal Charges	241,730	227,380	667,870	626,558
Issuance Costs	0	0	0	0
Total Expenditures	20,965,241	21,914,588	27,581,777	35,025,181
Excess of Revenues				
Over (Under) Expenditures	(351,072)	(841,185)	(2,051,536)	(7,465,858)
Other Financing Sources (Uses):				
Premium on Debt Issued	0	0	281,454	0
Sale of Notes	0	62,056	0	0
Proceeds from the Sale of Capital Assets	31,307	55,451	18,710	65,300
Issuance of Long-Term Capital-Related Debt	760,000	275,000	10,000,000	505,000
Proceeds from Refunding Bonds	0	0	0	0
Proceeds to Refunding Bond Escrow Agent	0	0	0	0
Special Assessments Bond Issued	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
Refunding Notes Issued	0	0	0	0
Inception of Capital Lease	0	107,924	42,119	0
Transfers-In	1,897,171	1,248,277	3,057,305	4,077,630
Transfers-Out	(1,848,307)	(1,170,495)	(3,068,919)	(4,085,811)
Total Other Financing Sources (Uses)	840,171	578,213	10,330,669	562,119
Restatement of Prior Year Fund Balances	19,990	(487,215)	0	0
Net Change in Fund Balances	\$509,089	(\$750,187)	\$8,279,133	(\$6,903,739)
Debt Service as a Percentage				
of Noncapital Expenditures	2.0%	2.1%	5.9%	6.6%

(1) Prior to 2008, the City did not separate Property, Revenue in Lieu of Taxes, Other local, and Municipal Income Taxes

2007	2008	2009	2010	2011	2012
\$0	\$2,389,176	\$2,425,711	\$2,458,646	\$2,415,919	\$5,235,512
0	840,651	738,667	712,099	810,109	841,187
0	10,194,655	11,185,796	11,442,949	11,574,407	11,994,955
0	294,409	310,823	339,114	332,269	379,278
14,175,271	0	0	0	0	0
1,946,954	2,404,118	2,002,352	1,817,598	1,638,566	1,639,486
3,943,296	3,368,842	4,151,360	4,868,341	5,048,274	5,778,812
1,049,461	1,000,056	233,256	165,647	168,589	101,427
5,196,126	6,287,601	6,028,951	5,914,059	6,236,284	6,535,383
477,094	317,084	302,578	414,979	416,412	363,052
0	0	542,430	0	46,558	9,276
289,418	410,769	368,886	397,906	501,046	498,594
<u>27,077,620</u>	<u>27,507,361</u>	<u>28,290,810</u>	<u>28,531,338</u>	<u>29,188,433</u>	<u>33,376,962</u>
6,066,276	6,780,642	6,826,870	7,517,523	7,025,927	6,410,454
12,254,446	12,519,358	12,902,125	12,772,786	12,379,650	12,282,513
211,967	206,165	280,300	391,574	201,592	169,189
1,004,676	915,623	1,010,774	1,080,457	1,087,343	1,349,975
1,328,606	1,123,628	1,654,970	1,460,195	1,763,864	3,309,867
104,930	79,775	88,814	90,865	95,111	94,743
4,252,263	4,545,832	2,387,313	2,505,157	1,699,918	2,014,611
0	195,085	207,546	222,316	216,742	223,589
1,562,422	1,540,702	1,706,369	2,040,492	2,478,903	1,755,570
755,436	625,846	546,730	485,687	384,476	363,988
0	0	0	852	11,510	0
<u>27,541,022</u>	<u>28,532,656</u>	<u>27,611,811</u>	<u>28,567,904</u>	<u>27,345,036</u>	<u>27,974,499</u>
<u>(463,402)</u>	<u>(1,025,295)</u>	<u>678,999</u>	<u>(36,566)</u>	<u>1,843,397</u>	<u>5,402,463</u>
0	0	0	583	0	16,193
0	0	0	0	0	0
15,237	0	0	0	22,279	4,484
465,000	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	280,000	135,000	0	320,000	120,000
0	0	0	45,000	0	0
0	135,000	403,000	710,000	120,000	1,611,186
0	171,713	0	0	0	0
4,127,372	4,839,170	10,563,476	10,226,724	9,644,754	4,870,028
<u>(4,138,584)</u>	<u>(4,839,170)</u>	<u>(10,563,476)</u>	<u>(10,226,724)</u>	<u>(9,644,754)</u>	<u>(4,870,028)</u>
<u>469,025</u>	<u>586,713</u>	<u>538,000</u>	<u>755,583</u>	<u>462,279</u>	<u>1,751,863</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$5,623</u>	<u>(\$438,582)</u>	<u>\$1,216,999</u>	<u>\$719,017</u>	<u>\$2,305,676</u>	<u>\$7,154,326</u>
5.8%	9.2%	9.0%	9.7%	11.2%	8.2%

City of Fairborn, Ohio
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years
Schedule 5

Collection Year	Real Property		Tangible Personal Property			
	Assessed Value	Estimated Actual Value	Public Utility		General Business	
			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2003	\$450,998,070	\$1,288,565,914	\$15,803,490	\$17,958,511	\$29,402,399	\$117,609,596
2004	457,846,720	1,308,133,486	15,059,190	17,112,716	28,546,698	114,186,792
2005	465,630,690	1,330,373,400	14,726,390	16,734,534	28,562,585	114,250,340
2006	502,077,420	1,434,506,914	13,420,850	15,250,966	27,961,223	149,126,523
2007	506,398,990	1,446,854,257	12,989,310	14,760,580	19,626,089	157,008,712
2008	513,328,920	1,466,654,057	11,790,182	13,397,934	15,057,095	24,091,352
2009	552,208,370	1,577,738,200	10,790,570	12,262,011	7,381,048	11,809,677
2010	546,193,740	1,560,553,543	11,198,650	12,725,739	9,299,640	14,879,424
2011	513,212,360	1,466,321,029	11,439,860	12,999,841	0	0
2012	516,359,800	1,475,313,714	14,040,100	15,954,659	0	0

Source: Greene County Auditor

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 12.5 percent for 2007, 6.25 percent for 2008 and zero percent for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010).

