

CITY OF FAIRBORN, OHIO

Single Audit Reports

December 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Honorable Mayor and City Council
City of Fairborn
44 West Hebble Avenue
Fairborn, Ohio 45324-4999

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, 2001 through December 31, 2001. 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 black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 15, 2002

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PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS

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

May 30, 2002

To the Honorable Mayor and City Council:

We have audited the general purpose financial statements of the City of Fairborn, Ohio (the City), as of and for the year ended December 31, 2001, and have issued our report thereon dated May 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in

the internal control over financial reporting that might be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated May 30, 2002.

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

Plattensburg & Associates, Inc.
Certified Public Accountants

PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS

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2211 SOUTH DIXIE AVENUE/ DAYTON, OH 45409 • (937) 294-1505 • FAX (937) 294-1507

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

May 30, 2002

To the Honorable Mayor and City Council:

Compliance

We have audited the compliance of the City with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. The City's major federal program is identified in the summary of auditor's results portion of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the general purpose financial statements of the City as of and for the year ended December 31, 2001, and have issued our report thereon dated May 30, 2002. Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

Plattenburg & Associates, Inc.
Certified Public Accountants

CITY OF FAIRBORN, OHIO

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

| <u>Federal Grantor/Pass - Through Grantor, Program Title</u> | <u>Pass Through Entity Number</u> | <u>CFDA</u> | <u>Receipts</u> | <u>Disbursements</u> |
|---|---|-------------|-----------------|----------------------|
| <u>United States Department of Justice- Office of Justice Program</u> | | | | |
| Local Bulletproof Vest Program | 99000177 | 16.607 | \$0 | \$7,500 |
| Law Enforcement Block Grant | 2000-LB-BX-2462 | 16.592 | 13,753 | 32,112 |
| Subtotal - Department of Justice | | | \$13,753 | \$39,612 |
| <u>United States Department of HUD</u> | | | | |
| Passed Through State Department of Development: | | | | |
| Community Development Block Grant Formula Program | B-01-MC-39-0032 | 14.218 | \$580,578 | \$478,811 |
| Comprehensive Housing Improvement Program | A-C-00-118-02 | 14.239 | 0 | 163,203 |
| Subtotal - Department of HUD | | | \$580,578 | \$642,014 |
| <u>United States Department of Transportation</u> | | | | |
| Highway Safety Program Agreement | 1490 | 20.600 | \$27,108 | \$27,020 |
| Subtotal - Department of Transportation | | | \$27,108 | \$27,020 |
| TOTALS | | | \$621,439 | \$708,646 |

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

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

**CITY OF FAIRBORN, OHIO
DECEMBER 31, 2001**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None Noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Noted

**CITY OF FAIRBORN, OHIO
DECEMBER 31, 2001**

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

The City had no prior audit findings or questioned costs.

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THE CITY OF FAIRBORN, OHIO

GREENE COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2001

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THE CITY OF FAIRBORN, OHIO

GREENE COUNTY

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2001

Issued by:
Department of Finance

Daniel N. Smith
Director

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INTRODUCTORY SECTION

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City of Fairborn, Ohio

44 West Hebble Avenue

Fairborn, Ohio 45324-4999

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June 30, 2002

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

Submitted for your review is the Comprehensive Annual Financial Report (CAFR) of the City of Fairborn, ("the City") for the year ended December 31, 2001. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Introduction

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

The Report

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

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

The Reporting Entity

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

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

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

The City of Fairborn

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

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

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

Economic Condition and Outlook

Fairborn's economic growth continued at a steady pace in 2001 with balanced expansion of the City's residential, commercial and industrial bases.

The Fairfield Commons Mall and its surrounding area, located adjacent to the City of Fairborn, experienced continued growth during 2001. The growth resulted in additional jobs, which provided employment opportunities throughout the area, including the City of Fairborn. The Fairfield Commons Mall will have a significant effect on Fairborn's economy in 2002 and future years.

The Nutter Center at Wright State University celebrated its 11th anniversary of presenting nationally prominent entertainers such as Sawyer Brown, Gallagher, Barenaked Ladies, George Jones, Sting, 98 Degrees, AC/DC and others. Concerts by such popular entertainers attract crowds from Ohio, Indiana and Kentucky, bringing additional revenues into the local economy. In addition, the Nutter Center is home to both the Wright State Raiders Basketball team and the Dayton Bombers Hockey team. Overall, the Nutter Center has remained one of the prominent concert centers in the Midwest.

New housing in Fairborn was bustling in 2001. Housing starts were substantial, with 140 dwelling units initiated, 72 of which were single-family dwellings. Single-family housing development in Fairborn primarily occurred in Fawn Ridge, Autumn Creek, and Brookstone. Work will begin in Chapel Gate, The Sanctuary and Cornerstone in 2002. These three subdivisions will produce over 400 new homes. In addition the first home show to be held in Fairborn was held at the Sanctuary in April of 2002.

Commercial and industrial growth continued at a steady pace in 2001. Construction began on the Walgreen's at Five Points and the Ramada Limited Motel opened its doors. Also Giovanni's, a local Italian restaurant, plans to expand across from the Commerce Center in 2002.

National defense policy is of some concern to the City of Fairborn due to its major employer, Wright Patterson Air Force Base. Employment at Wright Patterson remained stable in 2001. Among other duties, the Air Force Base readies Air Force weapons systems worldwide, researches and designs new systems, develops flight vehicle technology and conducts scientific and technical studies on potential threats from major adversaries. All of these tasks are considered essential to the nation's safety; therefore, little, if any, significant change is anticipated in the employment at the air base. In fact, staff reductions at other bases have created the potential for increases in some functions at Wright Patterson.

Economic diversity is essential to the City of Fairborn. Although the City anticipates no major changes in employment at the Air Force Base, the community must seek a diverse economic base to protect its self-interest. Therefore, compatible economic development for the City of Fairborn remains a top priority.

Major Initiatives

For the Year

As with other cities, the adequacy of the City's infrastructure to support the City's needs is essential. Also, as stated previously, economic development is a top priority.

Construction was completed on the Dayton-Yellow Springs Road Improvement, which will increase development opportunities around the new Commerce Center. This project will improve traffic flow around the Commerce Center.

New retail establishments opened at the Commerce Center throughout 2001. In addition to the Kroger Superstore currently operating, other businesses such as Blockbuster Video, Grismer Tire and the Kroger fueling kiosk opened in 2001.

An aggressive local streets program was continued in 2001 by the infusion of \$300,000 of income tax funds. This program allowed substantial improvements to various streets throughout the community.

The City continued to take an active role in economic development. This included a cooperative effort between the City and Greene County Economic Development to retain existing businesses and persuade new businesses to locate in Fairborn. As part of this program, existing businesses were visited to discuss concerns and explore alternatives for future change that would enhance opportunities for the current businesses. Also, new marketing and tax incentive materials were produced and distributed throughout the region.

The City was able to continue the DARE (Drug Abuse Resistance Education) program when the immensely popular program was threatened by a lack of funding from the Fairborn Public Schools. The City provided funding so that the DARE program could continue among the City's 5th and 6th graders.

For the Future

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

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

Financial Information

Basis of Accounting

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

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

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available) and encumbrances are recorded as expenditures rather than as reservations of fund balances. A reconciliation of the results of these two methods appears in Note 1. During 2001, the City implemented GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36 "Recipient Reporting for Certain Shared Nonexchange Revenues." All other accounting policies were applied consistently with those of 2000. Accounting policies are further explained in Note 1.

Internal Control Structure and Budgetary Controls

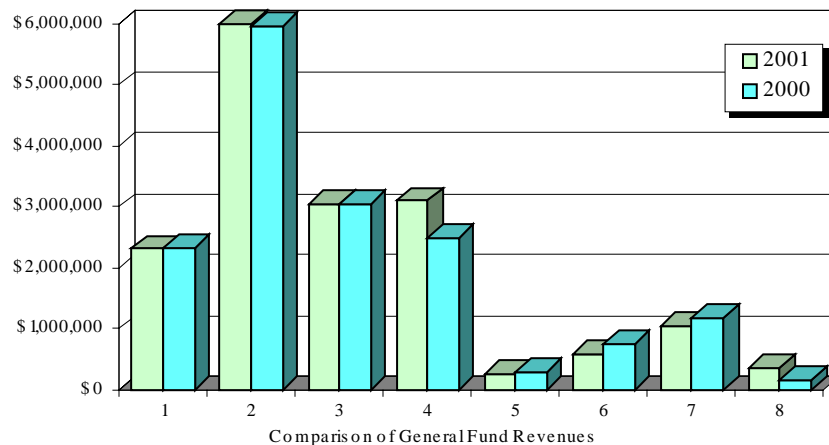
Development of the City's accounting system included consideration of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial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

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

General Fund Functions

The following schedule presents a summary of general fund revenues for the years ended December 31, 2000 and 2001, the percentage of total revenues for each year and the amount and percentage of increase/(decrease) in relation to 2000 revenue.

| Revenue Source | 2001 Total | Percent of Total | 2000 Total | Percent of Total | Increase (Decrease) over 2000 | Percent of Increase (Decrease) |
|----------------------------------|---------------------|------------------------|---------------------|------------------------|-------------------------------------|--------------------------------------|
| 1. Property Taxes | \$2,317,030 | 13.85% | \$2,332,918 | 14.35% | (\$15,888) | (0.68%) |
| 2. Municipal Income Taxes | 5,993,509 | 35.81% | 5,964,964 | 36.70% | 28,545 | 0.48% |
| 3. Intergovernmental Revenues | 3,042,854 | 18.18% | 3,049,305 | 18.76% | (6,451) | (0.21%) |
| 4. Charges for Services | 3,100,331 | 18.53% | 2,489,030 | 15.32% | 611,301 | 24.56% |
| 5. Licenses and Permits | 268,937 | 1.61% | 305,606 | 1.88% | (36,669) | (12.00%) |
| 6. Investment Earnings | 598,566 | 3.58% | 764,261 | 4.70% | (165,695) | (21.68%) |
| 7. Fines and Forfeitures | 1,056,012 | 6.31% | 1,179,021 | 7.25% | (123,009) | (10.43%) |
| 8. All Other Revenues | 357,486 | 2.13% | 167,010 | 1.04% | 190,476 | 114.05% |
| Total | \$16,734,725 | 100.00% | \$16,252,115 | 100.00% | \$482,610 | |



Property Taxes decreased slightly (.68%) due to less delinquent taxes collected in 2001 than in 2000.

Charges for Services increased significantly (24.56%) due to a large increase in Emergency Medical Service (EMS) fees. The higher EMS fees resulted from an increase in the rate schedule that was adopted in December of 2000.

Licenses and Permits dropped 12.00% from 2000 to 2001 due to a decline in building permits in 2001.

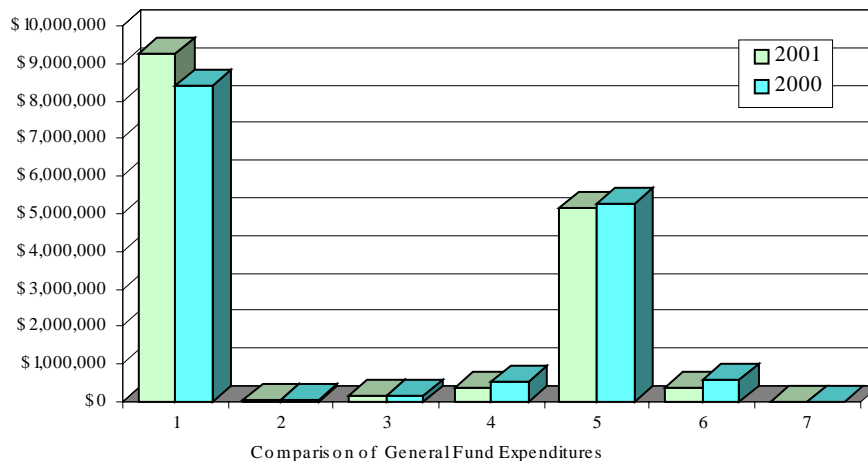
The large decrease of 21.68% in Investment Earnings was due to reductions in interest rates during 2001.

Fines and Forfeitures decreased 10.43% due to fewer tickets being issued in 2001. Fewer tickets were issued because of vacancies in the Police Department that existed during 2001.

All Other Revenues increased 114.05% primarily due to a one-time refund from the State Workers' Compensation Fund.

The following schedule presents a summary of general fund expenditures for the years ended December 31, 2000 and 2001, the percentage of total expenditures for each year and the amount and percentage of increase/(decrease) in relation to 2000 expenditures.

| Function | 2001 Total | Percent of Total | 2000 Total | Percent of Total | Increase (Decrease) over 2000 | Percent of Increase (Decrease) |
|--|---------------------|------------------------|---------------------|------------------------|-------------------------------------|--------------------------------------|
| 1. Security of Persons and Property | \$9,257,665 | 59.90% | \$8,415,019 | 55.94% | \$842,646 | 10.01% |
| 2. Public Health and Welfare | 73,873 | 0.48% | 72,023 | 0.48% | 1,850 | 2.57% |
| 3. Leisure Time Activities | 171,151 | 1.11% | 174,572 | 1.16% | (3,421) | (1.96%) |
| 4. Community Environment | 384,818 | 2.49% | 522,914 | 3.48% | (138,096) | (26.41%) |
| 5. General Government | 5,178,492 | 33.51% | 5,255,363 | 34.93% | (76,871) | (1.46%) |
| 6. Capital Outlay | 388,839 | 2.51% | 603,793 | 4.01% | (214,954) | (35.60%) |
| Total | <u>\$15,454,838</u> | <u>100.00%</u> | <u>\$15,043,684</u> | <u>100.00%</u> | <u>\$411,154</u> | |



Expenditures for Security of Persons and Property increased 10.01% in 2001 primarily due to 2001 being the first full year for funding the six new firefighters hired in 2000. In addition, the City incurred routine increases in operating expenditures during the year.

Community Environment expenditures decreased by 26.41% in 2001 due to vacancies in the Community Development and Building Inspection Departments that went unfilled during 2001.

General Government expenditures decreased by 1.46% in 2001 because numerous positions remained unfilled during the year and other vacant positions were filled with individuals who were hired at a lower pay grade than their predecessors. These savings offset the normal operating expenditure increases that occurred during 2001.

Capital Outlay expenditures decreased by 35.60% from 2000 to 2001 due primarily to the one-time purchase of a fire truck in 2000.

General Fund Balance

The unreserved fund balance for the general fund amounted to \$4,895,298 at December 31, 2001. Portions of the fund balance will be used to finance the 2002 budget.

Special Revenue Funds

The City has numerous Special Revenue Funds. Revenues for those funds in 2001 totaled \$2,213,549. These revenues were comprised primarily of intergovernmental revenues in the form of state motor vehicle license fees and gasoline taxes. Property taxes in the amount of \$154,485 were also received. The majority of these revenues were spent for street lighting and street repairs and maintenance.

Debt Service Funds

The City currently has two Debt Service Funds. Property taxes, intergovernmental, special assessments, payments in lieu of taxes, interest and other revenue were used to pay general obligation and special assessment debt principal and interest.

Capital Projects Funds

The City's Capital Projects Funds collected revenues of \$784,905 in 2001. Financing for capital projects consisted of proceeds from the issuance of \$700,000 in general obligation bond anticipation notes. Expenditures totaled \$1,777,800 in 2001. Major expenditures were the result of bond refinancing, local street improvements, large drainage projects, a parking lot at Community Park East, restrooms at Community Park East, a sidewalk project, and land improvements to commercial property that will be repaid through Special Assessments.

Enterprise Funds

The City's Enterprise Funds consist of the water, sewer and sanitation operating funds. The enterprise funds are user fee supported.

| | Total Assets | Total Equity | Net Income (Loss) | Return on Assets | Return on Equity |
|------------|-----------------|-----------------|----------------------|------------------------|------------------------|
| Water | \$11,727,792 | \$8,508,384 | \$990,250 | 8.44% | 11.64% |
| Sewer | 14,282,981 | 6,353,970 | (443,542) | (3.11%) | (6.98%) |
| Sanitation | 1,135,165 | 620,827 | 8,209 | 0.72% | 1.32% |

The City Council increased sewer rates effective March 1994 to provide sufficient revenue to meet expenses. The Sewer Fund reported a net loss of \$443,542 for the period ended December 31, 2001. The status of the Water, Sewer and Sanitation Funds is evaluated and presented to Council annually at budget time to determine if rate increases are necessary for the subsequent year.