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent rollback, 2 1/2 percent rollback, and homestead exemption before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property was eliminated.

Assessed Value	Total		Weighted Average Tax Rate (per \$1,000 of assessed value)
	Estimated Actual Value	Ratio	
\$496,203,959	\$1,424,134,022	34.84	9.29
501,452,608	1,439,432,994	34.84	10.57
508,919,665	1,461,358,274	34.83	9.27
543,459,493	1,598,884,403	33.99	8.95
539,014,389	1,618,623,549	33.30	8.89
540,176,197	1,504,143,343	35.91	8.85
570,379,988	1,601,809,888	35.61	8.78
566,692,030	1,588,158,705	35.68	8.80
524,652,220	1,479,320,869	35.47	8.80
530,399,900	1,491,268,373	35.57	8.80

City of Fairborn, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years
Schedule 6

	2003	2004	2005	2006
Unvoted Millage				
Operating	\$2.50000	\$2.50000	\$2.50000	\$2.50000
Voted Millage - by levy				
1976 Current Expense				
Residential/Agricultural Real	1.3411	1.3360	1.2619	1.2566
Commercial/Industrial and Public Utility Real	1.9509	1.9694	1.8990	1.9108
General Business and Public Utility Personal	4.8000	4.8000	4.8000	4.8000
1976 Street Light				
Residential/Agricultural Real	0.2515	0.2505	0.2366	0.2356
Commercial/Industrial and Public Utility Real	0.3658	0.3693	0.3561	0.3583
General Business and Public Utility Personal	0.9000	0.9000	0.9000	0.9000
1976 Bond Levy (\$930,000)				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
1982 Emergency Medical Service				
Residential/Agricultural Real	0.4460	0.4443	0.4196	0.4179
Commercial/Industrial and Public Utility Real	0.5692	0.5745	0.5540	0.5575
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000
1990 Bond Levy (\$1,750,000)				
Residential/Agricultural Real	0.3000	0.3000	0.3000	0.3000
Commercial/Industrial and Public Utility Real	0.3000	0.3000	0.3000	0.3000
General Business and Public Utility Personal	0.3000	0.3000	0.3000	0.3000
2011 Police				
Residential/Agricultural Real	0.00000	0.00000	0.00000	0.00000
Commercial/Industrial and Public Utility Real	0.00000	0.00000	0.00000	0.00000
General Business and Public Utility Personal	0.00000	0.00000	0.00000	0.00000
2011 Fire & EMS				
Residential/Agricultural Real	0.00000	0.00000	0.00000	0.00000
Commercial/Industrial and Public Utility Real	0.00000	0.00000	0.00000	0.00000
General Business and Public Utility Personal	0.00000	0.00000	0.00000	0.00000
<i>Total Voted Millage by Type of Property</i>				
Residential/Agricultural Real	2.33860	2.33080	2.21810	2.21010
Commercial/Industrial and Public Utility Real	3.18590	3.21320	3.10910	3.12660
General Business and Public Utility Personal	7.00000	7.00000	7.00000	7.00000
<i>Total Millage by Type of Property</i>				
Residential/Agricultural Real	4.83860	4.83080	4.71810	4.71010
Commercial/Industrial and Public Utility Real	5.68590	5.71320	5.60910	5.62660
General Business and Public Utility Personal	9.50000	9.50000	9.50000	9.50000

2007	2008	2009	2010	2011	2012
\$2.50000	\$2.50000	\$2.50000	\$2.50000	\$2.50000	\$2.50000
1.2535	1.1784	1.1787	1.1799	0.0000	0.0000
1.9210	1.7922	1.8323	1.8505	0.0000	0.0000
4.8000	4.8000	4.8000	4.8000	0.0000	0.0000
0.2350	0.2209	0.2210	0.2212	0.0000	0.0000
0.3602	0.3360	0.3436	0.3470	0.0000	0.0000
0.9000	0.9000	0.9000	0.9000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.4169	0.3919	0.3920	0.3924	0.0000	0.0000
0.5604	0.5229	0.5345	0.5398	0.0000	0.0000
1.0000	1.0000	1.0000	1.0000	0.0000	0.0000
0.2800	0.3000	0.3000	0.2500	0.0000	0.0000
0.2800	0.3000	0.3000	0.2500	0.0000	0.0000
0.2800	0.3000	0.3000	0.2500	0.0000	0.0000
0.00000	0.00000	0.00000	0.00000	4.40000	4.40000
0.00000	0.00000	0.00000	0.00000	4.40000	4.40000
0.00000	0.00000	0.00000	0.00000	4.40000	4.40000
0.00000	0.00000	0.00000	0.00000	4.40000	4.40000
0.00000	0.00000	0.00000	0.00000	4.40000	4.40000
0.00000	0.00000	0.00000	0.00000	4.40000	4.40000
0.00000	0.00000	0.00000	0.00000	4.40000	4.40000
2.18540	2.09120	2.09170	2.04350	8.80000	8.80000
3.12160	2.95110	3.01040	2.98730	8.80000	8.80000
6.98000	7.00000	7.00000	6.95000	8.80000	8.80000
4.68540	4.59120	4.59170	4.54350	11.30000	11.30000
5.62160	5.45110	5.51040	5.48730	11.30000	11.30000
9.48000	9.50000	9.50000	9.45000	11.30000	11.30000

(continued)

City of Fairborn, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years
Schedule 6
(Continued)

Overlapping Rates by Taxing District

	2003	2004	2005	2006
Fairborn City School District				
Residential/Agricultural Real	\$22.6000	\$22.6000	\$22.4000	\$22.4001
Commercial/Industrial and Public Utility Real	24.5718	24.7422	23.8984	24.0142
General Business and Public Utility Personal	44.4000	44.4000	44.2000	44.2000
Greene County Joint Vocational School District				
Residential/Agricultural Real	2.6154	2.6133	2.5752	2.5720
Commercial/Industrial and Public Utility Real	2.7062	2.7076	2.6528	2.6661
General Business and Public Utility Personal	3.4500	3.4500	3.4500	3.4500
General Health District				
Residential/Agricultural Real	0.4360	0.4346	0.4079	0.4971
Commercial/Industrial and Public Utility Real	0.4601	0.4604	0.4455	0.5000
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.5000
Greene County				
Residential/Agricultural Real	7.9194	10.3606	10.8837	10.6950
Commercial/Industrial and Public Utility Real	8.5882	10.6373	11.3795	11.1652
General Business and Public Utility Personal	10.0700	11.3000	12.3000	11.5500

Source: Greene County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. Real property is reappraised every six years and property values are updated in the third year of each reappraisal.

Overlapping rates are those of local and county governments that apply to property owners within the City.

2007	2008	2009	2010	2011	2012
\$30.7001	\$30.1000	\$30.0066	\$30.1277	\$32.2323	\$32.0765
32.4080	31.0102	31.2887	31.4438	33.0970	33.1848
52.5000	51.9000	51.8000	51.9000	52.6500	52.5000
2.5692	2.5269	2.5285	2.5316	2.6460	2.6473
2.6501	2.6030	2.6776	2.6963	2.8188	2.8285
3.4500	3.4500	3.4500	3.4500	3.4500	3.4500
0.4948	0.4570	0.4573	0.4578	0.8000	0.8000
0.4954	0.4598	0.4731	0.4763	0.8000	0.8000
0.5000	0.5000	0.5000	0.5000	0.8000	0.8000
10.6547	10.0302	10.9944	11.5834	11.2744	11.2772
11.0849	10.4644	11.5388	11.5388	11.8825	11.9065
11.5500	11.5500	12.2500	12.2500	12.2500	12.2500

City of Fairborn, Ohio
Principal Property Tax Payers
 2012 and 2005 (1)
 Schedule 7

Taxpayer	2012	
	Assessed Value	Percentage of Total Assessed Value
Dayton Power and Light	\$11,478,440	2.19%
Charter Woods LLC	6,280,800	1.20%
Wright Executive Hotel	5,374,840	1.02%
Mapleview Apartments LLC	4,058,050	77.00%
2377 Commerce Center Blvd. LLC	3,617,500	69.00%
Campus Village Wright State	3,222,070	61.00%
Natdayton LLC	3,137,760	60.00%
Highland Apartments	2,831,020	54.00%
Trebein Limited	2,655,000	51.00%
Wright Patt Credit	2,493,850	47.00%
Total Principal Property Tax Payers	45,149,330	8.51%
Total All Others	485,250,570	91.49%
Total Assessed Value	\$530,399,900	100.00%

Taxpayer	2005 (1)	
	Assessed Value	Percentage of Total Assessed Value
Dayton Power and Light Company	\$7,395,220	1.45%
Charter Woods, LLC	6,155,900	1.21%
MG-Mapleview LTD	4,838,520	0.95%
2377 Commerce Center Blvd.	3,956,090	0.78%
Ohio Bell Telephone	3,872,460	0.76%
Trebein Limited ADK III	3,519,900	0.69%
Highland Apartments	3,134,650	0.62%
Property Associates LLC	3,098,380	0.61%
Miami Valley Publishing Co., Inc.	3,045,800	0.60%
Ali Industries	2,996,550	0.59%
Total Principal Property Tax Payers	42,013,470	8.26%
Total All Others	466,906,195	91.74%
Total Assessed Value	\$508,919,665	100.00%

Source: County Auditor

(1) Information prior to 2005 is unavailable.

City of Fairborn, Ohio
Property Tax Levies and Collections
Last Ten Years
Schedule 8

Collection Year	Total Tax Levied (1)	Current Tax Collection (1)	Percent of Current Levy Collected	Delinquent Tax Collection (2) (3)	Total Tax Collections	Percent of Total Collections To Total Levy
2003	\$2,391,232	\$2,295,337	95.99%	\$0	\$2,295,337	95.99%
2004	2,525,070	2,436,033	96.47%	0	2,436,033	96.47%
2005	2,577,182	2,390,628	92.76%	0	2,390,628	92.76%
2006	2,681,552	2,589,155	96.55%	0	2,589,155	96.55%
2007	2,964,283	2,628,788	88.68%	0	2,628,788	88.68%
2008	2,868,759	2,554,887	89.06%	86,433	2,641,320	92.07%
2009	2,884,618	2,332,773	80.87%	93,338	2,426,111	84.11%
2010	2,942,140	2,525,043	85.82%	195,165	2,720,208	92.46%
2011	2,949,959	2,304,014	78.10%	111,913	2,415,927	81.90%
2012	6,362,712	4,965,327	78.04%	269,885	5,235,212	82.28%

Source: County Auditor

- (1) Current taxes levied and current tax collections do not include rollback and homestead amounts.
- (2) Delinquent tax collections include amounts collected from penalties, interest, and other delinquent collections. The County does not identify delinquent collections by the year for which the tax was levied.
- (3) Prior to 2008 the County Auditor did not split tax collections between current and delinquent.