Internal Service Funds

The City's Internal Service Funds consist of the Equipment and Self-Insurance Funds. The Equipment Fund is used to account for charges to other funds for the repair of City vehicles and equipment. The Self-Insurance Fund provides dental coverage for specific groups of employees. Internal Service Funds are supported by charges to other funds for services.

| | <u>Total Assets</u> | <u>Total Equity</u> | <u>Net Income</u> | <u>Return on Assets</u> | <u>Return on Equity</u> |
|----------------|-------------------------|-------------------------|-----------------------|-----------------------------|-----------------------------|
| Equipment | \$658,733 | \$557,028 | \$170,856 | 25.94% | 30.67% |
| Self-Insurance | 125,277 | 122,947 | 5,929 | 4.73% | 4.82% |

Debt Administration

As of December 31, 2001, the City had a number of debt issues outstanding: \$2,000,000 in general obligation voted bonded debt, \$1,890,000 in special assessment bonded debt with governmental commitment, \$5,435,084 in self-supporting general obligation bonded debt, \$3,874,250 in OWDA loans, \$233,596 in Ohio Public Works Commission loans, \$1,690,000 in general obligation bond anticipation notes, and \$47,273 in special assessment bond anticipation notes. The City has maintained its A rating from Moody's Investors Service on general obligation bond issues.

The City's legal debt margin, the ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position.

The City's debt position as of December 31, 2001, was as follows:

| | |
|---|--------------|
| Overall Legal Debt Margin | \$44,386,821 |
| Unvoted Legal Debt Margin | 22,707,242 |
| Net General Obligation Bonds Payable from Property Taxes | 1,230,294 |
| Net General Bonded Debt as a Percentage of Assessed Value | .28% |
| Net General Bonded Debt per Capita | \$38.38 |

A more complete presentation of the calculations of these figures may be found in the statistical section of this report.

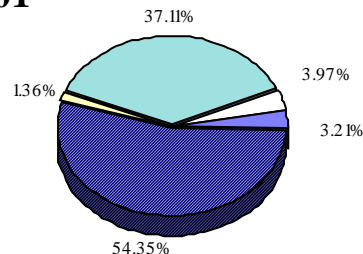
Cash Management

In July 1996, the City adopted changes to its investment policy and hired BondTech, Inc., as an investment consultant. With the guidance of BondTech, the City pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash pursuant to the City's investment policy. The total interest earned was \$742,741 for the year ended December 31, 2001. A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits.

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

| Cash Resources | 2001 | % |
|-------------------------------|---------------------|---------------|
| Cash | \$404,077 | 3.21 |
| Federal Government Securities | 6,846,723 | 54.35 |
| Investments (City's Debt) | 172,273 | 1.36 |
| STAR Ohio | 4,675,311 | 37.11 |
| Certificates of Deposit | 500,000 | 3.97 |
| Total Resources | \$12,598,384 | 100.00 |

2001



Risk Management

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

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

Since March 1993, the City has been operating only a dental self-insurance program for the Non-Union Personnel. See Note 17 to the financial statements for a more detailed discussion of risk management.

Other Information

Independent Audit

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

Employee Union Contracts

City employees are members of four different bargaining groups. The AFSCME union contract was renegotiated in 1999 with expiration in April 2002. The FOP union contract was renegotiated in 1999 with expiration in June 2002. The Police Dispatchers contract was renegotiated in 1999 with expiration in July 2002. The IAFF (Fire) contract was renegotiated in 2000 and will expire on December 31, 2003.

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, 2000. This was the twelfth year that the government has received this prestigious award. In order to be awarded a Certificate

of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements; thus, we are submitting it to GFOA for review.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the efficient and dedicated services of the entire staff of the Department of Finance and fiscal personnel in other departments. We are grateful for their help in preparing this report. We also thank the members of the City Council for their interest and support in assuring the continuing sound financial condition of the City of Fairborn.

Sincerely,

A handwritten signature in cursive script that reads "Daniel N. Smith".

Daniel N. Smith
Finance Director

**THE CITY OF FAIRBORN, OHIO
GREENE COUNTY
CITY OFFICIALS
AS OF DECEMBER 31, 2001**

Deputy Mayor

COUNCIL - MANAGER FORM OF GOVERNMENT

CITY COUNCIL

Jack Wilson, Mayor

E.J. Griffith, Deputy Mayor

Thomas H. Nagel, Council Member
Fredrick L. Pumroy, Council Member
John B. Skidmore, Council Member
Gary L. Woodward, Council Member
Joan Dautel, Council Member

CITY MANAGER

Allen Rothermel

CITY SOLICITOR

Michael Mayer

ASSISTANT CITY MANAGER

Michael Cornell

FINANCE DIRECTOR/CITY CLERK

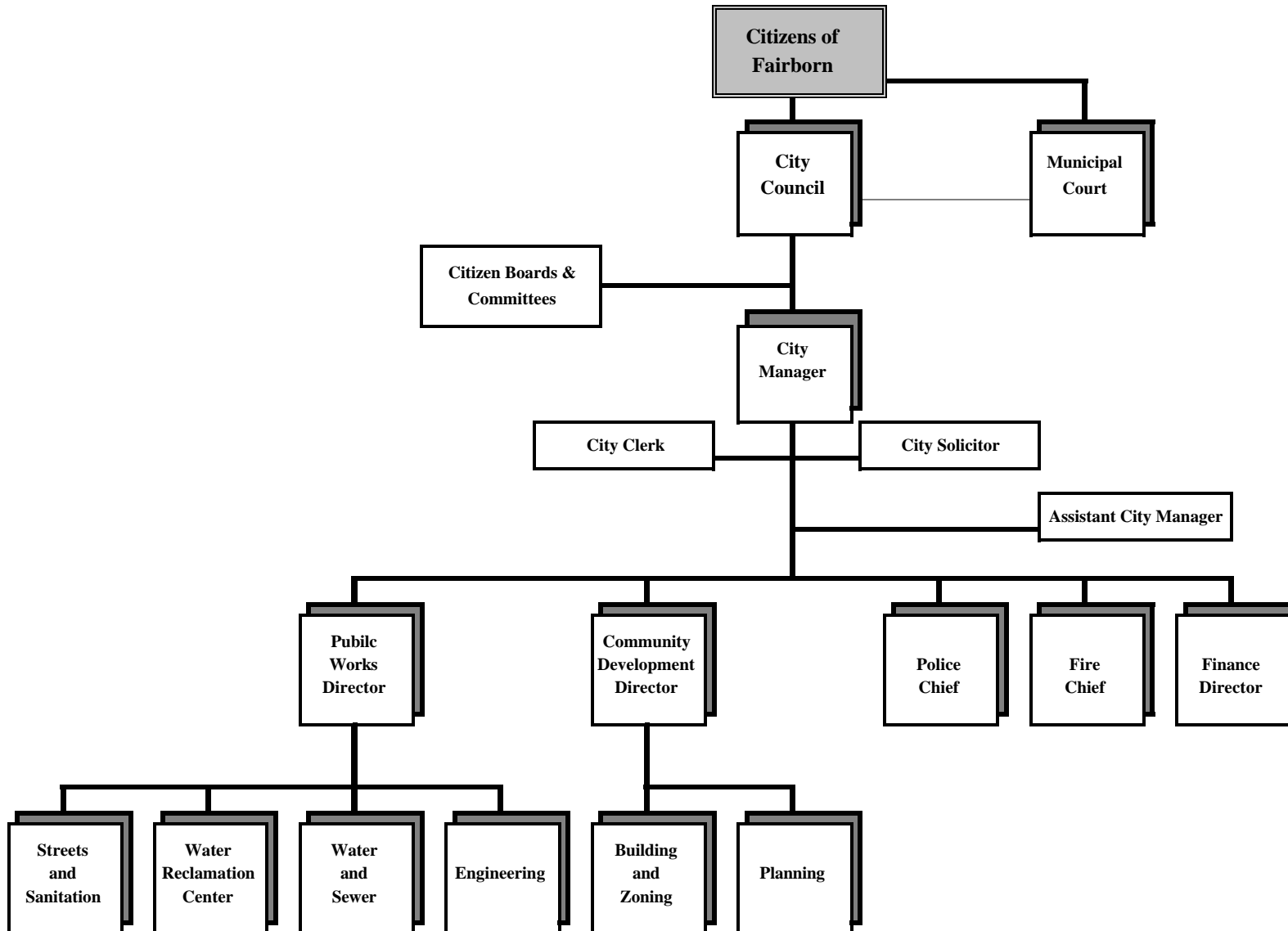
Daniel N. Smith

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Walter W. Plattenburg & Assoc.

The City of Fairborn, Ohio

Organizational Chart



Citizen Boards & Committees

- | | |
|-------------------------------------|--------------------------|
| Mayor's Beautification Committee | Personnel Advisory Board |
| Parks and Recreation Advisory Board | Planning Board |
| Zoning Board of Appeals | Tax Appeals Board |
| Other Ancillary Committees | Cable Advisory Board |

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, 2000

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.



Timothy Druce
President

Jeffrey L. Essler
Executive Director



FINANCIAL SECTION

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May 30, 2002

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

REPORT OF INDEPENDENT ACCOUNTANTS

We have audited the accompanying general purpose financial statements of the City of Fairborn, Ohio, (the City) as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

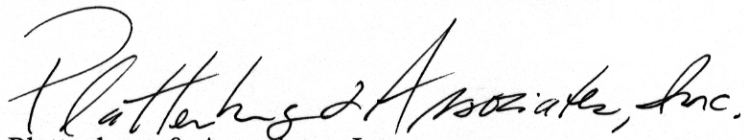
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City, as of December 31, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We did not audit the introductory and statistical information as listed in the table of contents and therefore express no opinion thereon.


Plattenburg & Associates, Inc.
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 2001 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY FUNDS FOR THE YEAR THEN ENDED.

THE CITY OF FAIRBORN, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2001

| | <i>Governmental</i> | | | | <i>Proprietary</i> | | <i>Fiduciary</i> | <i>Account</i> | | Totals (Memorandum Only) |
|--|---------------------|-----------------------------|--------------------------|------------------------------|---------------------|------------------------------|------------------|----------------------------|-------------------------------------|--------------------------------|
| | <i>Fund Types</i> | | | | <i>Fund Types</i> | | <i>Fund Type</i> | <i>Groups</i> | | |
| | General Fund | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Enterprise Funds | Internal Service Funds | Agency Fund | General Fixed Assets | General Long-Term Obligations | |
| Assets and Other Debits: | | | | | | | | | | |
| Assets: | | | | | | | | | | |
| Cash and Cash Equivalents | \$624,816 | \$870,103 | \$145,024 | \$1,351,787 | \$1,310,508 | \$212,522 | \$0 | \$0 | \$0 | \$4,514,760 |
| Investments | 3,630,857 | 0 | 652,782 | 111,905 | 3,019,017 | 104,435 | 0 | 0 | 0 | 7,518,996 |
| Receivables (net of allowance for doubtful accounts): | | | | | | | | | | |
| Taxes | 3,771,084 | 176,123 | 180,281 | 43,892 | 0 | 0 | 0 | 0 | 0 | 4,171,380 |
| Accounts | 252,286 | 2,770 | 0 | 962 | 857,277 | 0 | 0 | 0 | 0 | 1,113,295 |
| Special Assessments | 0 | 0 | 4,586,686 | 0 | 0 | 0 | 0 | 0 | 0 | 4,586,686 |
| Interest | 145,662 | 0 | 1,661 | 378 | 0 | 152 | 0 | 0 | 0 | 147,853 |
| Interfund Receivables | 67,612 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 67,612 |
| Due from Other Funds | 65,110 | 7,136 | 0 | 15,839 | 953 | 7,019 | 0 | 0 | 0 | 96,057 |
| Intergovernmental Receivables | 1,471,295 | 601,784 | 9,181 | 18,603 | 0 | 7,227 | 0 | 0 | 0 | 2,108,090 |
| Inventory of Supplies at Cost | 35,149 | 70,691 | 0 | 0 | 124,429 | 67,399 | 0 | 0 | 0 | 297,668 |
| Prepaid Items | 32,836 | 2,381 | 0 | 0 | 8,132 | 4,020 | 0 | 0 | 0 | 47,369 |
| Restricted Assets: | | | | | | | | | | |
| Cash and Cash Equivalents | 0 | 0 | 0 | 0 | 173,274 | 0 | 0 | 0 | 0 | 173,274 |
| Cash with Fiscal Agent | 0 | 0 | 16,047 | 0 | 47,159 | 0 | 328,148 | 0 | 0 | 391,354 |
| Fixed Assets (net of accumulated depreciation) | 0 | 0 | 0 | 0 | 21,605,189 | 381,236 | 0 | 16,423,009 | 0 | 38,409,434 |
| Other Debits: | | | | | | | | | | |
| Amount Available in Debt Service Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 802,396 | 802,396 |
| Amount to be Provided for General Long-Term Obligations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,473,240 | 4,473,240 |
| Total Assets and Other Debits | \$10,096,707 | \$1,730,988 | \$5,591,662 | \$1,543,366 | \$27,145,938 | \$784,010 | \$328,148 | \$16,423,009 | \$5,275,636 | \$68,919,464 |

(Continued)

| | <i>Governmental Fund Types</i> | | | <i>Proprietary Fund Types</i> | | <i>Fiduciary Fund Type</i> | <i>Account Groups</i> | | Totals (Memorandum Only) | |
|--|------------------------------------|-----------------------------|--------------------------|-----------------------------------|---------------------|--------------------------------|---------------------------|----------------------------|--------------------------------|-------------------------------------|
| | General Fund | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Enterprise Funds | Internal Service Funds | Agency Fund | General Fixed Assets | | General Long-Term Obligations |
| Liabilities, Equity and Other Credits: | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts Payable | \$94,837 | \$63,837 | \$171 | \$33,874 | \$234,531 | \$34,806 | \$0 | \$0 | \$0 | \$462,056 |
| Accrued Wages and Benefits | 494,263 | 31,017 | 0 | 0 | 75,138 | 21,448 | 0 | 0 | 0 | 621,866 |
| Interfund Payables | 0 | 67,612 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 67,612 |
| Due to Other Funds | 5,715 | 641 | 0 | 0 | 1,479 | 137 | 88,085 | 0 | 0 | 96,057 |
| Intergovernmental Payables | 111,516 | 6,463 | 0 | 0 | 62,565 | 16,805 | 102,003 | 0 | 499,486 | 798,838 |
| Undistributed Money | 0 | 0 | 0 | 0 | 0 | 0 | 138,060 | 0 | 0 | 138,060 |
| Matured Bonds and Interest Payable | 0 | 0 | 16,047 | 0 | 47,159 | 0 | 0 | 0 | 0 | 63,206 |
| Accrued Interest Payable | 0 | 0 | 0 | 6,964 | 79,342 | 0 | 0 | 0 | 0 | 86,306 |
| Landfill Closure Costs | 0 | 0 | 0 | 0 | 343,723 | 0 | 0 | 0 | 0 | 343,723 |
| Refundable Deposits | 0 | 0 | 0 | 0 | 173,274 | 0 | 0 | 0 | 0 | 173,274 |
| Claims Payable | 0 | 0 | 0 | 0 | 0 | 2,325 | 0 | 0 | 0 | 2,325 |
| Deferred Revenue | 4,317,104 | 646,586 | 4,773,048 | 22,472 | 0 | 0 | 0 | 0 | 0 | 9,759,210 |
| Compensated Absences Payable | 0 | 0 | 0 | 0 | 112,616 | 28,514 | 0 | 0 | 886,150 | 1,027,280 |
| General Obligation Notes Payable | 0 | 0 | 0 | 700,000 | 990,000 | 0 | 0 | 0 | 0 | 1,690,000 |
| Special Assessment Notes Payable | 0 | 0 | 0 | 47,273 | 0 | 0 | 0 | 0 | 0 | 47,273 |
| General Obligation Bonds Payable | 0 | 0 | 0 | 0 | 5,435,084 | 0 | 0 | 0 | 2,000,000 | 7,435,084 |
| Special Assessment Bonds Payable with Governmental Commitment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,890,000 | 1,890,000 |
| Ohio Water Development Authority Loans Payable | 0 | 0 | 0 | 0 | 3,874,250 | 0 | 0 | 0 | 0 | 3,874,250 |
| Ohio Public Works Commission Loan Payable | 0 | 0 | 0 | 0 | 233,596 | 0 | 0 | 0 | 0 | 233,596 |
| Total Liabilities | 5,023,435 | 816,156 | 4,789,266 | 810,583 | 11,662,757 | 104,035 | 328,148 | 0 | 5,275,636 | 28,810,016 |
| Equity and Other Credits: | | | | | | | | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,423,009 | 0 | 16,423,009 |
| Contributed Capital | 0 | 0 | 0 | 0 | 14,893,463 | 58,658 | 0 | 0 | 0 | 14,952,121 |
| Retained Earnings: | | | | | | | | | | |
| Unreserved | 0 | 0 | 0 | 0 | 589,718 | 621,317 | 0 | 0 | 0 | 1,211,035 |
| Fund Balances: | | | | | | | | | | |
| Reserved for Encumbrances | 109,989 | 151,935 | 0 | 221,169 | 0 | 0 | 0 | 0 | 0 | 483,093 |
| Reserved for Supplies Inventory | 35,149 | 70,691 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 105,840 |
| Reserved for Prepaid Items | 32,836 | 2,381 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,217 |
| Reserved for Debt Service | 0 | 0 | 802,396 | 0 | 0 | 0 | 0 | 0 | 0 | 802,396 |
| Unreserved: | | | | | | | | | | |
| Undesignated | 4,895,298 | 689,825 | 0 | 511,614 | 0 | 0 | 0 | 0 | 0 | 6,096,737 |
| Total Equity and Other Credits | 5,073,272 | 914,832 | 802,396 | 732,783 | 15,483,181 | 679,975 | 0 | 16,423,009 | 0 | 40,109,448 |
| Total Liabilities, Equity and Other Credits | \$10,096,707 | \$1,730,988 | \$5,591,662 | \$1,543,366 | \$27,145,938 | \$784,010 | \$328,148 | \$16,423,009 | \$5,275,636 | \$68,919,464 |

The notes to the general purpose financial statements are an integral part of this statement.



THE CITY OF FAIRBORN, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

| | <i>Governmental</i> | | | | Totals (Memorandum Only) |
|--|---------------------|-----------------------------|--------------------------|------------------------------|--------------------------------|
| | <i>Fund Types</i> | | | | |
| | General Fund | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | |
| <u>Revenues:</u> | | | | | |
| Property Taxes | \$2,317,030 | \$154,485 | \$203,058 | \$97,325 | \$2,771,898 |
| Municipal Income Taxes | 5,993,509 | 0 | 0 | 0 | 5,993,509 |
| Intergovernmental Revenues | 3,042,854 | 1,653,538 | 23,609 | 296,153 | 5,016,154 |
| Charges for Services | 3,100,331 | 126,866 | 0 | 13,000 | 3,240,197 |
| Licenses and Permits | 268,937 | 0 | 44,532 | 0 | 313,469 |
| Investment Earnings | 598,566 | 0 | 45,394 | 24,811 | 668,771 |
| Special Assessments | 0 | 0 | 446,436 | 23,186 | 469,622 |
| Fines and Forfeitures | 1,056,012 | 136,357 | 0 | 252,960 | 1,445,329 |
| All Other Revenues | 357,486 | 142,303 | 40,412 | 77,470 | 617,671 |
| Total Revenues | <u>16,734,725</u> | <u>2,213,549</u> | <u>803,441</u> | <u>784,905</u> | <u>20,536,620</u> |
| <u>Expenditures:</u> | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 9,257,665 | 427,339 | 0 | 0 | 9,685,004 |
| Public Health and Welfare Services | 73,873 | 77,361 | 0 | 0 | 151,234 |
| Leisure Time Activities | 171,151 | 0 | 0 | 12,649 | 183,800 |
| Community Environment | 384,818 | 437,310 | 0 | 0 | 822,128 |
| Transportation | 0 | 789,720 | 0 | 0 | 789,720 |
| General Government | 5,178,492 | 159,497 | 86,783 | 84,773 | 5,509,545 |
| Capital Outlay | 388,839 | 683,883 | 0 | 1,535,926 | 2,608,648 |
| Debt Service: | | | | | |
| Principal Retirement | 0 | 38,000 | 341,000 | 80,000 | 459,000 |
| Interest and Fiscal Charges | 0 | 6,480 | 211,742 | 64,452 | 282,674 |
| Total Expenditures | <u>15,454,838</u> | <u>2,619,590</u> | <u>639,525</u> | <u>1,777,800</u> | <u>20,491,753</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,279,887 | (406,041) | 163,916 | (992,895) | 44,867 |
| <u>Other Financing Sources (Uses):</u> | | | | | |
| Proceeds from Sale of Fixed Assets | 40,961 | 1,904 | 0 | 6,600 | 49,465 |
| Proceeds from Refunding Bonds | 0 | 0 | 1,370,000 | 0 | 1,370,000 |
| Payments to Refunding Bond Escrow Agent | 0 | 0 | (1,349,848) | 0 | (1,349,848) |
| Operating Transfers In | 69,027 | 341,000 | 18,504 | 752,336 | 1,180,867 |
| Operating Transfers Out | (1,008,586) | (23,500) | (86,754) | (62,027) | (1,180,867) |
| Total Other Financing Sources (Uses) | <u>(898,598)</u> | <u>319,404</u> | <u>(48,098)</u> | <u>696,909</u> | <u>69,617</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 381,289 | (86,637) | 115,818 | (295,986) | 114,484 |
| Restated Fund Balance at Beginning of Year | 4,691,240 | 989,618 | 686,578 | 1,028,769 | 7,396,205 |
| Increase in Inventory Reserve | 743 | 11,851 | 0 | 0 | 12,594 |
| Fund Balance at End of Year | <u>\$5,073,272</u> | <u>\$914,832</u> | <u>\$802,396</u> | <u>\$732,783</u> | <u>\$7,523,283</u> |

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF FAIRBORN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

| | <i>General Fund</i> | | | <i>Special Revenue Funds</i> | | |
|--|---------------------|--------------------|----------------------------|------------------------------|------------------|----------------------------|
| | Revised Budget | Actual | Variance: | Revised Budget | Actual | Variance: |
| | | | Favorable (Unfavorable) | | | Favorable (Unfavorable) |
| Revenues: | | | | | | |
| Property Taxes | \$2,305,490 | \$2,328,910 | \$23,420 | \$153,467 | \$155,458 | \$1,991 |
| Municipal Income Taxes | 5,771,938 | 5,941,856 | 169,918 | 0 | 0 | 0 |
| Intergovernmental Revenues | 3,106,106 | 3,076,361 | (29,745) | 2,164,795 | 1,598,279 | (566,516) |
| Charges for Services | 3,006,124 | 2,971,133 | (34,991) | 127,002 | 126,866 | (136) |
| Licenses and Permits | 316,850 | 268,937 | (47,913) | 0 | 0 | 0 |
| Investment Earnings | 500,000 | 546,016 | 46,016 | 0 | 0 | 0 |
| Special Assessments | 0 | 0 | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 1,074,500 | 1,065,777 | (8,723) | 105,500 | 136,863 | 31,363 |
| All Other Revenues | 315,450 | 350,556 | 35,106 | 124,675 | 138,390 | 13,715 |
| Total Revenues | 16,396,458 | 16,549,546 | 153,088 | 2,675,439 | 2,155,856 | (519,583) |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 9,483,881 | 9,311,965 | 171,916 | 457,991 | 442,681 | 15,310 |
| Public Health and Welfare Services | 76,605 | 76,578 | 27 | 78,076 | 78,027 | 49 |
| Leisure Time Activities | 186,201 | 172,356 | 13,845 | 0 | 0 | 0 |
| Community Environment | 550,811 | 429,083 | 121,728 | 570,572 | 472,918 | 97,654 |
| Transportation | 0 | 0 | 0 | 857,408 | 832,562 | 24,846 |
| General Government | 5,548,545 | 5,370,655 | 177,890 | 281,896 | 277,999 | 3,897 |
| Capital Outlay | 468,938 | 448,134 | 20,804 | 937,228 | 693,006 | 244,222 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 38,000 | 38,000 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 6,480 | 6,480 | 0 |
| Total Expenditures | 16,314,981 | 15,808,771 | 506,210 | 3,227,651 | 2,841,673 | 385,978 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 81,477 | 740,775 | 659,298 | (552,212) | (685,817) | (133,605) |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds from Sale of Fixed Assets | 9,000 | 40,961 | 31,961 | 4,200 | 1,904 | (2,296) |
| Proceeds from General Obligation Notes | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from Refunding Bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| Payments to Refunding Bond Escrow Agent | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers In | 60,333 | 69,027 | 8,694 | 241,000 | 341,000 | 100,000 |
| Operating Transfers Out | (1,246,597) | (1,008,586) | 238,011 | (25,833) | (23,500) | 2,333 |
| Total Other Financing Sources (Uses) | (1,177,264) | (898,598) | 278,666 | 219,367 | 319,404 | 100,037 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (1,095,787) | (157,823) | 937,964 | (332,845) | (366,413) | (33,568) |
| Fund Balance at Beginning of Year | 4,005,553 | 4,005,553 | 0 | 850,127 | 850,127 | 0 |
| Prior Year Encumbrances | 281,750 | 281,750 | 0 | 123,095 | 123,095 | 0 |
| Fund Balance at End of Year | \$3,191,516 | \$4,129,480 | \$937,964 | \$640,377 | \$606,809 | (\$33,568) |

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF FAIRBORN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

| <i>Debt Service Funds</i> | | | <i>Capital Projects Funds</i> | | | <i>Totals (Memorandum Only)</i> | | |
|---------------------------|-------------|----------------------------|-------------------------------|-------------|----------------------------|---------------------------------|-------------|----------------------------|
| Revised | | Variance: | Revised | | Variance: | Revised | | Variance: |
| Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) | Budget | Actual | Favorable (Unfavorable) |
| \$187,351 | \$205,292 | \$17,941 | \$98,000 | \$89,934 | (\$8,066) | \$2,744,308 | \$2,779,594 | \$35,286 |
| 0 | 0 | 0 | 0 | 0 | 0 | 5,771,938 | 5,941,856 | 169,918 |
| 23,609 | 23,609 | 0 | 1,687,000 | 304,684 | (1,382,316) | 6,981,510 | 5,002,933 | (1,978,577) |
| 0 | 0 | 0 | 12,000 | 13,000 | 1,000 | 3,145,126 | 3,110,999 | (34,127) |
| 44,500 | 44,532 | 32 | 0 | 0 | 0 | 361,350 | 313,469 | (47,881) |
| 40,000 | 45,122 | 5,122 | 0 | 27,088 | 27,088 | 540,000 | 618,226 | 78,226 |
| 447,464 | 446,436 | (1,028) | 144,186 | 23,186 | (121,000) | 591,650 | 469,622 | (122,028) |
| 0 | 0 | 0 | 305,000 | 255,165 | (49,835) | 1,485,000 | 1,457,805 | (27,195) |
| 40,390 | 40,412 | 22 | 63,000 | 83,184 | 20,184 | 543,515 | 612,542 | 69,027 |
| 783,314 | 805,403 | 22,089 | 2,309,186 | 796,241 | (1,512,945) | 22,164,397 | 20,307,046 | (1,857,351) |
| 0 | 0 | 0 | 0 | 0 | 0 | 9,941,872 | 9,754,646 | 187,226 |
| 0 | 0 | 0 | 0 | 0 | 0 | 154,681 | 154,605 | 76 |
| 0 | 0 | 0 | 42,719 | 41,249 | 1,470 | 228,920 | 213,605 | 15,315 |
| 0 | 0 | 0 | 0 | 0 | 0 | 1,121,383 | 902,001 | 219,382 |
| 0 | 0 | 0 | 0 | 0 | 0 | 857,408 | 832,562 | 24,846 |
| 47,058 | 86,612 | (39,554) | 115,975 | 109,374 | 6,601 | 5,993,474 | 5,844,640 | 148,834 |
| 0 | 0 | 0 | 1,919,638 | 1,717,025 | 202,613 | 3,325,804 | 2,858,165 | 467,639 |
| 342,566 | 341,000 | 1,566 | 800,183 | 800,183 | 0 | 1,180,749 | 1,179,183 | 1,566 |
| 249,965 | 211,600 | 38,365 | 68,483 | 68,483 | 0 | 324,928 | 286,563 | 38,365 |
| 639,589 | 639,212 | 377 | 2,946,998 | 2,736,314 | 210,684 | 23,129,219 | 22,025,970 | 1,103,249 |
| 143,725 | 166,191 | 22,466 | (637,812) | (1,940,073) | (1,302,261) | (964,822) | (1,718,924) | (754,102) |
| 0 | 0 | 0 | 0 | 6,600 | 6,600 | 13,200 | 49,465 | 36,265 |
| 0 | 0 | 0 | 700,000 | 700,000 | 0 | 700,000 | 700,000 | 0 |
| 1,370,000 | 1,370,000 | 0 | 0 | 0 | 0 | 1,370,000 | 1,370,000 | 0 |
| (1,349,848) | (1,349,848) | 0 | 0 | 0 | 0 | (1,349,848) | (1,349,848) | 0 |
| 18,504 | 18,504 | 0 | 925,347 | 752,336 | (173,011) | 1,245,184 | 1,180,867 | (64,317) |
| (86,754) | (86,754) | 0 | (61,800) | (62,027) | (227) | (1,420,984) | (1,180,867) | 240,117 |
| (48,098) | (48,098) | 0 | 1,563,547 | 1,396,909 | (166,638) | 557,552 | 769,617 | 212,065 |
| 95,627 | 118,093 | 22,466 | 925,735 | (543,164) | (1,468,899) | (407,270) | (949,307) | (542,037) |
| 676,931 | 676,931 | 0 | 883,120 | 883,120 | 0 | 6,415,731 | 6,415,731 | 0 |
| 0 | 0 | 0 | 869,610 | 869,610 | 0 | 1,274,455 | 1,274,455 | 0 |
| \$772,558 | \$795,024 | \$22,466 | \$2,678,465 | \$1,209,566 | (\$1,468,899) | \$7,282,916 | \$6,740,879 | (\$542,037) |



THE CITY OF FAIRBORN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

| | <i>Enterprise Funds</i> | <i>Internal Service Funds</i> | <i>Totals (Memorandum Only)</i> |
|--|-----------------------------|---------------------------------------|---|
| <u>Operating Revenues:</u> | | | |
| Charges for Services | \$7,817,712 | \$915,141 | \$8,732,853 |
| Other Operating Revenues | 113,167 | 0 | 113,167 |
| Total Operating Revenues | 7,930,879 | 915,141 | 8,846,020 |
| <u>Operating Expenses:</u> | | | |
| Personal Services | 1,894,641 | 495,309 | 2,389,950 |
| Materials and Supplies | 560,976 | 402,086 | 963,062 |
| Contractual Services | 2,640,402 | 52,557 | 2,692,959 |
| Dental Insurance Claims | 0 | 41,387 | 41,387 |
| Depreciation | 1,557,389 | 32,123 | 1,589,512 |
| Total Operating Expenses | 6,653,408 | 1,023,462 | 7,676,870 |
| Operating Income (Loss) | 1,277,471 | (108,321) | 1,169,150 |
| <u>Nonoperating Revenues (Expenses):</u> | | | |
| Capital Contributions | 7,584 | 280,827 | 288,411 |
| Investment Earnings | 69,691 | 4,279 | 73,970 |
| Interest and Fiscal Charges | (780,346) | 0 | (780,346) |
| Nonoperating Revenues | 796 | 0 | 796 |
| Nonoperating Expenses | (20,279) | 0 | (20,279) |
| Total Nonoperating Revenues (Expenses) | (722,554) | 285,106 | (437,448) |
| Income Before Operating Transfers | 554,917 | 176,785 | 731,702 |
| <u>Operating Transfers:</u> | | | |
| Operating Transfers In | 994,342 | 0 | 994,342 |
| Operating Transfers Out | (994,342) | 0 | (994,342) |
| Total Operating Transfers | 0 | 0 | 0 |
| Net Income | 554,917 | 176,785 | 731,702 |
| Retained Earnings at Beginning of Year | 34,801 | 444,532 | 479,333 |
| Retained Earnings at End of Year | \$589,718 | \$621,317 | \$1,211,035 |