City of Fairborn, Ohio
Income Tax by Payer Type and Income Tax Rate
Last Ten Years
(cash basis of accounting)
Schedule 9

Calendar Year	Individual		Total Individual	Corporate (1)	Partnership (2)	Total	Income Tax Rate
	Withholding	Non-Withholding					
2003	\$5,253,485	\$813,148	\$6,066,633	\$423,774	\$0	\$6,490,407	1.00%
2004	5,294,278	787,786	6,082,064	456,293	0	6,538,357	1.00%
2005	7,764,991	1,005,942	8,770,933	469,672	0	9,240,605	1.50%
2006	8,339,271	1,355,634	9,694,905	796,801	0	10,491,706	1.50%
2007	8,850,224	1,278,895	10,129,119	747,105	0	10,876,224	1.50%
2008	8,597,465	1,438,186	10,035,651	799,493	0	10,835,144	1.50%
2009	9,097,190	1,344,367	10,441,557	493,240	0	10,934,797	1.50%
2010	9,052,186	1,465,601	10,517,787	527,885	0	11,045,672	1.50%
2011	9,090,819	1,503,761	10,594,580	788,138	0	11,382,718	1.50%
2012	9,382,995	1,416,132	10,799,127	875,154	0	11,674,281	1.50%

(1) Corporate includes Partnerships, unable to break out the information.

(2) Information not available.

Note: Increases in the income tax rate requires voter approval.



City of Fairborn, Ohio
Ratios of Outstanding Debt by Type
Last Ten Years
Schedule 10

Calendar Year	Governmental Activities					
	General Obligation Bonds	Special Assessment Bonds	General Obligation Notes	Special Assessment Notes	Income Tax Revenue Bonds	Capital Leases
2003	\$1,983,000	\$1,806,000	\$470,000	\$56,663	\$0	\$0
2004	1,995,000	1,598,000	185,000	83,511	0	935,160
2005	1,700,000	1,390,000	2,110,000	59,811	9,350,000	852,285
2006	1,400,000	1,760,000	4,750,000	36,111	8,470,000	720,737
2007	1,080,000	2,000,000	2,470,000	12,412	7,570,000	627,014
2008	890,000	1,960,000	2,365,000	260,000	6,650,000	804,147
2009	695,000	1,789,000	3,292,762	501,000	5,830,729	669,186
2010	570,583	1,437,000	1,993,163	710,000	4,802,583	527,264
2011	390,466	1,394,000	2,009,159	120,000	3,669,437	395,237
2012	350,350	1,190,000	1,809,607	68,686	2,496,291	262,874

N/A - Information not available.

Notes: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Population and Personal Income data are presented on Schedule 18.

Business-Type Activities

General Obligation Bonds	Special Assessment Bonds	OWDA Loan	OPWC Loan	General Obligation Notes	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$5,515,000	\$0	\$3,365,076	\$200,225	\$3,100,000	\$0	\$16,495,964	0.35%	515
8,050,000	0	3,058,962	183,540	1,630,000	75,783	17,794,956	0.37%	555
7,340,000	0	2,735,900	166,855	4,700,000	58,082	30,462,933	0.62%	950
6,590,000	0	2,394,852	150,170	3,900,000	39,576	30,211,446	0.58%	943
5,805,000	150,000	2,034,697	133,485	6,600,000	20,228	28,502,836	0.53%	889
4,850,000	140,000	1,654,244	116,800	10,880,000	5,239	30,575,430	0.54%	856
4,021,044	130,000	1,252,220	108,458	10,635,000	4,767	28,929,166	0.52%	824
10,560,921	120,000	827,271	91,772	4,057,000	285,848	25,983,405	0.44%	714
9,657,268	115,000	493,521	75,086	5,577,000	224,744	24,120,918	0.41%	637
9,519,777	110,000	144,178	58,400	6,536,000	172,031	22,718,194	0.37%	600

City of Fairborn, Ohio
*Ratio of General Obligation Bonded Debt to
 Estimated Actual Value and General Obligation Bonded Debt Per Capita
 Last Ten Years
 Schedule 11*

Year	General Bonded Debt	Estimated Actual Value (1)	Population (2)	Ratio of Debt to Estimated Actual Value	Debt Per Capita
2003	\$21,071,013.00	\$1,424,134,021.65	32,054	1.48%	\$657.36
2004	21,048,842	1,439,432,994	32,054	1.46%	656.67
2005	22,314,249	1,461,358,274	32,054	1.53%	696.15
2006	38,065,780	1,598,884,403	32,054	2.38%	1,187.55
2007	34,582,788	1,618,623,549	32,054	2.14%	1,078.89
2008	5,740,000	1,504,143,343	32,054	0.38%	179.07
2009	4,716,044	1,601,809,888	32,054	0.29%	147.13
2010	11,131,504	1,588,158,705	32,352	0.70%	344.07
2011	10,047,734	1,479,320,869	32,352	0.68%	310.58
2012	9,870,127	1,491,268,373	32,599	0.66%	302.77

Source: (1) Greene County Auditor
 (2) Population estimates provided by U.S. Census Bureau (2000 and 2010 Census).

Source: City Records

Notes: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
 Also, resources have not been externally restricted for the repayment of debt.

City of Fairborn, Ohio
Direct and Overlapping Governmental Activities Debt
 December 31, 2012
 Schedule 12

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Fairborn (1)	Amount Applicable to the City of Fairborn
Direct Debt:			
City of Fairborn			
Notes Payable	\$1,878,293	100.00%	\$1,878,293
General Obligation Bonds	350,350	100.00%	350,350
Income Tax Revenue Bonds	2,496,291	100.00%	2,496,291
Special Assessment Bonds	1,190,000	100.00%	1,190,000
Capital Lease Obligations	262,874	100.00%	262,874
	<hr/>		<hr/>
Total Direct Debt	6,177,808		6,177,808
	<hr/>		<hr/>
Overlapping Debt:			
Greene County	25,608,427	13.78%	3,528,841
Beavercreek Township	65,000	3.27%	2,126
Greene County Vocational School District (2)	116,669	13.79%	16,089
Beavercreek City School District (2)	105,636,000	31.94%	33,740,138
Fairborn City School District (2)	16,117,687	81.44%	13,126,244
	<hr/>		<hr/>
Total Overlapping Debt	147,543,783		50,413,438
	<hr/>		<hr/>
Grand Total	\$153,721,591		\$56,591,246
	<hr/> <hr/>		<hr/> <hr/>

Source: Greene County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

(2) The debt outstanding is as of June 30, 2012.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account.