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF FAIRBORN, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

| | <i>Enterprise Funds</i> | <i>Internal Service Funds</i> | <i>Totals (Memorandum Only)</i> |
|--|-----------------------------|---------------------------------------|---|
| <u>Cash Flows from Operating Activities:</u> | | | |
| Cash Received from Customers | \$7,748,800 | \$0 | \$7,748,800 |
| Cash Receipts from Quasi-External Operating Transactions with Other Funds | 0 | 953,344 | 953,344 |
| Cash Payments for Goods and Services | (3,312,077) | (434,934) | (3,747,011) |
| Cash Payments to Employees | (1,934,756) | (491,089) | (2,425,845) |
| Cash Payments for Employee Medical/Dental Claims | 0 | (45,890) | (45,890) |
| Other Operating Receipts | 111,113 | 0 | 111,113 |
| Customer Deposits Received | 76,488 | 0 | 76,488 |
| Customer Deposits Returned | (68,437) | 0 | (68,437) |
| Net Cash Provided (Used) by Operating Activities | <u>2,621,131</u> | <u>(18,569)</u> | <u>2,602,562</u> |
| <u>Cash Flows from Noncapital Financing Activities:</u> | | | |
| Transfers In from Other Funds | 994,342 | 0 | 994,342 |
| Transfers Out to Other Funds | (994,342) | 0 | (994,342) |
| Net Cash Provided by Noncapital Financing Activities | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | | | |
| Acquisition and Construction of Assets | (1,507,812) | 0 | (1,507,812) |
| Proceeds from General Obligation Notes | 990,000 | 0 | 990,000 |
| Principal Paid on General Obligation Notes | (3,200,000) | 0 | (3,200,000) |
| Refunding of General Obligation Bonds | 3,960,000 | 0 | 3,960,000 |
| Proceeds from General Obligation Bonds | 1,855,000 | 0 | 1,855,000 |
| Principal Paid on General Obligation Bonds | (4,025,000) | 0 | (4,025,000) |
| Principal Paid on Ohio Public Works Commission Loan | (16,686) | 0 | (16,686) |
| Principal Paid on Ohio Water Development Authority Loans | (267,732) | 0 | (267,732) |
| Interest Paid on All Debt | (880,107) | 0 | (880,107) |
| Net Cash Used for Capital and Related Financing Activities | <u>(3,092,337)</u> | <u>0</u> | <u>(3,092,337)</u> |
| <u>Cash Flows from Investing Activities:</u> | | | |
| Receipts of Interest | 53,897 | 3,981 | 57,878 |
| Purchase of Investments | (337,143) | (11,125) | (348,268) |
| Sale of Investments | 381,245 | 0 | 381,245 |
| Net Cash Provided (Used) by Investing Activities | <u>97,999</u> | <u>(7,144)</u> | <u>90,855</u> |
| Net Decrease in Cash and Cash Equivalents | (373,207) | (25,713) | (398,920) |
| Cash and Cash Equivalents at Beginning of Year | <u>1,904,148</u> | <u>238,235</u> | <u>2,142,383</u> |
| Cash and Cash Equivalents at End of Year | <u>\$1,530,941</u> | <u>\$212,522</u> | <u>\$1,743,463</u> |

(Continued)

THE CITY OF FAIRBORN, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

| | <i>Enterprise Funds</i> | <i>Internal Service Funds</i> | <i>Totals (Memorandum Only)</i> |
|--|-----------------------------|---------------------------------------|---|
| <u>Reconciliation of Cash and</u> | | | |
| <u>Cash Equivalents per the Balance Sheet:</u> | | | |
| Cash and Cash Equivalents | \$1,310,508 | \$212,522 | \$1,523,030 |
| Restricted Cash and Cash Equivalents | 173,274 | 0 | 173,274 |
| Restricted Cash with Fiscal Agent | 47,159 | 0 | 47,159 |
| Cash and Cash Equivalents at End of Year | <u>\$1,530,941</u> | <u>\$212,522</u> | <u>\$1,743,463</u> |
| | | | |
| <u>Reconciliation of Operating Income (Loss) to Net Cash</u> | | | |
| <u>Provided (Used) by Operating Activities:</u> | | | |
| Operating Income (Loss) | \$1,277,471 | (\$108,321) | \$1,169,150 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Depreciation Expense | 1,557,389 | 32,123 | 1,589,512 |
| Nonoperating Revenue | 796 | 0 | 796 |
| Nonoperating Expenses | (20,279) | 0 | (20,279) |
| Changes in Assets and Liabilities: | | | |
| (Increase) Decrease in Accounts Receivable | (71,730) | 17,106 | (54,624) |
| (Increase) Decrease in Due from Other Funds | (32) | 3,614 | 3,582 |
| Decrease in Intergovernmental Receivables | 0 | 17,483 | 17,483 |
| Decrease in Inventory | 5,873 | 13,924 | 19,797 |
| (Increase) Decrease in Prepaid Items | 2,691 | (1,658) | 1,033 |
| Increase (Decrease) in Accounts Payable | (83,558) | 4,764 | (78,794) |
| Decrease in Accrued Wages and Benefits | (27,027) | (4,287) | (31,314) |
| Decrease in Due to Other Funds | (441) | (34) | (475) |
| Increase in Intergovernmental Payable | 23,134 | 6,162 | 29,296 |
| Decrease in Landfill Closure Costs | (20,219) | 0 | (20,219) |
| Increase (Decrease) in Compensated Absences | (30,988) | 2,345 | (28,643) |
| Increase in Refundable Deposits Payable | 8,051 | 0 | 8,051 |
| Decrease in Claims Payable | 0 | (1,790) | (1,790) |
| Total Adjustments | <u>1,343,660</u> | <u>89,752</u> | <u>1,433,412</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$2,621,131</u> | <u>(\$18,569)</u> | <u>\$2,602,562</u> |

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2001, the Water Fund, Sewer Fund and Equipment Fund had outstanding liabilities of \$1,170, \$55,291, and \$5,258, respectively, for the purchase of certain capital assets.

The Water Fund, Sewer Fund and Equipment Fund received \$3,224, \$4,360, and \$280,827, respectively, of capital assets contributed by other funds.

During 2001, the fair value of investments increased by \$4,846, \$8,022, and \$445 in the Water Fund, Sewer Fund and Self-Insurance Fund, respectively.

The notes to the general purpose financial statements are an integral part of this statement.

CITY OF FAIRBORN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2001 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB’s Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

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

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

Special Revenue Funds - These funds are limited by state and/or federal law for the financing of certain governmental functions (other than amounts relating to expendable trusts or major capital projects). Revenues are legally restricted to expenditure for specific purposes.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal and interest.

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

Proprietary Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Internal Service Funds - These funds are used to 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.

Fiduciary Funds

Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. The only fiduciary fund of the City is an agency fund. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to establish accounting control and accountability for all general fixed assets of the City not related to the proprietary funds.

General Long-Term Obligations Account Group - This account group is used to account for all unmatured general long-term indebtedness of the City that is not a liability of the proprietary funds, including special assessment debt for which the City is obligated in some manner.

C. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

All governmental fund types and agency funds are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the City is thirty-one days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, franchise fees and income tax withheld by employers.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes state levied locally shared taxes (including motor vehicle license fees), income tax, local government assistance, grants and inheritance taxes due from the County. Other revenue, including licenses, permits, certain charges for services and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability of deferred revenue is removed from the combined balance sheet and revenue is recognized. Current and delinquent property taxes measurable as of December 31, 2001, whose availability is indeterminate and which are not intended to finance current period obligations, have been recorded as a receivable and deferred revenue. Levied special assessments are measurable, and have been recorded as a receivable. Since all assessments are due outside of the available period, the entire amount has been deferred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. **Measurement Focus and Basis of Accounting** (Continued)

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. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and become measurable and expenses are recognized when incurred, if measurable. Unbilled utility service charges receivable are recognized as revenue at year end.

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

D. **Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is by fund by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations by department within each fund without the approval of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgetary modifications above the department level by fund may only be made by ordinance of the City Council. During 2001, all appropriations were approved as required.

1. **Tax Budget**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources

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

The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed or fall short of current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued for 2001.

3. Appropriations

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

4. Encumbrances

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

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

| | Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | | | |
|--|---|-----------------------------|--------------------------|------------------------------|
| | General Fund | Special Revenue Funds | Debt Service Funds | Capital Projects Funds |
| GAAP Basis (as reported) | \$381,289 | (\$86,637) | \$115,818 | (\$295,986) |
| Increase (Decrease): | | | | |
| Accrued Revenues at December 31, 2001 received during 2002 | (1,403,809) | (141,227) | (7,543) | (57,679) |
| Accrued Revenues at December 31, 2000 received during 2001 | 1,218,630 | 83,534 | 9,647 | 69,015 |
| Accrued Expenditures at December 31, 2001 paid during 2002 | 706,331 | 101,958 | 171 | 40,838 |
| Accrued Expenditures at December 31, 2000 paid during 2001 | (890,770) | (129,122) | 0 | (25,520) |
| 2000 Prepaids for 2001 | 41,671 | 3,144 | 0 | 0 |
| 2001 Prepaids for 2002 | (32,836) | (2,381) | 0 | 0 |
| Note Proceeds | 0 | 0 | 0 | 700,000 |
| Note Retirements | 0 | 0 | 0 | (720,183) |
| Outstanding Encumbrances | (178,329) | (195,682) | 0 | (253,649) |
| Budget Basis | <u>(\$157,823)</u> | <u>(\$366,413)</u> | <u>\$118,093</u> | <u>(\$543,164)</u> |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

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

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

F. Investments

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

The City has invested funds in the STAR Ohio during 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2001. See Note 4, "Cash, Cash Equivalents and Investments."

G. Inventory of Supplies

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Restricted Assets

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

J. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use.

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

The City has elected not to record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction, and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

The City's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2000, interest costs incurred on construction projects in proprietary funds were not material.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives (Years)</u> |
|--------------------|--------------------------------|
| Buildings | 45 |
| Sewer/Water Lines | 30 |
| Equipment | 5 - 30 |
| Vehicles | 6 |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

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

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Debt

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

| <u>Obligation</u> | <u>Fund</u> |
|---|---|
| General Obligation Bonds | Street Lighting Fund General Bond Retirement Fund General Capital Improvement Fund Buildings and Land Fund Water Fund Sewer Fund |
| Special Assessment Bonds | General Bond Retirement Fund |
| Compensated Absences | Paid from the fund(s) from which the employee's salary is paid. |
| Ohio Water Development Authority Loans | Sewer Fund |
| Ohio Public Works Commission Loan | Water Fund |
| Intergovernmental Payable (4th Quarter Pension Payment) | Paid from the fund(s) from which the employee's salary is paid. |

M. Contributed Capital

Contributed capital represents resources from other funds, federal and state grants, other governments and private sources provided to the City's proprietary funds which are not subject to repayment.

Because the City, prior to 1988, had not prepared its financial statements in accordance with generally accepted accounting principles, the exact amount of contributed capital pertaining to years prior to 1988 cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings. Capital contributions received after December 31, 2000 will be recorded as revenue in the proprietary funds.

N. Reservations of Fund Balance

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Intergovernmental Revenues

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

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

P. Interfund Receivables/Payables

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

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

Q. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. The City did not perform any residual equity transfers during the year. All remaining interfund transfers are reported as operating transfers.

R. Self-Insurance Fund

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

S. Total Columns on Combined Financial Statements

Total columns on the Combined Financial Statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

For the year ended December 31, 2001, the City has implemented GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions” and GASB Statement No. 36 “Recipient Reporting for Certain Shared Nonexchange Revenues.” The changes to the beginning fund balances as a result of implementing GASB No. 33 and 36 are as follows:

| Fund Type | Fund Balance as Reported 12/31/00 | GASB 33 & 36 Implementation | Fund Balance as Restated 12/31/00 |
|------------------------|---|-----------------------------------|---|
| Special Revenue Funds | \$973,790 | \$15,828 | \$989,618 |
| Capital Projects Funds | 1,020,238 | 8,531 | 1,028,769 |

In addition to the above noted change to fund balance the restatement of fund balances had the following effect on prior year excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses:

| Fund Type | Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Reported 12/31/00 | GASB 33 & 36 Implementation | Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Restated 12/31/00 |
|------------------------|--|-----------------------------------|--|
| Special Revenue Funds | \$100,170 | \$15,828 | \$115,998 |
| Capital Projects Funds | 82,422 | 8,531 | 90,953 |

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances (Budgetary Basis)

At December 31, 2001 the following funds had deficit Fund Balances on a budgetary basis:

| | Fund Deficit |
|---------------------------------------|--------------|
| Special Revenue Funds: | |
| Community Development Fund | \$72,430 |
| County Motor Vehicle License Tax Fund | 62,390 |
| City Motor Vehicle License Tax Fund | 5,583 |
| Capital Projects Fund: | |
| Special Assessment Construction Fund | 18,815 |

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equities

The deficits of \$49,141 in the Community Development Fund, \$5,075 in the Street Lighting Fund (special revenue funds) and \$22,708 in the Special Assessment Construction Fund (capital projects fund) arise from the recognition of expenditures on the modified accrual basis which are greater than those recognized on a budgetary basis. A deficit does not exist under the budgetary basis of accounting. The deficit of \$575,227 in the Issue II Improvement Fund (capital projects fund) arises from the recognition of general obligation notes payable under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, a deficit does not exist. The deficit of \$1,680,177 in the Sewer Fund (enterprise fund) is the result of recognizing expenses on the accrual basis, which results in expenses greater than those on the cash basis. A deficit does not exist on a cash basis. The General Fund provides operating transfers when cash is required, not when accruals occur.

C. Excess of Expenditures Over Appropriations

For the year ended December 31, 2001, expenditures exceeded appropriations at the department level (i.e., the legal level of budgetary control) as follows:

| <u>Fund</u> | <u>Excess</u> |
|-----------------------------------|---------------|
| Debt Service Fund: | |
| General Bond Retirement Fund: | |
| General Government | \$39,973 |
| Capital Projects Fund: | |
| Municipal Court Improvement Fund: | |
| Operating Transfers Out | 227 |

The excess expenditures were funded from available fund balances.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Money market fund portfolios consisting of the items listed above.

- The State Treasurer’s investment pool (STAR Ohio).
- NOW Accounts, Super NOW Accounts or any other similar accounts authorized by the Federal Reserve’s Depository Institutions’ Deregulation Committee.

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

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

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

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

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

Deposits:

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

Investments:

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

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

A. Deposits

At year end, the carrying amount of the City's deposits was \$904,077 and the bank balance was \$1,315,060. Of the bank balance, \$200,000 was covered by federal deposit insurance and \$852,966 was covered by collateral held by financial institutions, not in the City's name, as specified by Section 135.81 of the Ohio Revised Code. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation. In addition, the City had \$3,225 undeposited cash on hand which is included on the balance sheet of the City as part of "Cash and Cash Equivalents".

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

B. Investments

The City’s investments at December 31, 2001 are summarized below:

| <u>Categorized Investments</u> | <u>Category 1</u> | <u>Category 2</u> | <u>Fair Value</u> |
|--|-------------------|-------------------|-------------------|
| Federal Home Loan Mortgage Notes | \$0 | \$803,103 | \$803,103 |
| Federal Home Loan Bank Notes | 0 | 3,732,738 | 3,732,738 |
| Federal National Mortgage Association Notes | 0 | 2,310,882 | 2,310,882 |
| City's Debt | 172,273 | 0 | 172,273 |
| Total Categorized Investments | 172,273 | 6,846,723 | 7,018,996 |
| <u>Non-Categorized Investments</u> | | | |
| STAR Ohio | N/A | N/A | 4,675,311 |
| Total Non-Categorized Investments | N/A | N/A | 4,675,311 |
| Total Investments | \$172,273 | \$6,846,723 | \$11,694,307 |

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

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

| | <u>Cash and Cash Equivalents *</u> | <u>Investments</u> |
|--|--|--------------------|
| Per Combined Balance Sheet | \$5,079,388 | \$7,518,996 |
| Certificates of Deposit (with maturities of more than 3 months) | 500,000 | (500,000) |
| Investments: | | |
| STAR Ohio | (4,675,311) | 4,675,311 |
| Per GASB Statement No. 3 | \$904,077 | \$11,694,307 |

* Includes Cash with Fiscal Agent.

NOTE 5 – TAXES

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1996. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20 unless extended.

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Fairborn. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2001, was \$9.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which the 2000 property tax levy, collected in 2001, were based are as follows:

| | |
|---|-----------------------------|
| Real Property Assessed Valuation | \$469,317,930 |
| Public Utility Real Property Assessed Valuation | 19,736,500 |
| Tangible Personal Property Assessed Valuation | 34,479,275 |
| Less: Exemptions | <u>(91,540,420)</u> |
| Total | <u><u>\$431,993,285</u></u> |

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2001 operations. The receivable is therefore offset by a credit to deferred revenue.

NOTE 5 – TAXES (Continued)

B. Income Tax

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

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

Income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by City Council. In 2001, the proceeds were allocated to the General Fund and the Buildings and Land Fund.

NOTE 6 – RECEIVABLES

Receivables at December 31, 2001, consisted of taxes, interfund receivables, intergovernmental receivables arising from grants, entitlements and shared revenues, special assessments, interest on investments, and utility accounts. All receivables are considered fully collectible.

By statute, local property taxes have been reduced 10 percent, with additional reductions for the elderly and the disabled. The amount of these reductions, estimated to be approximately \$264,840, will be paid to the City by the State of Ohio in the latter part of 2002.