City of Fairborn, Ohio
Legal Debt Margin Information
Last Ten Years
Schedule 13

	2003	2004	2005	2006
Total Assessed Valuation	\$496,203,959	\$501,452,608	\$508,919,665	\$543,459,493
Overall debt limitation - 10.5% of assessed valuation	<u>52,101,416</u>	<u>52,652,524</u>	<u>53,436,565</u>	<u>57,063,247</u>
Debt Outstanding				
General Obligation Bonds	7,803,000	10,340,000	9,325,000	8,265,000
Income Tax Revenue Bonds	0	0	9,350,000	8,470,000
Special Assessment Bonds	1,557,663	1,386,511	1,164,811	1,386,111
Loans Payable	3,565,301	3,242,502	2,902,756	2,545,022
Bond Anticipation Notes	<u>3,570,000</u>	<u>1,815,000</u>	<u>6,810,000</u>	<u>8,650,000</u>
Total Gross Indebtedness	<u>16,495,964</u>	<u>16,784,013</u>	<u>29,552,567</u>	<u>29,316,133</u>
Less Exempt Debt				
General Obligation Bonds	5,515,000	8,050,000	7,340,000	6,590,000
Income Tax Revenue Bonds	0	0	9,350,000	8,470,000
Special Assessment Bonds	1,557,663	1,386,511	1,164,811	1,386,111
Loans Payable	3,565,301	3,242,502	2,902,756	2,545,022
Bond Anticipation Notes	<u>3,570,000</u>	<u>1,815,000</u>	<u>6,810,000</u>	<u>8,650,000</u>
Total Exempt Debt	<u>14,207,964</u>	<u>14,494,013</u>	<u>27,567,567</u>	<u>27,641,133</u>
Net Debt Subject to Limitation	2,288,000	2,290,000	1,985,000	1,675,000
Less amount available in the Debt Service Fund	<u>549,673</u>	<u>572,652</u>	<u>642,319</u>	<u>623,570</u>
Total Net Debt Subject to Limitation	<u>1,738,327</u>	<u>1,717,348</u>	<u>1,342,681</u>	<u>1,051,430</u>
Legal debt margin within 10.5% limitation	<u>\$50,363,089</u>	<u>\$50,935,176</u>	<u>\$52,093,884</u>	<u>\$56,011,817</u>
Legal Debt Margin as a Percentage of the Debt Limit	96.7%	96.7%	97.5%	98.2%
Unvoted debt limitation 5.5% of assessed valuation	\$27,291,218	\$27,579,893	\$27,990,582	\$29,890,272
Debt Outstanding	<u>16,495,964</u>	<u>16,784,013</u>	<u>29,552,567</u>	<u>29,316,133</u>
Less Exempt Debt				
General Obligation Bonds	5,515,000	8,050,000	7,340,000	6,590,000
Income Tax Revenue Bonds	0	0	9,350,000	8,470,000
Special Assessment Bonds	1,557,663	1,386,511	1,164,811	1,386,111
Loans Payable	3,565,301	3,242,502	2,902,756	2,545,022
Bond Anticipation Notes	<u>3,570,000</u>	<u>1,815,000</u>	<u>6,810,000</u>	<u>8,650,000</u>
Total Exempt Debt	<u>14,207,964</u>	<u>14,494,013</u>	<u>27,567,567</u>	<u>27,641,133</u>
Net Debt Subject to Limitation	2,288,000	2,290,000	1,985,000	1,675,000
Less amount available in the Debt Service Fund	<u>549,673</u>	<u>572,652</u>	<u>642,319</u>	<u>623,570</u>
Total Net Debt Subject to Limitation	<u>1,738,327</u>	<u>1,717,348</u>	<u>1,342,681</u>	<u>1,051,430</u>
Legal debt margin within 5.5% limitation	<u>\$25,552,891</u>	<u>\$25,862,545</u>	<u>\$26,647,901</u>	<u>\$28,838,842</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	93.6%	93.8%	95.2%	96.5%

Ohio Bond Law sets a limit of 10.5 percent for voted debt and 5.5 percent for unvoted debt.