NOTE 7 – FIXED ASSETS

A. General Fixed Assets

Changes in general fixed assets during the year ended December 31, 2001, were as follows:

| Category | January 1, 2001 | Additions | Deletions | December 31, 2001 |
|-----------------------------------|--------------------|-----------|-------------|----------------------|
| Land | \$1,809,695 | \$0 | \$0 | \$1,809,695 |
| Buildings | 4,752,003 | 102,193 | 0 | 4,854,196 |
| Improvements Other than Buildings | 253,065 | 39,135 | 0 | 292,200 |
| Machinery and Equipment | 5,485,665 | 251,185 | (4,410) | 5,732,440 |
| Vehicles | 3,761,545 | 215,932 | (242,999) | 3,734,478 |
| Construction In Progress | 63,129 | 0 | (63,129) | 0 |
| Totals | \$16,125,102 | \$608,445 | (\$310,538) | \$16,423,009 |

NOTE 7 – FIXED ASSETS (Continued)

B. Proprietary Fixed Assets

Summary by category at December 31, 2001:

| Category | Enterprise | Internal Service | Totals |
|--------------------------------|--------------|---------------------|--------------|
| Land | \$400,762 | \$0 | \$400,762 |
| Buildings and Improvements | 31,692,015 | 0 | 31,692,015 |
| Machinery and Equipment | 6,077,193 | 313,056 | 6,390,249 |
| Vehicles | 958,531 | 211,163 | 1,169,694 |
| Construction In Progress | 32,996 | 0 | 32,996 |
| Subtotal | 39,161,497 | 524,219 | 39,685,716 |
| LESS: Accumulated Depreciation | (17,556,308) | (142,983) | (17,699,291) |
| T otal | \$21,605,189 | \$381,236 | \$21,986,425 |

NOTE 8 – DEFINED BENEFIT PENSION PLANS

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

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

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2001 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.25% to fund the pension and 4.3% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 2001, 2000 and 1999 were \$837,881, \$655,659 and \$839,506, respectively, which were equal to the required contributions for each year.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2001 employer contribution rate (identified above) that was used to fund health care for the year 2001 was 4.3% of covered payroll which amounted to \$265,896.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2000 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 411,076. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 2000 is \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2001, 2000 and 1999 were \$477,564, \$467,384 and \$456,840 for police and \$681,477, \$588,743 and \$585,908 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The portion of the 2001 covered payroll that was used to fund postemployment health care benefits was \$183,678 representing 7.5% of covered payroll for police and \$212,962 representing 7.5% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 2000, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 12,853 for police and 10,037 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2000 were \$106,160,054, which was net of member contributions of \$5,657,431.

NOTE 9 – OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

NOTE 9 – OTHER EMPLOYEE BENEFITS (Continued)

A. Compensated Absences (Continued)

At December 31, 2001, the total accumulated unpaid sick, vacation and compensatory time recorded in the General Long-Term Obligations Account Group was as follows:

| | <u>Hours</u> | <u>Amount</u> |
|-------------------|----------------------|-------------------------|
| Sick Leave | 42,605 | \$293,088 |
| Vacation Time | 27,426 | 562,325 |
| Compensatory Time | <u>1,546</u> | <u>30,737</u> |
| Total | <u><u>71,577</u></u> | <u><u>\$886,150</u></u> |

The portion attributable to the Enterprise Funds has been recorded within the respective fund and is not included in the figures presented above.

B. Medical, Dental and Life Insurance Benefits

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

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

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

NOTE 10 – LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2001 were as follows:

| <u>Date Purchased</u> | <u>Interest Rate</u> | <u>Description</u> | <u>Balance December 31, 2000</u> | <u>Issued (Retired)</u> | <u>Balance December 31, 2001</u> |
|--|----------------------|-------------------------------|----------------------------------|-------------------------|----------------------------------|
| Enterprise Funds: | | | | | |
| General Obligation Bonds: | | | | | |
| 1977 | 6.375% | Waterworks System Improvement | \$80,000 | (\$80,000) | \$0 |
| 1991 | 5.50 - 7.00% | Utility Improvement - Water | 1,807,500 | (1,807,500) | 0 |
| 2001 | 3.00 - 4.20% | Utility Improvement - Water | 0 | 1,980,000 | |
| | | | | (165,000) | |
| | | Unamortized Charge | | (24,958) | 1,790,042 |
| 1991 | 5.50 - 7.00% | Utility Improvement - Sewer | 1,807,500 | (1,807,500) | 0 |
| 2001 | 3.00 - 4.20% | Utility Improvement - Sewer | 0 | 1,980,000 | |
| | | | | (165,000) | |
| | | Unamortized Charge | | (24,958) | 1,790,042 |
| 2001 | 3.50 - 4.20% | Various Purpose - Water | 0 | 927,500 | 927,500 |
| 2001 | 3.50 - 4.20% | Various Purpose - Sewer | 0 | 927,500 | 927,500 |
| Total General Obligation Bonds | | | <u>3,695,000</u> | <u>1,740,084</u> | <u>5,435,084</u> |
| Ohio Water Development Authority Loans (OWDA): | | | | | |
| 1986 | 8.970% | OWDA Loan | 742,887 | (48,967) | 693,920 |
| 1992 | 5.200% | OWDA Loan | 1,805,498 | (111,685) | 1,693,813 |
| 1993 | 3.540% | OWDA Loan | 124,599 | 0 | 124,599 |
| 1996 | 3.910% | OWDA Loan | 1,468,998 | (107,080) | 1,361,918 |
| Total Ohio Water Development Authority Loans | | | <u>4,141,982</u> | <u>(267,732)</u> | <u>3,874,250</u> |
| Ohio Public Works Commission Loan | | | <u>250,282</u> | <u>(16,686)</u> | <u>233,596</u> |
| Landfill Closure and Postclosure Care Costs | | | <u>363,942</u> | <u>(20,219)</u> | <u>343,723</u> |
| Total Enterprise Long-Term Debt | | | <u>\$8,451,206</u> | <u>\$1,435,447</u> | <u>\$9,886,653</u> |

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NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

| Date Purchased | Interest Rate | Description | Balance December 31, 2000 | Issued (Retired) | Balance December 31, 2001 |
|-------------------------------------|---------------|--|---------------------------|--------------------|---------------------------|
| General Long-Term Debt: | | | | | |
| General Obligation Bonds: | | | | | |
| 1977 | 6.375% | Maple Avenue Overpass | \$35,000 | (\$35,000) | \$0 |
| 1991 | Various | Fairborn Library | 1,245,000 | (1,245,000) | 0 |
| 2001 | 3.00 - 4.20% | Fairborn Library | 0 | 1,370,000 | |
| | | | | (110,000) | 1,260,000 |
| 1998 | Various | Police/Fire Dispatch | 465,000 | (60,000) | 405,000 |
| 1999 | Various | Downtown Revitalization | 163,000 | (38,000) | 125,000 |
| 1999 | Various | Street Improvement | 230,000 | (20,000) | 210,000 |
| | | Total General Obligation Bonds | <u>2,138,000</u> | <u>(138,000)</u> | <u>2,000,000</u> |
| Special Assessment Bonds: | | | | | |
| 1981 | 9.250% | Water and Sewer Improvement | 375,000 | (75,000) | 300,000 |
| 1983 | 11.625% | Five Point II Street Improvement | 6,000 | (3,000) | 3,000 |
| 1986 | 8.750% | Water System Improvement | 15,000 | (3,000) | 12,000 |
| 1988 | 7.190% | Street Improvement | 600,000 | (75,000) | 525,000 |
| 1998 | 5.150% | Commerce Center/Channingway Drive | 1,090,000 | (40,000) | 1,050,000 |
| | | Total Special Assessment Bonds (with Governmental Commitment) | <u>2,086,000</u> | <u>(196,000)</u> | <u>1,890,000</u> |
| Other Long-Term Obligations: | | | | | |
| | | Compensated Absences | 915,873 | (29,723) | 886,150 |
| | | Intergovernmental Payables | 400,560 | 98,926 | 499,486 |
| | | Total Other Long-Term Obligations | <u>1,316,433</u> | <u>69,203</u> | <u>1,385,636</u> |
| | | Total General Long-Term Debt and Other Long-Term Obligations | <u>\$5,540,433</u> | <u>(\$264,797)</u> | <u>\$5,275,636</u> |

The principal amount of the City's special assessment bonds outstanding at December 31, 2001, \$1,890,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

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

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

A. Future Long-Term Financing Requirements

A summary of the City’s future long-term debt funding requirements including principal and interest payments as of December 31, 2001 follows:

| Years | General Obligation Bonds | | Special Assessment Bonds | |
|-----------|--------------------------|--------------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2002 | \$685,000 | \$293,220 | \$196,000 | \$122,900 |
| 2003 | 717,000 | 267,930 | 193,000 | 107,741 |
| 2004 | 748,000 | 241,400 | 198,000 | 92,855 |
| 2005 | 730,000 | 213,228 | 198,000 | 77,638 |
| 2006 | 745,000 | 185,050 | 125,000 | 62,420 |
| 2007-2011 | 3,860,000 | 475,690 | 430,000 | 203,273 |
| 2012-2018 | 0 | 0 | 550,000 | 120,509 |
| Totals | <u>\$7,485,000</u> | <u>\$1,676,518</u> | <u>\$1,890,000</u> | <u>\$787,336</u> |

| Years | OWDA Loans | | OPWC Loan | |
|-----------|--------------------|--------------------|------------------|------------|
| | Principal | Interest | Principal | Interest |
| 2002 | \$296,211 | \$219,341 | \$16,685 | \$0 |
| 2003 | 312,084 | 203,468 | 16,686 | 0 |
| 2004 | 328,904 | 186,647 | 16,685 | 0 |
| 2005 | 346,734 | 168,817 | 16,686 | 0 |
| 2006 | 365,642 | 149,909 | 16,685 | 0 |
| 2007-2011 | 1,979,482 | 414,514 | 83,428 | 0 |
| 2012-2018 | 245,193 | 8,575 | 66,741 | 0 |
| Totals | <u>\$3,874,250</u> | <u>\$1,351,271</u> | <u>\$233,596</u> | <u>\$0</u> |

B. Conduit Debt

The City has issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of an extended care facility deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facility transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2001, there was one series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$1,911,667. The original issue amount totaled \$2,500,000.

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

C. Defeasance of General Obligation Debt

In September of 2001, the City defeased \$3,615,000 of General Obligation Bonds for Utility Improvements dated October 1, 1991 (the “1991 Utility Improvement Bonds”) through the issuance of \$3,960,000 of General Obligation Bonds for Utility Improvements (the “2001 Utility Improvement Bonds”). Also in September of 2001, the City defeased \$1,245,000 of General Obligation Bonds for Library Improvements dated October 1, 1991 (the “1991 Library Improvement Bonds”) through the issuance of \$1,370,000 of General Obligation Bonds for Library Improvements (the “2001 Library Improvement Bonds”). The net proceeds of the 2001 Utility Improvement Bonds and the 2001 Library Improvement Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts, which including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded Utility Improvement Bonds, which have an outstanding balance of \$3,390,000 at December 31, 2001, and the Library Improvement Bonds, which have an outstanding balance of \$1,170,000 at December 31, 2001, are not included in the City’s outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

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

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NOTE 11 – NOTES PAYABLE

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

| | Balance December 31, 2000 | Issued | (Retired) | Balance December 31, 2001 |
|-----------------------------------|---------------------------------|---------------------------|-----------------------------|---------------------------------|
| General Obligation Notes: | | | | |
| Enterprise Funds: | | | | |
| 4.42% Biosolids Improvement | \$1,100,000 | \$0 | (\$1,100,000) | \$0 |
| 4.00% Biosolids Improvement | 0 | 990,000 | 0 | 990,000 |
| 4.75% Water Meter Acquisition | 2,100,000 | 0 | (2,100,000) | 0 |
| Capital Projects Funds: | | | | |
| 4.75% Yellow Springs Improvement | 700,000 | 0 | (700,000) | 0 |
| 3.00% Yellow Springs Improvement | 0 | 700,000 | 0 | 700,000 |
| Subtotal General Obligation Notes | <u>3,900,000</u> | <u>1,690,000</u> | <u>(3,900,000)</u> | <u>1,690,000</u> |
| Special Assessment Notes: | | | | |
| (with Governmental Commitment) | | | | |
| Capital Projects Funds: | | | | |
| 5.00% Curb and Sidewalk - 1998 | 2,303 | 0 | (2,303) | 0 |
| 5.00% Curb and Sidewalk - 1998 | 19,122 | 0 | (6,374) | 12,748 |
| 5.00% Curb and Sidewalk - 1999 | 46,031 | 0 | (11,506) | 34,525 |
| Subtotal Special Assessment Notes | <u>67,456</u> | <u>0</u> | <u>(20,183)</u> | <u>47,273</u> |
| Total All Notes | <u><u>\$3,967,456</u></u> | <u><u>\$1,690,000</u></u> | <u><u>(\$3,920,183)</u></u> | <u><u>\$1,737,273</u></u> |

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City’s landfill placed its final cover in 1989. The \$343,723 reported as landfill postclosure care liability in the Sanitation Enterprise Fund at December 31, 2001, represents the cumulative amount reported to date based on the estimated cost of maintenance and monitoring through 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

NOTE 13 – CONTRIBUTED CAPITAL

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Contributed capital in the Water and Sewer Funds and the Equipment Internal Service Fund primarily results from assets contributed by other funds.

There were no changes in contributed capital as presented below:

| | Water Fund | Sewer Fund | Enterprise Fund Totals | Internal Service Equipment Fund |
|---------------------------------------|--------------------|--------------------|------------------------------|---------------------------------------|
| Contributed Capital December 31, 2001 | <u>\$6,859,316</u> | <u>\$8,034,147</u> | <u>\$14,893,463</u> | <u>\$58,658</u> |

NOTE 14 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2001:

| Fund | Transfers In | Transfers Out |
|-------------------------------|--------------------|--------------------|
| General Fund | \$69,027 | \$1,008,586 |
| Special Revenue Funds: | | |
| Street Maintenance and Repair | 0 | 8,500 |
| State Highway | 0 | 5,000 |
| Cemetery | 47,000 | 3,000 |
| Street Lighting | 194,000 | 0 |
| Law Enforcement Trust | 0 | 7,000 |
| Damage Repair | <u>100,000</u> | <u>0</u> |
| Total Special Revenue Funds | 341,000 | 23,500 |
| Debt Service Funds: | | |
| General Bond Retirement | 18,504 | 68,250 |
| Tax Increment | <u>0</u> | <u>18,504</u> |
| Total Debt Service Funds | 18,504 | 86,754 |
| Capital Projects Funds: | | |
| Issue II Improvement | 33,250 | 0 |
| Municipal Court Improvement | 0 | 62,027 |
| General Capital Improvement | 541,086 | 0 |
| Buildings and Land | <u>178,000</u> | <u>0</u> |
| Total Capital Projects Funds | 752,336 | 62,027 |
| Enterprise Funds: | | |
| Water | 994,342 | 0 |
| Sewer | <u>0</u> | <u>994,342</u> |
| Total Enterprise Funds | 994,342 | 994,342 |
| Totals | <u>\$2,175,209</u> | <u>\$2,175,209</u> |

NOTE 15 – INTERFUND ASSETS AND LIABILITIES

Individual fund interfund receivable and payable balances at December 31, 2001, were as follows:

| | Assets | | Liabilities | |
|------------------------------------|-----------------------|----------------------|--------------------|--------------------|
| | Interfund Receivables | Due From Other Funds | Interfund Payables | Due To Other Funds |
| General Fund | \$67,612 | \$65,110 | \$0 | \$5,715 |
| Special Revenue Funds: | | | | |
| Street Maintenance and Repair | 0 | 0 | 0 | 534 |
| State Highway | 0 | 0 | 0 | 23 |
| Cemetery | 0 | 0 | 0 | 16 |
| Community Development | 0 | 0 | 1,045 | 68 |
| Victim Witness | 0 | 1,186 | 0 | 0 |
| County Motor Vehicle License Tax | 0 | 0 | 60,984 | 0 |
| City Motor Vehicle License Tax | 0 | 0 | 5,583 | 0 |
| Indigent Drivers Alcohol Treatment | 0 | 713 | 0 | 0 |
| Alcohol Enforcement and Education | 0 | 323 | 0 | 0 |
| Municipal Probation Services | 0 | 4,914 | 0 | 0 |
| Total Special Revenue Funds | 0 | 7,136 | 67,612 | 641 |
| Capital Project Funds: | | | | |
| Municipal Court Improvement | 0 | 8,325 | 0 | 0 |
| Court Special Projects Fund | 0 | 7,514 | 0 | 0 |
| Total Capital Project Funds | 0 | 15,839 | 0 | 0 |
| Enterprise Funds: | | | | |
| Water | 0 | 26 | 0 | 548 |
| Sewer | 0 | 927 | 0 | 673 |
| Sanitation | 0 | 0 | 0 | 258 |
| Total Enterprise Funds | 0 | 953 | 0 | 1,479 |
| Internal Service Fund: | | | | |
| Equipment | 0 | 7,019 | 0 | 137 |
| Agency Fund: | | | | |
| Municipal Court | 0 | 0 | 0 | 88,085 |
| Total All Funds | \$67,612 | \$96,057 | \$67,612 | \$96,057 |

NOTE 16 – SEGMENT INFORMATION

The City’s enterprise funds account for the provision of water, sewer, and garbage collection services. Key financial information as of and for the year ended December 31, 2001, for each enterprise fund is as follows:

| | Water Fund | Sewer Fund | Sanitation Fund | Total |
|---|---------------|---------------|--------------------|-------------|
| <u>For the Year Ended December 31, 2001</u> | | | | |
| Operating Revenues | \$2,375,713 | \$3,687,109 | \$1,868,057 | \$7,930,879 |
| Depreciation Expense | 738,196 | 816,458 | 2,735 | 1,557,389 |
| Operating Income | 268,345 | 1,000,917 | 8,209 | 1,277,471 |
| Operating Transfers In | 994,342 | 0 | 0 | 994,342 |
| Operating Transfers Out | 0 | 994,342 | 0 | 994,342 |
| Net Nonoperating Expenses | (272,437) | (450,117) | 0 | (722,554) |
| Net Income (Loss) | 990,250 | (443,542) | 8,209 | 554,917 |
| Property, Plant and Equipment: | | | | |
| Additions | 925,205 | 596,462 | 0 | 1,521,667 |
| Current Capital Contributions | 3,224 | 4,360 | 0 | 7,584 |
| <u>As of December 31, 2001</u> | | | | |
| Total Assets | 11,727,792 | 14,282,981 | 1,135,165 | 27,145,938 |
| Net Working Capital | 1,603,177 | 1,395,030 | 879,054 | 3,877,261 |
| General Obligation Bonds | 2,717,542 | 2,717,542 | 0 | 5,435,084 |
| Ohio Water Development | | | | |
| Authority Loans | 0 | 3,874,250 | 0 | 3,874,250 |
| Ohio Public Works | | | | |
| Commission Loan | 233,596 | 0 | 0 | 233,596 |
| Total Equity | 8,508,384 | 6,353,970 | 620,827 | 15,483,181 |

NOTE 17 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2001, the City participated in the Public Entities Pool of Ohio (PEP), established as a risk sharing self insurance pool for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance program for its members. PEP is a corporation governed by a seven member board of directors, consisting of representatives elected by the 230 participating governments.

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

| <u>Type of Coverage</u> | <u>Coverage</u> | <u>Deductible</u> |
|--------------------------------------|-----------------|-------------------|
| Municipal General Liability | \$2,000,000 | \$0 |
| Public Official | 2,000,000 | 1,000 |
| Municipal Automobile Liability | 2,000,000 | 0 |
| Municipal Automobile Physical Damage | 2,000,000 | 500 - 1,000 |
| Police Professional Liability | 2,000,000 | 1,000 |

NOTE 17 – RISK MANAGEMENT (Continued)

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

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

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

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

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

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

The City maintains a self-insurance program for employee dental benefits. The claims liability of \$2,325 reported at December 31, 2001, as estimated through reviewing actual claims filed in the first few months of the year by the third party administrator, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the fund’s claims liability amount in 2001 were:

| <u>Fiscal Year</u> | <u>Beginning of Fiscal Year Liability</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance at Fiscal Year End</u> |
|--------------------|---|---|------------------------|-----------------------------------|
| 2000 | \$917 | \$43,561 | (\$40,363) | \$4,115 |
| 2001 | 4,115 | 39,597 | (41,387) | 2,325 |

NOTE 18 – CONSTRUCTION COMMITMENTS

As of December 31, 2001, the City had the following commitments with respect to capital projects:

| <u>Project</u> | <u>Remaining Construction Commitment</u> | <u>Expected Date of Completion</u> |
|---|--|------------------------------------|
| Dayton Yellow Springs Road Improvements | \$3,471 | 3/1/2002 |
| 2001 Sidewalk Improvements Program | 67,794 | 8/1/2002 |
| Total | <u>\$71,265</u> | |

NOTE 19 – CONTINGENT LIABILITIES

A. Litigation

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

B. Federal and State Grants

For the period January 1, 2001, to December 31, 2001, 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 20 - SUBSEQUENT EVENTS

In January of 2002, Anthem Blue Cross and Blue Shield Insurance Company completed plans to convert from a private mutual insurance company to a publicly traded insurance company (a process know as “demutualization”). As a result of this demutualization, the City received shares of Anthem’s new publicly traded common stock in exchange for its membership interest in the former mutual insurance company. However, because the Ohio Constitution prohibits public bodies from being stockholders in public corporations, the Auditor of State has recommended that each public body receiving stock should sell the stock at a reasonably prompt and beneficial time at the discretion of the public body. The City sold the Anthem Incorporated Stock in January for \$558,000.

***COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES***

***THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE
GENERAL FUND, SPECIAL REVENUE FUNDS, CAPITAL PROJECTS FUNDS,
ENTERPRISE FUNDS, INTERNAL SERVICE FUNDS, FIDUCIARY FUND AND
THE GENERAL FIXED ASSETS ACCOUNT GROUP***

GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

GENERAL FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|-------------|---|
| <u>Revenues:</u> | | | |
| Property Taxes | \$2,305,490 | \$2,328,910 | \$23,420 |
| Municipal Income Taxes | 5,771,938 | 5,941,856 | 169,918 |
| Intergovernmental Revenues | 3,106,106 | 3,076,361 | (29,745) |
| Charges for Services | 3,006,124 | 2,971,133 | (34,991) |
| Licenses and Permits | 316,850 | 268,937 | (47,913) |
| Investment Earnings | 500,000 | 546,016 | 46,016 |
| Fines and Forfeitures | 1,074,500 | 1,065,777 | (8,723) |
| All Other Revenues | 315,450 | 350,556 | 35,106 |
| Total Revenues | 16,396,458 | 16,549,546 | 153,088 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| Police Law Enforcement | | | |
| Personal Services | 4,240,480 | 4,189,530 | 50,950 |
| Other Expenditures | 645,620 | 607,566 | 38,054 |
| Fire Prevention and Control | | | |
| Personal Services | 4,162,385 | 4,094,493 | 67,892 |
| Other Expenditures | 435,396 | 420,376 | 15,020 |
| Total Security of Persons and Property | 9,483,881 | 9,311,965 | 171,916 |
| Public Health and Welfare Services: | | | |
| Other Expenditures | 76,605 | 76,578 | 27 |
| Total Public Health and Welfare Services | 76,605 | 76,578 | 27 |
| Leisure Time Activities: | | | |
| Recreation Programs | | | |
| Personal Services | 70,742 | 70,258 | 484 |
| Other Expenditures | 115,459 | 102,098 | 13,361 |
| Total Leisure Time Activities | 186,201 | 172,356 | 13,845 |
| Community Environment: | | | |
| Urban Planner | | | |
| Personal Services | 175,311 | 111,631 | 63,680 |
| Other Expenditures | 42,567 | 29,839 | 12,728 |
| Building Inspection | | | |
| Personal Services | 282,603 | 247,184 | 35,419 |
| Other Expenditures | 50,330 | 40,429 | 9,901 |
| Total Community Environment | 550,811 | 429,083 | 121,728 |

(Continued)

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

GENERAL FUND

| | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance: Favorable (Unfavorable)</u> |
|--------------------------|---------------------------|------------------|--|
| General Government: | | | |
| City Manager | | | |
| Personal Services | 331,843 | 330,184 | 1,659 |
| Other Expenditures | 16,798 | 14,944 | 1,854 |
| Council | | | |
| Personal Services | 33,676 | 33,324 | 352 |
| Other Expenditures | 55,713 | 43,203 | 12,510 |
| Municipal Court | | | |
| Personal Services | 1,194,884 | 1,172,001 | 22,883 |
| Other Expenditures | 198,583 | 198,178 | 405 |
| Finance | | | |
| Personal Services | 811,145 | 799,235 | 11,910 |
| Other Expenditures | 257,322 | 226,094 | 31,228 |
| Solicitor | | | |
| Personal Services | 133,001 | 132,997 | 4 |
| Other Expenditures | 87,940 | 85,491 | 2,449 |
| Personnel | | | |
| Personal Services | 120,209 | 121,232 | (1,023) |
| Other Expenditures | 64,635 | 57,376 | 7,259 |
| Risk Management | | | |
| Personal Services | 3,150 | 2,157 | 993 |
| Other Expenditures | 50 | 40 | 10 |
| Engineering and Drafting | | | |
| Personal Services | 263,921 | 262,794 | 1,127 |
| Other Expenditures | 59,873 | 56,503 | 3,370 |
| Public Works Director | | | |
| Personal Services | 73,892 | 46,816 | 27,076 |
| Other Expenditures | 4,472 | 2,589 | 1,883 |
| Plant Maintenance | | | |
| Personal Services | 373,533 | 374,029 | (496) |
| Other Expenditures | 162,138 | 159,130 | 3,008 |
| Audio Visual | | | |
| Personal Services | 44,470 | 44,446 | 24 |
| Other Expenditures | 17,028 | 10,966 | 6,062 |
| Other General Government | | | |
| Personal Services | 62,500 | 57,214 | 5,286 |
| Other Expenditures | 1,177,769 | 1,139,712 | 38,057 |
| Total General Government | <u>5,548,545</u> | <u>5,370,655</u> | <u>177,890</u> |

(Continued)

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

GENERAL FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|---------------------------|---------------------------|---|
| | <u> </u> | <u> </u> | <u> </u> |
| Capital Outlay | 468,938 | 448,134 | 20,804 |
| Total Expenditures | <u>16,314,981</u> | <u>15,808,771</u> | <u>506,210</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 81,477 | 740,775 | 659,298 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from Sale of Fixed Assets | 9,000 | 40,961 | 31,961 |
| Operating Transfers In | 60,333 | 69,027 | 8,694 |
| Operating Transfers Out | <u>(1,246,597)</u> | <u>(1,008,586)</u> | <u>238,011</u> |
| Total Other Financing Sources (Uses) | <u>(1,177,264)</u> | <u>(898,598)</u> | <u>278,666</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (1,095,787) | (157,823) | 937,964 |
| Fund Balance at Beginning of Year | 4,005,553 | 4,005,553 | 0 |
| Prior Years Encumbrances Appropriated | <u>281,750</u> | <u>281,750</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$3,191,516</u></u> | <u><u>\$4,129,480</u></u> | <u><u>\$937,964</u></u> |

SPECIAL REVENUE FUNDS

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

Street Maintenance and Repair Fund

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

State Highway Fund

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

Cemetery Fund

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

Community Development Fund

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

Victim Witness Fund

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

Street Lighting Fund

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

County Motor Vehicle License Tax Fund

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

Law Enforcement Trust Fund

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

(Continued)

SPECIAL REVENUE FUNDS

Drug Law Enforcement Fund

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

City Motor Vehicle License Tax Fund

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

Indigent Drivers Alcohol Treatment Fund

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

Alcohol Enforcement and Education Fund

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

Federal Forfeitures Fund

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

Damage Repair Fund

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

Municipal Probation Services Fund

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

THE CITY OF FAIRBORN, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2001

| | Street Maintenance and Repair | State Highway | Cemetery | Community Development | Victim Witness |
|--|-------------------------------------|------------------|-----------------|--------------------------|-------------------|
| <u>Assets:</u> | | | | | |
| Cash and Cash Equivalents | \$123,554 | \$8,769 | \$16,434 | \$0 | \$35,331 |
| Receivables (net of allowances for doubtful accounts) | | | | | |
| Taxes | 0 | 0 | 0 | 0 | 0 |
| Accounts | 115 | 0 | 0 | 0 | 0 |
| Due from Other Funds | 0 | 0 | 0 | 0 | 1,186 |
| Intergovernmental Receivables | 329,772 | 26,741 | 0 | 0 | 15,400 |
| Inventory of Supplies at Cost | 70,691 | 0 | 0 | 0 | 0 |
| Prepaid Items | 1,976 | 186 | 219 | 0 | 0 |
| | <u>\$526,108</u> | <u>\$35,696</u> | <u>\$16,653</u> | <u>\$0</u> | <u>\$51,917</u> |
| <u>Liabilities and Fund Equity:</u> | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$6,666 | \$64 | \$390 | \$42,705 | \$297 |
| Accrued Wages and Benefits | 18,368 | 1,817 | 2,013 | 4,741 | 4,078 |
| Interfund Payables | 0 | 0 | 0 | 1,045 | 0 |
| Due to Other Funds | 534 | 23 | 16 | 68 | 0 |
| Intergovernmental Payables | 2,261 | 220 | 236 | 582 | 493 |
| Deferred Revenue | 287,037 | 23,276 | 0 | 0 | 13,475 |
| | <u>314,866</u> | <u>25,400</u> | <u>2,655</u> | <u>49,141</u> | <u>18,343</u> |
| Fund Equity: | | | | | |
| Reserved for Encumbrances | 14,670 | 1,125 | 0 | 30,584 | 32 |
| Reserved for Supplies Inventory | 70,691 | 0 | 0 | 0 | 0 |
| Reserved for Prepaid Items | 1,976 | 186 | 219 | 0 | 0 |
| Unreserved | 123,905 | 8,985 | 13,779 | (79,725) | 33,542 |
| | <u>211,242</u> | <u>10,296</u> | <u>13,998</u> | <u>(49,141)</u> | <u>33,574</u> |
| Total Liabilities and Fund Equity | <u>\$526,108</u> | <u>\$35,696</u> | <u>\$16,653</u> | <u>\$0</u> | <u>\$51,917</u> |

THE CITY OF FAIRBORN, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2001

| Street Lighting | County Motor Vehicle License Tax | Law Enforcement Trust | Drug Law Enforcement | City Motor Vehicle License Tax | Indigent Drivers Alcohol Treatment |
|--------------------|--|-----------------------------|-------------------------|--------------------------------------|---|
| \$5,200 | \$0 | \$768 | \$7,296 | \$0 | \$220,370 |
| 176,123 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 713 |
| 7,330 | 166,177 | 0 | 0 | 56,364 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$188,653</u> | <u>\$166,177</u> | <u>\$768</u> | <u>\$7,296</u> | <u>\$56,364</u> | <u>\$221,083</u> |
| \$12,643 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 60,984 | 0 | 0 | 5,583 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 2,671 | 0 | 0 |
| 181,085 | 93,235 | 0 | 0 | 48,478 | 0 |
| <u>193,728</u> | <u>154,219</u> | <u>0</u> | <u>2,671</u> | <u>54,061</u> | <u>0</u> |
| 0 | 1,406 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| (5,075) | 10,552 | 768 | 4,625 | 2,303 | 221,083 |
| <u>(5,075)</u> | <u>11,958</u> | <u>768</u> | <u>4,625</u> | <u>2,303</u> | <u>221,083</u> |
| <u>\$188,653</u> | <u>\$166,177</u> | <u>\$768</u> | <u>\$7,296</u> | <u>\$56,364</u> | <u>\$221,083</u> |

(Continued)