2007	2008	2009	2010	2011	2012
\$539,014,389	\$540,176,197	\$570,379,988	\$566,692,030	\$524,652,220	\$530,399,900
56,596,511	56,718,501	59,889,899	59,502,663	55,088,483	55,691,990
6,735,000	5,740,000	4,725,000	11,205,000	10,115,000	9,560,082
7,570,000	6,650,000	5,690,000	4,690,000	3,585,000	2,440,000
2,162,412	2,100,000	1,919,000	1,557,000	1,509,000	1,300,000
2,168,182	1,771,044	1,360,678	919,043	568,607	202,578
9,070,000	13,505,000	14,428,762	6,747,762	7,692,762	8,403,500
27,705,594	29,766,044	28,123,440	25,118,805	23,470,369	21,906,160
5,655,000	4,850,000	4,030,000	10,635,000	9,725,000	9,210,082
7,570,000	6,650,000	5,690,000	4,690,000	3,585,000	2,440,000
2,162,412	2,100,000	1,919,000	1,557,000	1,509,000	1,300,000
2,168,182	1,771,044	1,360,678	919,043	568,607	202,578
9,070,000	13,505,000	14,428,762	6,747,762	7,692,762	8,403,500
26,625,594	28,876,044	27,428,440	24,548,805	23,080,369	21,556,160
1,080,000	890,000	695,000	570,000	390,000	350,000
369,454	346,215	325,721	295,174	283,373	237,023
710,546	543,785	369,279	274,826	106,627	112,977
\$55,885,965	\$56,174,716	\$59,520,620	\$59,227,837	\$54,981,856	\$55,579,013
98.7%	99.0%	99.4%	99.5%	99.8%	99.8%
\$29,645,791	\$29,709,691	\$31,370,899	\$31,168,062	\$28,855,872	\$29,171,995
27,705,594	29,766,044	28,123,440	25,118,805	23,470,369	21,906,160
5,655,000	4,850,000	4,030,000	10,635,000	9,725,000	9,210,082
7,570,000	6,650,000	5,690,000	4,690,000	3,585,000	2,440,000
2,162,412	2,100,000	1,919,000	1,557,000	1,509,000	1,300,000
2,168,182	1,771,044	1,360,678	919,043	568,607	202,578
9,070,000	13,505,000	14,428,762	6,747,762	7,692,762	8,403,500
26,625,594	28,876,044	27,428,440	24,548,805	23,080,369	21,556,160
1,080,000	890,000	695,000	570,000	390,000	350,000
369,454	346,215	325,721	295,174	283,373	237,023
710,546	543,785	369,279	274,826	106,627	112,977
\$28,935,245	\$29,165,906	\$31,001,620	\$30,893,236	\$28,749,245	\$29,059,018
97.6%	98.2%	98.8%	99.1%	99.6%	99.6%

City of Fairborn, Ohio
Pledged Revenue Coverage
Special Assessment Bonds - Governmental
Last Ten Years
Schedule 14

Calendar Year	Special Assessment Collections (1)	Debt Service		Coverage
		Principal	Interest	
2003	\$332,774	\$193,000	\$117,315	1.07
2004	393,506	213,000	116,067	1.20
2005	347,871	213,000	99,770	1.11
2006	301,223	140,000	83,472	1.35
2007	399,839	230,000	99,859	1.21
2008	449,334	332,412	99,524	1.04
2009	378,758	306,000	93,814	0.95
2010	435,901	352,000	79,878	1.01
2011	454,156	363,000	64,792	1.06
2012	441,870	324,000	63,965	1.14

Source: County Auditor

(1) City's tax settlement sheets.

City of Fairborn, Ohio
Pledged Revenue Coverage
Special Assessment Bonds - Sewer Fund
Last Five Years
Schedule 15

Calendar Year (1)	Special Assessment Collections (2)	Debt Service		Coverage
		Principal	Interest	
2008	\$16,100	\$10,000	\$6,100	1.00
2009	15,840	10,000	5,840	1.00
2010	15,550	10,000	5,550	1.00
2011	10,240	5,000	5,240	1.00
2012	10,075	5,000	5,075	1.00

Source: County Auditor

- (1) Information prior to 2008 is unavailable.
- (2) City's tax settlement sheets.

City of Fairborn, Ohio
Pledged Revenue Coverage
OPWC Loan - Water Fund
Last Ten Years
Schedule 16

Calendar Year	Gross Revenues	Less: Operating Expenses (1)	Net Available Revenue	Debt Service Requirements	Coverage
2003	\$2,596,541	\$1,611,535	\$985,006	\$16,686	59.03
2004	2,808,946	1,614,602	1,194,344	16,685	71.58
2005	2,773,541	2,213,913	559,628	16,685	33.54
2006	2,829,053	2,132,888	696,165	16,685	41.72
2007	3,049,605	2,328,430	721,175	16,685	43.22
2008	3,438,472	2,318,426	1,120,046	16,685	67.13
2009	3,553,451	2,527,093	1,026,358	16,685	61.51
2010	3,751,611	2,588,244	1,163,367	16,686	69.72
2011	3,976,354	2,384,233	1,592,121	16,686	95.42
2012	4,214,442	2,755,491	1,458,951	16,686	87.44

(1) Direct operating expenses do not include depreciation expense.

City of Fairborn, Ohio
Pledged Revenue Coverage
OWDA Loans - Sewer Fund
Last Ten Years
Schedule 17

Calendar Year	Gross Revenues	Less: Operating Expenses(1)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2003	\$3,985,235	\$2,093,522	\$1,891,713	\$288,873	\$247,325	3.53
2004	4,389,254	1,836,790	2,552,464	306,114	186,647	5.18
2005	4,540,138	3,067,957	1,472,181	323,062	168,817	2.99
2006	4,867,233	3,142,634	1,724,599	341,049	149,909	3.51
2007	4,945,690	3,189,204	1,756,486	360,155	122,578	3.64
2008	5,480,155	3,432,202	2,047,953	380,453	102,279	4.24
2009	5,586,017	3,127,248	2,458,769	402,024	80,706	5.09
2010	5,770,826	3,955,133	1,815,693	424,949	55,693	3.78
2011	5,943,585	3,670,074	2,273,511	333,750	33,377	6.19
2012	6,508,691	5,103,267	1,405,424	349,343	17,787	3.83

(1) Direct operating expenses do not include depreciation expense.