THE CITY OF FAIRBORN, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2001

| | Alcohol Enforcement and Education | Federal Forfeitures | Damage Repair | Municipal Probation Services | Totals |
|--|---|------------------------|------------------|------------------------------------|--------------------|
| <u>Assets:</u> | | | | | |
| Cash and Cash Equivalents | \$9,965 | \$2,157 | \$290,158 | \$150,101 | \$870,103 |
| Receivables (net of allowances for doubtful accounts) | | | | | |
| Taxes | 0 | 0 | 0 | 0 | 176,123 |
| Accounts | 0 | 0 | 2,655 | 0 | 2,770 |
| Due from Other Funds | 323 | 0 | 0 | 4,914 | 7,136 |
| Intergovernmental Receivables | 0 | 0 | 0 | 0 | 601,784 |
| Inventory of Supplies at Cost | 0 | 0 | 0 | 0 | 70,691 |
| Prepaid Items | 0 | 0 | 0 | 0 | 2,381 |
| | <u>\$10,288</u> | <u>\$2,157</u> | <u>\$292,813</u> | <u>\$155,015</u> | <u>\$1,730,988</u> |
| <u>Liabilities and Fund Equity:</u> | | | | | |
| <u>Liabilities:</u> | | | | | |
| Accounts Payable | \$0 | \$0 | \$1,072 | \$0 | \$63,837 |
| Accrued Wages and Benefits | 0 | 0 | 0 | 0 | 31,017 |
| Interfund Payables | 0 | 0 | 0 | 0 | 67,612 |
| Due to Other Funds | 0 | 0 | 0 | 0 | 641 |
| Intergovernmental Payables | 0 | 0 | 0 | 0 | 6,463 |
| Deferred Revenue | 0 | 0 | 0 | 0 | 646,586 |
| | <u>0</u> | <u>0</u> | <u>1,072</u> | <u>0</u> | <u>816,156</u> |
| <u>Fund Equity:</u> | | | | | |
| Reserved for Encumbrances | 0 | 0 | 104,118 | 0 | 151,935 |
| Reserved for Supplies Inventory | 0 | 0 | 0 | 0 | 70,691 |
| Reserved for Prepaid Items | 0 | 0 | 0 | 0 | 2,381 |
| Unreserved | 10,288 | 2,157 | 187,623 | 155,015 | 689,825 |
| | <u>10,288</u> | <u>2,157</u> | <u>291,741</u> | <u>155,015</u> | <u>914,832</u> |
| Total Liabilities and Fund Equity | <u>\$10,288</u> | <u>\$2,157</u> | <u>\$292,813</u> | <u>\$155,015</u> | <u>\$1,730,988</u> |

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| | Street Maintenance and Repair | State Highway | Cemetery | Community Development | Victim Witness |
|--|-------------------------------------|------------------|----------|--------------------------|-------------------|
| Revenues: | | | | | |
| Property Taxes | \$0 | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental Revenues | 691,260 | 56,048 | 0 | 580,578 | 76,099 |
| Charges for Services | 92,402 | 0 | 34,464 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 | 18,959 |
| All Other Revenues | 15,062 | 1,137 | 2,107 | 2,293 | 4,225 |
| Total Revenues | 798,724 | 57,185 | 36,571 | 582,871 | 99,283 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 0 | 0 | 0 | 0 | 93,874 |
| Public Health and Welfare Services | 0 | 0 | 77,361 | 0 | 0 |
| Community Environment | 0 | 0 | 0 | 437,310 | 0 |
| Transportation | 735,492 | 54,228 | 0 | 0 | 0 |
| General Government | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 95,989 | 3,180 | 7,850 | 292,165 | 1,326 |
| Debt Service: | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 831,481 | 57,408 | 85,211 | 729,475 | 95,200 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (32,757) | (223) | (48,640) | (146,604) | 4,083 |
| Other Financing Sources (Uses): | | | | | |
| Proceeds from Sale of Fixed Assets | 712 | 0 | 0 | 0 | 0 |
| Operating Transfers In | 0 | 0 | 47,000 | 0 | 0 |
| Operating Transfers Out | (8,500) | (5,000) | (3,000) | 0 | 0 |
| Total Other Financing Sources (Uses) | (7,788) | (5,000) | 44,000 | 0 | 0 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (40,545) | (5,223) | (4,640) | (146,604) | 4,083 |
| Restated Fund Balance (Deficit) at Beginning of Year | 239,936 | 15,519 | 18,638 | 97,463 | 29,491 |
| Increase in Inventory Reserve | 11,851 | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | \$211,242 | \$10,296 | \$13,998 | (\$49,141) | \$33,574 |

(Continued)

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| | Street Lighting | County Motor Vehicle License Tax | Law Enforcement Trust | Drug Law Enforcement | City Motor Vehicle License Tax | Indigent Drivers Alcohol Treatment |
|--|--------------------|--|-----------------------------|-------------------------|--------------------------------------|---|
| Revenues: | | | | | | |
| Property Taxes | \$154,485 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Intergovernmental Revenues | 14,133 | 124,471 | 0 | 0 | 110,949 | 0 |
| Charges for Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 | 0 | 29,809 |
| All Other Revenues | 10,678 | 0 | 8,157 | 1,141 | 0 | 0 |
| Total Revenues | 179,296 | 124,471 | 8,157 | 1,141 | 110,949 | 29,809 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 316,938 | 0 | 0 | 4,064 | 0 | 11,550 |
| Public Health and Welfare Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Environment | 0 | 0 | 0 | 0 | 0 | 0 |
| Transportation | 0 | 0 | 0 | 0 | 0 | 0 |
| General Government | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 143,820 | 958 | 0 | 137,047 | 0 |
| Debt Service: | | | | | | |
| Principal Retirement | 38,000 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 6,480 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 361,418 | 143,820 | 958 | 4,064 | 137,047 | 11,550 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (182,122) | (19,349) | 7,199 | (2,923) | (26,098) | 18,259 |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds from Sale of Fixed Assets | 0 | 0 | 0 | 1,192 | 0 | 0 |
| Operating Transfers In | 194,000 | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers Out | 0 | 0 | (7,000) | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 194,000 | 0 | (7,000) | 1,192 | 0 | 0 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 11,878 | (19,349) | 199 | (1,731) | (26,098) | 18,259 |
| Restated Fund Balance (Deficit) at Beginning of Year | (16,953) | 31,307 | 569 | 6,356 | 28,401 | 202,824 |
| Increase in Inventory Reserve | 0 | 0 | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | (\$5,075) | \$11,958 | \$768 | \$4,625 | \$2,303 | \$221,083 |

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| Alcohol Enforcement and Education | Federal Forfeitures | Damage Repair | Municipal Probation Services | Totals |
|---|------------------------|------------------|------------------------------------|-----------|
| \$0 | \$0 | \$0 | \$0 | \$154,485 |
| 0 | 0 | 0 | 0 | 1,653,538 |
| 0 | 0 | 0 | 0 | 126,866 |
| 4,684 | 1,966 | 0 | 80,939 | 136,357 |
| 0 | 0 | 97,503 | 0 | 142,303 |
| 4,684 | 1,966 | 97,503 | 80,939 | 2,213,549 |
| 913 | 0 | 0 | 0 | 427,339 |
| 0 | 0 | 0 | 0 | 77,361 |
| 0 | 0 | 0 | 0 | 437,310 |
| 0 | 0 | 0 | 0 | 789,720 |
| 0 | 0 | 159,497 | 0 | 159,497 |
| 1,212 | 0 | 336 | 0 | 683,883 |
| 0 | 0 | 0 | 0 | 38,000 |
| 0 | 0 | 0 | 0 | 6,480 |
| 2,125 | 0 | 159,833 | 0 | 2,619,590 |
| 2,559 | 1,966 | (62,330) | 80,939 | (406,041) |
| 0 | 0 | 0 | 0 | 1,904 |
| 0 | 0 | 100,000 | 0 | 341,000 |
| 0 | 0 | 0 | 0 | (23,500) |
| 0 | 0 | 100,000 | 0 | 319,404 |
| 2,559 | 1,966 | 37,670 | 80,939 | (86,637) |
| 7,729 | 191 | 254,071 | 74,076 | 989,618 |
| 0 | 0 | 0 | 0 | 11,851 |
| \$10,288 | \$2,157 | \$291,741 | \$155,015 | \$914,832 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

STREET MAINTENANCE AND REPAIR FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|------------------|---|
| <u>Revenues:</u> | | | |
| Intergovernmental Revenues | \$709,000 | \$702,706 | (\$6,294) |
| Charges for Services | 92,402 | 92,402 | 0 |
| All Other Revenues | 9,000 | 15,729 | 6,729 |
| Total Revenues | <u>810,402</u> | <u>810,837</u> | <u>435</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Transportation: | | | |
| General Administration | | | |
| Personal Services | 65,525 | 65,497 | 28 |
| Other Expenditures | 97,656 | 94,033 | 3,623 |
| Total General Administration | <u>163,181</u> | <u>159,530</u> | <u>3,651</u> |
| Street Resurfacing Projects | | | |
| Personal Services | 314,698 | 313,228 | 1,470 |
| Other Expenditures | 84,205 | 71,786 | 12,419 |
| Total Street Resurfacing Projects | <u>398,903</u> | <u>385,014</u> | <u>13,889</u> |
| Ice and Snow Removal | | | |
| Other Expenditures | <u>62,600</u> | <u>61,234</u> | <u>1,366</u> |
| Traffic Signs and Signals | | | |
| Personal Services | 97,657 | 97,600 | 57 |
| Other Expenditures | 72,370 | 72,196 | 174 |
| Total Traffic Signs and Signals | <u>170,027</u> | <u>169,796</u> | <u>231</u> |
| Total Transportation | <u>794,711</u> | <u>775,574</u> | <u>19,137</u> |
| Capital Outlay | <u>96,286</u> | <u>95,989</u> | <u>297</u> |
| Total Expenditures | <u>890,997</u> | <u>871,563</u> | <u>19,434</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (80,595) | (60,726) | 19,869 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from Sale of Fixed Assets | 200 | 712 | 512 |
| Operating Transfers Out | <u>(8,500)</u> | <u>(8,500)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(8,300)</u> | <u>(7,788)</u> | <u>512</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (88,895) | (68,514) | 20,381 |
| Fund Balance at Beginning of Year | 163,532 | 163,532 | 0 |
| Prior Year Encumbrances | 12,224 | 12,224 | 0 |
| Fund Balance at End of Year | <u>\$86,861</u> | <u>\$107,242</u> | <u>\$20,381</u> |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

STATE HIGHWAY FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-----------------------|-----------------------|---|
| <u>Revenues:</u> | | | |
| Intergovernmental Revenues | \$57,488 | \$56,976 | (\$512) |
| All Other Revenues | 775 | 1,137 | 362 |
| Total Revenues | <u>58,263</u> | <u>58,113</u> | <u>(150)</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Transportation: | | | |
| State Highway Maintenance | | | |
| Personal Services | 45,339 | 41,856 | 3,483 |
| Other Expenditures | 16,539 | 15,132 | 1,407 |
| Total Transportation | <u>61,878</u> | <u>56,988</u> | <u>4,890</u> |
| Capital Outlay | <u>5,090</u> | <u>4,770</u> | <u>320</u> |
| Total Expenditures | <u>66,968</u> | <u>61,758</u> | <u>5,210</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (8,705) | (3,645) | 5,060 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Operating Transfers Out | <u>(5,000)</u> | <u>(5,000)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(5,000)</u> | <u>(5,000)</u> | <u>0</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (13,705) | (8,645) | 5,060 |
| Fund Balance at Beginning of Year | 13,783 | 13,783 | 0 |
| Prior Year Encumbrances | <u>2,459</u> | <u>2,459</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$2,537</u></u> | <u><u>\$7,597</u></u> | <u><u>\$5,060</u></u> |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

CEMETERY FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|----------|---|
| <u>Revenues:</u> | | | |
| Charges for Services | \$34,600 | \$34,464 | (\$136) |
| All Other Revenues | 800 | 2,107 | 1,307 |
| Total Revenues | 35,400 | 36,571 | 1,171 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Public Health and Welfare Services: | | | |
| Cemetery | | | |
| Personal Services | 57,075 | 57,033 | 42 |
| Other Expenditures | 21,001 | 20,994 | 7 |
| Total Public Health and Welfare Services | 78,076 | 78,027 | 49 |
| Capital Outlay | 7,880 | 7,850 | 30 |
| Total Expenditures | 85,956 | 85,877 | 79 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (50,556) | (49,306) | 1,250 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Operating Transfers In | 47,000 | 47,000 | 0 |
| Operating Transfers Out | (3,000) | (3,000) | 0 |
| Total Other Financing Sources (Uses) | 44,000 | 44,000 | 0 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (6,556) | (5,306) | 1,250 |
| Fund Balance at Beginning of Year | 21,626 | 21,626 | 0 |
| Prior Year Encumbrances | 55 | 55 | 0 |
| Fund Balance at End of Year | \$15,125 | \$16,375 | \$1,250 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

COMMUNITY DEVELOPMENT FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|-------------------------------------|-------------------|----------------|---|
| <u>Revenues:</u> | | | |
| Intergovernmental Revenues | \$828,174 | \$580,578 | (\$247,596) |
| All Other Revenues | 0 | 2,293 | 2,293 |
| Total Revenues | <u>828,174</u> | <u>582,871</u> | <u>(245,303)</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Community Environment: | | | |
| Entitlement Administration | | | |
| Personal Services | 74,701 | 72,551 | 2,150 |
| Other Expenditures | 143,588 | 105,867 | 37,721 |
| Total Entitlement Administration | <u>218,289</u> | <u>178,418</u> | <u>39,871</u> |
| Code Enforcement | | | |
| Personal Services | 36,129 | 32,752 | 3,377 |
| Other Expenditures | 4,055 | 2,604 | 1,451 |
| Total Code Enforcement | <u>40,184</u> | <u>35,356</u> | <u>4,828</u> |
| CHIP | | | |
| Personal Services | 11,707 | 0 | 11,707 |
| Other Expenditures | 237,058 | 222,622 | 14,436 |
| Total CHIP | <u>248,765</u> | <u>222,622</u> | <u>26,143</u> |
| Housing Rehabilitation | | | |
| Other Expenditures | 263 | 263 | 0 |
| Emergency Repair | | | |
| Other Expenditures | 1,474 | 737 | 737 |
| Public/Private Rehabilitation | | | |
| Personal Services | 1,487 | 1,485 | 2 |
| Other Expenditures | 46,392 | 28,944 | 17,448 |
| Total Public/Private Rehabilitation | <u>47,879</u> | <u>30,429</u> | <u>17,450</u> |
| Superior Audio-Visual Project | | | |
| Other Expenditures | 300 | 300 | 0 |
| Neighborhood Garden Project | | | |
| Other Expenditures | 420 | 0 | 420 |
| Neighborhood Clean-Up | | | |
| Other Expenditures | 12,998 | 4,793 | 8,205 |
| Total Community Environment | <u>570,572</u> | <u>472,918</u> | <u>97,654</u> |

(Continued)

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

COMMUNITY DEVELOPMENT FUND

| | <u>Revised Budget</u> | <u>Actual</u> | <u>Variance: Favorable (Unfavorable)</u> |
|--|---------------------------|--------------------------|--|
| Capital Outlay | 298,288 | 288,108 | 10,180 |
| Total Expenditures | <u>868,860</u> | <u>761,026</u> | <u>107,834</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (40,686) | (178,155) | (137,469) |
| Fund Balance at Beginning of Year | 49,039 | 49,039 | 0 |
| Prior Year Encumbrances | <u>56,686</u> | <u>56,686</u> | <u>0</u> |
| Fund Deficit at End of Year | <u><u>\$65,039</u></u> | <u><u>(\$72,430)</u></u> | <u><u>(\$137,469)</u></u> |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

VICTIM WITNESS FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|----------|---|
| <u>Revenues:</u> | | | |
| Intergovernmental Revenues | \$73,500 | \$76,099 | \$2,599 |
| Fines and Forfeitures | 22,500 | 19,117 | (3,383) |
| All Other Revenues | 700 | 2,300 | 1,600 |
| Total Revenues | 96,700 | 97,516 | 816 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| Law Enforcement | | | |
| Personal Services | 88,491 | 88,436 | 55 |
| Other Expenditures | 7,524 | 6,049 | 1,475 |
| Total Security of Persons and Property | 96,015 | 94,485 | 1,530 |
| Capital Outlay | 2,300 | 1,326 | 974 |
| Total Expenditures | 98,315 | 95,811 | 2,504 |
| Excess (Deficiency) of | | | |
| Revenues Over (Under) Expenditures | (1,615) | 1,705 | 3,320 |
| Fund Balance at Beginning of Year | 33,562 | 33,562 | 0 |
| Prior Year Encumbrances | 32 | 32 | 0 |
| Fund Balance at End of Year | \$31,979 | \$35,299 | \$3,320 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

STREET LIGHTING FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|-----------|---|
| <u>Revenues:</u> | | | |
| Property Taxes | \$153,467 | \$155,458 | \$1,991 |
| Intergovernmental Revenues | 14,133 | 14,133 | 0 |
| All Other Revenues | 15,900 | 10,678 | (5,222) |
| Total Revenues | 183,500 | 180,269 | (3,231) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| Street Lighting | | | |
| Other Expenditures | 333,936 | 333,128 | 808 |
| Total Security of Persons and Property | 333,936 | 333,128 | 808 |
| Debt Service: | | | |
| Principal Retirement | 38,000 | 38,000 | 0 |
| Interest and Fiscal Charges | 6,480 | 6,480 | 0 |
| Total Expenditures | 378,416 | 377,608 | 808 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (194,916) | (197,339) | (2,423) |
| <u>Other Financing Sources (Uses):</u> | | | |
| Operating Transfers In | 194,000 | 194,000 | 0 |
| Total Other Financing Sources (Uses) | 194,000 | 194,000 | 0 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (916) | (3,339) | (2,423) |
| Fund Balance at Beginning of Year | 7,641 | 7,641 | 0 |
| Fund Balance at End of Year | \$6,725 | \$4,302 | (\$2,423) |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