City of Fairborn, Ohio
Demographic and Economic Statistics
Last Ten Years
Schedule 18

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2003	32,054	\$4,693,132	\$30,638	5.4%
2004	32,054	4,788,234	30,810	5.7%
2005	32,054	4,925,113	31,545	5.4%
2006	32,054	5,206,513	33,044	5.4%
2007	32,054	5,390,237	33,988	6.2%
2008	32,054	5,692,242	35,720	7.5%
2009	32,054	5,610,597	35,105	11.7%
2010	32,352	5,877,656	36,370	10.7%
2011	32,352	6,162,374	37,842	9.2%
2012	32,599	6,162,374 (5)	37,842 (5)	7.5%

Sources:

- (1) Population estimates provided by U.S. Census Bureau (2000 Census, and 2010 Census).
- (2) Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts.
- (3) Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts.
- (4) Ohio Labor Market Information
- (5) Information for was not available for 2012; the 2011 amounts were used as an estimate

City of Fairborn, Ohio
Principal Employers
 2012 and 2005 (1)
 Schedule 19

2012	
Employer	Number of Employees
Wright Patterson AFB	29,800
Wright State University	2,385
Teleperformance USA Inc.	650
Fairborn City Schools	537
Wright-Patt Credit Union (2)	400
Ball Aerospace	405
City of Fairborn	237
Morris Home Furniture Co.	170
Dynamics Research Corporation	200
Peerless Technologies	170
Total Employees	34,954

2005	
Employer	Number of Employees
Wright Patterson AFB	22,000
Wright State University	2,200
Fairborn City Schools	550
Teleperformance USA Inc.	400
Logtec (2)	300
Ball Aerospace	260
Wright-Patt Credit Union (2)	260
City of Fairborn	260
Computer Sciences Corp.	250
Northrop Grumman	240
Total Employees	26,720

Source: Community Development Division

- (1) Information prior to 2005 is unavailable
- (2) Denotes corporate headquarters

Total employment within the City for either year is not available.

City of Fairborn, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years
Schedule 20

Function/Program	2003	2004	2005	2006	2007
General Government					
City Council	0.5	0.5	4.0	4.0	0.9
Municipal Court	26.8	25.1	24.0	24.0	28.9
City Administration	4.8	4.8	3.5	3.5	3.8
Finance	14.5	14.5	15.0	14.0	15.3
Legal	1.8	1.8	2.0	2.0	2.0
Personnel	2.0	1.6	1.0	1.0	1.0
Engineering	4.0	4.0	4.0	5.5	6.1
Public Works Director	1.0	0.0	0.0	0.0	0.0
Audio Visual	1.0	1.0	0.0	0.0	0.0
Plant Maintenance	11.4	12.0	12.0	12.0	9.6
Victim Witness	2.0	2.0	2.0	2.0	1.9
Public Safety (1)					
Police					
Sworn Officers	66.2	60.7	51.0	47.5	43.0
Non-Sworn	0.0	0.0	16.0	16.0	18.6
Fire	53.0	51.0	50.5	51.0	52.0
Community Environment					
Building Inspection	5.0	5.0	5.0	5.0	4.9
City Planner	3.1	3.0	3.0	3.0	2.3
Neighborhood Betterment	2.0	2.0	4.0	3.5	3.6
Leisure Time Activities					
Parks and Recreation	1.5	1.5	1.5	1.5	1.3
Transportation and Street Repair					
Street	10.3	9.8	10.0	10.0	10.0
State Highway	1.0	1.0	1.0	1.0	1.0
Public Health and Welfare					
Cemetery	2.0	2.0	1.5	1.5	1.5
Basic Utility Service					
Water	16.3	17.3	17.5	17.0	17.4
Sewer	22.5	22.5	21.5	23.0	21.7
Sanitation	2.0	2.0	1.0	1.0	1.1
Internal Service					
ITS	0.0	0.0	2.0	2.0	3.0
Equipment Services	8.7	8.0	7.0	7.0	7.1
Total	<u>263.2</u>	<u>253.0</u>	<u>260.0</u>	<u>258.0</u>	<u>257.5</u>

Source: Various City Departments

(1) Information obtained from department annual reports.

2008	2009	2010	2011	2012
1.4	1.4	1.4	1.4	1.4
29.5	30.1	29.3	26.2	26.6
3.0	4.0	3.0	3.0	3.0
12.8	13.4	13.9	13.2	11.6
2.0	2.0	2.0	2.5	2.0
1.0	1.0	1.0	1.0	1.0
6.1	6.4	6.4	5.3	4.5
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0
8.8	8.8	8.5	8.4	8.4
1.8	1.8	2.0	2.0	2.0
43.0	43.0	42.0	42.0	43.0
18.9	18.9	18.9	17.0	12.5
51.7	51.5	51.5	47.5	49.5
4.9	5.5	5.5	5.4	4.2
2.8	2.5	2.5	2.3	2.3
2.9	2.8	2.6	3.5	3.6
1.5	1.6	2.1	2.1	2.2
9.4	10.0	10.0	10.1	10.4
1.0	1.0	1.0	1.0	1.0
1.5	1.5	1.0	1.0	1.0
16.6	16.6	16.6	16.7	15.7
22.5	21.9	21.9	22.1	21.1
1.1	1.6	2.1	1.1	1.6
3.0	2.8	2.9	2.9	2.9
7.1	7.1	7.1	6.1	5.1
<u>254.3</u>	<u>257.0</u>	<u>255.1</u>	<u>243.8</u>	<u>236.6</u>

City of Fairborn, Ohio
Operating Indicators by Function/Program
Last Ten Years
Schedule 21

Function/Program	2003	2004	2005	2006	2007
General government					
Municipal Court					
Criminal and Traffic Cases	16,163	13,666	16,072	19,043	19,634
Criminal and Traffic Trials	130	97	79	96	106
Criminal and Traffic Receipts (in 000's)	\$2,571	\$2,439	\$2,624	\$2,983	\$3,034
Civil/Small Claims Cases	2,156	1,810	1,983	2,072	2,146
Civil/Samll Claims Trials	1,013	851	835	897	587
Civil/Small Claims Receipts (in 000's)	\$541	\$610	\$578	\$581	\$729
Security of Persons and Property					
Police					
Calls for Service (1)	23,124	23,413	32,778	37,252	34,981
Parking Violations	1,132	995	1,141	932	852
Traffic Violations	4,085	2,509	2,515	5,400	6,218
Criminal Citations	2,798	3,018	2,817	3,478	3,506
Training Hours	4,507	4,091	3,441	4,691	4,008
Fire					
Emergency Responses	5,478	5,495	5,736	5,872	6,000
Inspections	1,503	1,121	1,141	1,157	1,177
Training Hours	5,425	7,730	12,518	6,980	5,924
Community Environment					
Planning and Development					
Residential Construction Permits Issued	1,442	1,383	1,195	1,040	1,044
Estimated Value of Residential					
Construction	\$18,296,213	\$17,011,265	\$14,832,301	\$11,939,843	\$17,515,016
Commercial Construction					
Permits Issued	393	352	474	361	359
Estimated value of Commercial					
Construction	\$15,197,647	\$15,651,854	\$17,083,481	\$23,925,526	\$17,655,180
Parks and Recreation					
Softball Registrations	70	90	95	72	86
Weekend Softball Tournaments	54	50	57	46	40
Water					
New Connections	145	145	102	91	83
Water Main Breaks	38	37	37	22	42
Average Daily Consumption					
(millions of gallons)	4.300	3.760	3.792	3.594	3.414
Peak Daily Consumption					
(millions of gallons)	N/A	N/A	N/A	4.730	4.690
Total Water Treated					
(millions of gallons)	1,559	1,375	1,384	1,320	1,260
Average Daily Treatment					
(millions of gallons)	4.2	3.8	3.8	3.6	3.4
Hydrants Flushed	1,411	1,448	1,457	1,460	1,423
Sewer					
Total Water Treated					
(millions of gallons)	1,537	1,448	1,555	1,581	1,636
Average Daily Treatment					
(millions of gallons)	4.2	4.0	4.3	4.3	4.5

Source: Various City Departments

(1) In 2005, the police department changed the method of counting total calls for service to the same method of other area departments.

2008	2009	2010	2011	2012
18,369	15,728	13,877	13,388	13,677
83	67	85	62	76
\$3,245	\$3,035	\$2,791	\$2,747	\$2,634
2,410	2,022	2,116	1,857	1,765
1,190	1,054	965	853	819
\$900	\$809	\$874	\$896	\$881
37,250	35,482	35,194	32,601	34,709
689	979	822	761	946
5,986	4,820	4,063	3,947	4,123
3,740	3,183	1,690	1,362	2,174
2,739	3,741	1,814	2,595	3,636
6,214	6,095	6,287	6,464	6,479
1,200	1,100	889	1,300	1,300
5,400	4,487	1,700	2,300	2,300
806	1,048	1,068	1,125	1,120
\$10,092,588	\$30,159,074	\$20,844,967	\$25,238,437	\$18,449,074
380	290	312	389	395
\$25,416,559	\$6,188,505	\$6,021,792	\$5,285,194	\$18,962,948
100	93	65	64	63
57	64	55	72	72
68	70	49	62	68
42	33	44	33	55
3.300	3.300	2.445	2,415.000	3.600
4.730	4.240	4.258	4,012.000	4.900
1,202	1,212	1,203	1,200	1,359
3.3	3.3	3.3	3.5	3.7
1,423	1,463	1,353	1,500	1,503
1,669	1,530	1,550	1,943	1,479
4.6	4.2	4.3	5.3	4.0

City of Fairborn, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years
Schedule 22

Function/Program	2003	2004	2005	2006
Police				
Stations	1	1	1	1
Patrol units	31	33	31	31
Fire Stations	3	3	3	3
Public Works				
Area of City (square miles)	13.40	13.41	13.41	13.41
Streets (lane miles)	127.21	288.81	288.81	293.10
Streetlights	1,900	1,995	1,995	2,342
Parks and Recreation				
Number of Parks	17	18	19	19
Acreage	622.09	622.31	651.51	686.61
Playgrounds	16	18	18	18
Baseball/softball diamonds	17	17	15	15
Soccer/football fields	12	12	12	12
Number of Tennis Courts	14	14	14	14
Municipal Water Department				
Daily Treatment Capacity (millions of gallons)	4.60	5.00	5.00	5.00
Water Mains (miles)	144.34	145.95	147.69	148.56
Fire hydrants	1,411	1,448	1,457	1,460
Sewers				
Daily Treatment Capacity (millions of gallons)	6.00 (1)	6.00 (1)	6.00 (1)	6.00
Storm Sewers (miles)	105.58	109.09	109.71	110.66
Sanitary Sewers (miles)	131.76	133.84	135.24	135.78

Source: Various City Departments

(1) Information was corrected from prior years.

2007	2008	2009	2010	2011	2012
1	1	1	1	1	1
30	30	30	30	13	13
4	4	4	4	4	4
13.41	13.41	13.40	13.41	13.41	13.41
294.20	294.94	294.94	296.13	297.27	298.15
2,495	2,512	2,512	2,506	2,514	2,552
19	19	20	20	20	20
686.57	686.57	714.30	715.00	712.33	714.33
17	17	18	18	19	19
15	15	15	15	15	15
12	12	12	12	12	12
14	14	14	14	14	14
5.40	5.40	5.40	5.40	6.50	6.50
149.37	149.78	149.78	149.93	151.78	152.26
1,457	1,470	1,477	1,412	1,493	1,493
6.00	6.00	6.00	6.00	6.00	6.00
111.57	112.32	112.32	113.16	113.82	114.60
136.50	136.20	136.50	137.52	138.02	138.65

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Dave Yost • Auditor of State

CITY OF FAIRBORN

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 6, 2013**