COUNTY MOTOR VEHICLE LICENSE TAX FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|-------------------|---|
| <u>Revenues:</u> | | | |
| Intergovernmental Revenues | \$363,500 | \$55,927 | (\$307,573) |
| Total Revenues | <u>363,500</u> | <u>55,927</u> | <u>(307,573)</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Transportation: | | | |
| Street Resurfacing Projects | | | |
| Other Expenditures | 819 | 0 | 819 |
| Total Transportation | <u>819</u> | <u>0</u> | <u>819</u> |
| Capital Outlay | 383,122 | 151,599 | 231,523 |
| Total Expenditures | <u>383,941</u> | <u>151,599</u> | <u>232,342</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (20,441) | (95,672) | (75,231) |
| Fund Deficit at Beginning of Year | (659) | (659) | 0 |
| Prior Year Encumbrances | 33,941 | 33,941 | 0 |
| Fund Deficit at End of Year | <u>\$12,841</u> | <u>(\$62,390)</u> | <u>(\$75,231)</u> |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

LAW ENFORCEMENT TRUST FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|---------|---|
| <u>Revenues:</u> | | | |
| All Other Revenues | \$10,000 | \$8,157 | (\$1,843) |
| Total Revenues | 10,000 | 8,157 | (1,843) |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| Law Enforcement | | | |
| Other Expenditures | 40 | 0 | 40 |
| Total Security of Persons and Property | 40 | 0 | 40 |
| Capital Outlay | 960 | 958 | 2 |
| Total Expenditures | 1,000 | 958 | 42 |
| Excess (Deficiency) of | | | |
| Revenues Over (Under) Expenditures | 9,000 | 7,199 | (1,801) |
| <u>Other Financing Sources (Uses):</u> | | | |
| Operating Transfers Out | (9,333) | (7,000) | 2,333 |
| Total Other Financing Sources (Uses) | (9,333) | (7,000) | 2,333 |
| Excess (Deficiency) of Revenues and | | | |
| Other Financing Sources Over (Under) | | | |
| Expenditures and Other Financing Uses | (333) | 199 | 532 |
| Fund Balance at Beginning of Year | 569 | 569 | 0 |
| Fund Balance at End of Year | \$236 | \$768 | \$532 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

DRUG LAW ENFORCEMENT FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|---------|---|
| <u>Revenues:</u> | | | |
| All Other Revenues | \$500 | \$1,141 | \$641 |
| Total Revenues | 500 | 1,141 | 641 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| Drug Law Enforcement | | | |
| Other Expenditures | 5,000 | 1,393 | 3,607 |
| Total Expenditures | 5,000 | 1,393 | 3,607 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,500) | (252) | 4,248 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from Sale of Fixed Assets | 4,000 | 1,192 | (2,808) |
| Total Other Financing Sources (Uses) | 4,000 | 1,192 | (2,808) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (500) | 940 | 1,440 |
| Fund Balance at Beginning of Year | 6,356 | 6,356 | 0 |
| Fund Balance at End of Year | \$5,856 | \$7,296 | \$1,440 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

CITY MOTOR VEHICLE LICENSE TAX FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|------------------------------------|-------------------|-----------|---|
| <u>Revenues:</u> | | | |
| Intergovernmental Revenues | \$119,000 | \$111,860 | (\$7,140) |
| Total Revenues | 119,000 | 111,860 | (7,140) |
| <u>Expenditures:</u> | | | |
| Capital Outlay | 141,754 | 140,858 | 896 |
| Total Expenditures | 141,754 | 140,858 | 896 |
| Excess (Deficiency) of | | | |
| Revenues Over (Under) Expenditures | (22,754) | (28,998) | (6,244) |
| Fund Balance at Beginning of Year | 19,161 | 19,161 | 0 |
| Prior Year Encumbrances | 4,254 | 4,254 | 0 |
| Fund Deficit at End of Year | \$661 | (\$5,583) | (\$6,244) |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

INDIGENT DRIVERS ALCOHOL TREATMENT FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|------------------------------------|-------------------|-----------|---|
| <u>Revenues:</u> | | | |
| Fines and Forfeitures | \$24,000 | \$30,049 | \$6,049 |
| Total Revenues | 24,000 | 30,049 | 6,049 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| Law Enforcement | | | |
| Other Expenditures | 15,000 | 11,550 | 3,450 |
| Total Expenditures | 15,000 | 11,550 | 3,450 |
| Excess (Deficiency) of | | | |
| Revenues Over (Under) Expenditures | 9,000 | 18,499 | 9,499 |
| Fund Balance at Beginning of Year | 201,871 | 201,871 | 0 |
| Fund Balance at End of Year | \$210,871 | \$220,370 | \$9,499 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

ALCOHOL ENFORCEMENT AND EDUCATION FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|---------|---|
| <u>Revenues:</u> | | | |
| Fines and Forfeitures | \$4,000 | \$4,953 | \$953 |
| Total Revenues | 4,000 | 4,953 | 953 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Security of Persons and Property: | | | |
| Law Enforcement | | | |
| Other Expenditures | 8,000 | 2,125 | 5,875 |
| Total Security of Persons and Property | 8,000 | 2,125 | 5,875 |
| Capital Outlay | 1,212 | 1,212 | 0 |
| Total Expenditures | 9,212 | 3,337 | 5,875 |
| Excess (Deficiency) of | | | |
| Revenues Over (Under) Expenditures | (5,212) | 1,616 | 6,828 |
| Fund Balance at Beginning of Year | 7,137 | 7,137 | 0 |
| Prior Year Encumbrances | 1,212 | 1,212 | 0 |
| Fund Balance at End of Year | \$3,137 | \$9,965 | \$6,828 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

FEDERAL FORFEITURES FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|---------------------|-----------------------|---|
| <u>Revenues:</u> | | | |
| Fines and Forfeitures | \$0 | \$1,966 | \$1,966 |
| Total Revenues | <u>0</u> | <u>1,966</u> | <u>1,966</u> |
| <u>Expenditures:</u> | | | |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 0 | 1,966 | 1,966 |
| Fund Balance at Beginning of Year | <u>191</u> | <u>191</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$191</u></u> | <u><u>\$2,157</u></u> | <u><u>\$1,966</u></u> |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

DAMAGE REPAIR FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|-----------|---|
| <u>Revenues:</u> | | | |
| All Other Revenues | \$87,000 | \$94,848 | \$7,848 |
| Total Revenues | 87,000 | 94,848 | 7,848 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| General Government: | | | |
| Other Expenditures | 281,896 | 277,999 | 3,897 |
| Total General Government | 281,896 | 277,999 | 3,897 |
| Capital Outlay | 336 | 336 | 0 |
| Total Expenditures | 282,232 | 278,335 | 3,897 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (195,232) | (183,487) | 11,745 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Operating Transfers In | 0 | 100,000 | 100,000 |
| Total Other Financing Sources (Uses) | 0 | 100,000 | 100,000 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (195,232) | (83,487) | 111,745 |
| Fund Balance at Beginning of Year | 256,995 | 256,995 | 0 |
| Prior Year Encumbrances | 12,232 | 12,232 | 0 |
| Fund Balance at End of Year | \$73,995 | \$185,740 | \$111,745 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

MUNICIPAL PROBATION SERVICES FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|------------------------------------|-------------------|-----------|---|
| <u>Revenues:</u> | | | |
| Fines and Forfeitures | \$55,000 | \$80,778 | \$25,778 |
| Total Revenues | 55,000 | 80,778 | 25,778 |
| <u>Expenditures:</u> | | | |
| Total Expenditures | 0 | 0 | 0 |
| Excess (Deficiency) of | | | |
| Revenues Over (Under) Expenditures | 55,000 | 80,778 | 25,778 |
| Fund Balance at Beginning of Year | 69,323 | 69,323 | 0 |
| Fund Balance at End of Year | \$124,323 | \$150,101 | \$25,778 |

DEBT SERVICE FUNDS

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

General Bond Retirement Fund

To account for resources that are used for payment of principal, interest and fiscal charges on general obligation debt.

Tax Increment Fund

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

THE CITY OF FAIRBORN, OHIO
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2001

| | General Bond Retirement | Tax Increment | Totals |
|--|-------------------------------|------------------|--------------------|
| <u>Assets:</u> | | | |
| Cash and Cash Equivalents | \$112,334 | \$32,690 | \$145,024 |
| Investments | 652,782 | 0 | 652,782 |
| Receivables (net of allowances for doubtful accounts) | | | |
| Taxes | 180,281 | 0 | 180,281 |
| Special Assessments | 4,586,686 | 0 | 4,586,686 |
| Interest | 1,661 | 0 | 1,661 |
| Intergovernmental Receivables | 9,181 | 0 | 9,181 |
| <u>Restricted Assets:</u> | | | |
| Cash with Fiscal Agent | 16,047 | 0 | 16,047 |
| Total Assets | <u>\$5,558,972</u> | <u>\$32,690</u> | <u>\$5,591,662</u> |
| <u>Liabilities:</u> | | | |
| Accounts Payable | \$171 | \$0 | \$171 |
| Matured Bonds and Interest Payable | 16,047 | 0 | 16,047 |
| Deferred Revenue | 4,773,048 | 0 | 4,773,048 |
| Total Liabilities | <u>4,789,266</u> | <u>0</u> | <u>4,789,266</u> |
| <u>Fund Equity:</u> | | | |
| <u>Fund Balances:</u> | | | |
| Reserved for Debt Service | 769,706 | 32,690 | 802,396 |
| Total Fund Equity | <u>769,706</u> | <u>32,690</u> | <u>802,396</u> |
| Total Liabilities and Fund Equity | <u>\$5,558,972</u> | <u>\$32,690</u> | <u>\$5,591,662</u> |

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| | General Bond Retirement | Tax Increment | Totals |
|--|-------------------------------|------------------|-------------|
| <u>Revenues:</u> | | | |
| Property Taxes | \$203,058 | \$0 | \$203,058 |
| Intergovernmental Revenues | 23,609 | 0 | 23,609 |
| Licenses and Permits | 0 | 44,532 | 44,532 |
| Investment Earnings | 45,394 | 0 | 45,394 |
| Special Assessments | 446,436 | 0 | 446,436 |
| All Other Revenues | 40,412 | 0 | 40,412 |
| Total Revenues | 758,909 | 44,532 | 803,441 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| General Government | 86,202 | 581 | 86,783 |
| Debt Service: | | | |
| Principal Retirement | 341,000 | 0 | 341,000 |
| Interest and Fiscal Charges | 211,742 | 0 | 211,742 |
| Total Expenditures | 638,944 | 581 | 639,525 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 119,965 | 43,951 | 163,916 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from Refunding Bonds | 1,370,000 | 0 | 1,370,000 |
| Payments to Refunding Bond Escrow Agent | (1,349,848) | 0 | (1,349,848) |
| Operating Transfers In | 18,504 | 0 | 18,504 |
| Operating Transfers Out | (68,250) | (18,504) | (86,754) |
| Total Other Financing Sources (Uses) | (29,594) | (18,504) | (48,098) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 90,371 | 25,447 | 115,818 |
| Fund Balance at Beginning of Year | 679,335 | 7,243 | 686,578 |
| Fund Balance End of Year | \$769,706 | \$32,690 | \$802,396 |

CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

GENERAL BOND RETIREMENT FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|-------------|---|
| <u>Revenues:</u> | | | |
| Property Taxes | \$187,351 | \$205,292 | \$17,941 |
| Intergovernmental Revenues | 23,609 | 23,609 | 0 |
| Investment Earnings | 40,000 | 45,122 | 5,122 |
| Special Assessments | 447,464 | 446,436 | (1,028) |
| All Other Revenues | 40,390 | 40,412 | 22 |
| Total Revenues | 738,814 | 760,871 | 22,057 |
| <u>Expenditures:</u> | | | |
| General Government: | | | |
| Other Expenditures | 46,058 | 86,031 | (39,973) |
| Total General Government | 46,058 | 86,031 | (39,973) |
| Debt Service: | | | |
| Principal Retirement | 342,566 | 341,000 | 1,566 |
| Interest and Fiscal Charges | 249,965 | 211,600 | 38,365 |
| Total Debt Service | 592,531 | 552,600 | 39,931 |
| Total Expenditures | 638,589 | 638,631 | (42) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 100,225 | 122,240 | 22,015 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from Refunding Bonds | 1,370,000 | 1,370,000 | 0 |
| Payments to Refunding Bond Escrow Agent | (1,349,848) | (1,349,848) | 0 |
| Operating Transfers In | 18,504 | 18,504 | 0 |
| Operating Transfers Out | (68,250) | (68,250) | 0 |
| Total Other Financing Sources (Uses) | (29,594) | (29,594) | 0 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 70,631 | 92,646 | 22,015 |
| Fund Balance at Beginning of Year | 669,688 | 669,688 | 0 |
| Fund Balance at End of Year | \$740,319 | \$762,334 | \$22,015 |

CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

TAX INCREMENT FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|----------|---|
| <u>Revenues:</u> | | | |
| Licenses and Permits | \$44,500 | \$44,532 | \$32 |
| Total Revenues | 44,500 | 44,532 | 32 |
| <u>Expenditures:</u> | | | |
| General Government: | | | |
| Other Expenditures | 1,000 | 581 | 419 |
| Total Expenditures | 1,000 | 581 | 419 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 43,500 | 43,951 | 451 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Operating Transfers Out | (18,504) | (18,504) | 0 |
| Total Other Financing Sources (Uses) | (18,504) | (18,504) | 0 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 24,996 | 25,447 | 451 |
| Fund Balance at Beginning of Year | 7,243 | 7,243 | 0 |
| Fund Balance at End of Year | \$32,239 | \$32,690 | \$451 |

CAPITAL PROJECTS FUNDS

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

Issue II Improvement Fund

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

Municipal Court Improvement Fund

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

Court Special Projects Fund

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

General Capital Improvement Fund

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

Parks and Recreation Improvement Fund

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

Library Improvement Fund

To account for revenue received from a bond issuance to be used for improvements to and an expansion of the Greene County Public Library branch in the City. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Buildings and Land Fund

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

Special Assessment Construction Fund

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

THE CITY OF FAIRBORN, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2001

| | Issue II Improvement | Municipal Court Improvement | Court Special Projects |
|--|-------------------------|-----------------------------------|------------------------------|
| <u>Assets:</u> | | | |
| Cash and Cash Equivalents | \$19,257 | \$277,997 | \$350,400 |
| Investments | 111,905 | 0 | 0 |
| Receivables (net of allowances for doubtful accounts) | | | |
| Taxes | 0 | 0 | 0 |
| Accounts | 0 | 0 | 0 |
| Interest | 378 | 0 | 0 |
| Due from Other Funds | 0 | 8,325 | 7,514 |
| Intergovernmental Receivables | 18,603 | 0 | 0 |
| Total Assets | <u>\$150,143</u> | <u>\$286,322</u> | <u>\$357,914</u> |
| <u>Liabilities and Fund Equity:</u> | | | |
| Liabilities: | | | |
| Accounts Payable | \$0 | \$934 | \$0 |
| Accrued Interest Payable | 6,767 | 0 | 0 |
| Deferred Revenue | 18,603 | 0 | 0 |
| General Obligation Notes Payable | 700,000 | 0 | 0 |
| Special Assessment Notes Payable | 0 | 0 | 0 |
| Total Liabilities | <u>725,370</u> | <u>934</u> | <u>0</u> |
| Fund Equity: | | | |
| Reserved for Encumbrances | 3,471 | 13,919 | 0 |
| Unreserved | (578,698) | 271,469 | 357,914 |
| Total Fund Equity | <u>(575,227)</u> | <u>285,388</u> | <u>357,914</u> |
| Total Liabilities and Fund Equity | <u>\$150,143</u> | <u>\$286,322</u> | <u>\$357,914</u> |

THE CITY OF FAIRBORN, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2001

| General Capital Improvement | Parks and Recreation Improvement | Buildings and Land | Special Assessment Construction | Totals |
|-----------------------------------|--|--------------------------|---------------------------------------|--------------------|
| \$482,858 | \$103,060 | \$69,236 | \$48,979 | \$1,351,787 |
| 0 | 0 | 0 | 0 | 111,905 |
| 0 | 32,215 | 11,677 | 0 | 43,892 |
| 0 | 0 | 0 | 962 | 962 |
| 0 | 0 | 0 | 0 | 378 |
| 0 | 0 | 0 | 0 | 15,839 |
| 0 | 0 | 0 | 0 | 18,603 |
| <u>\$482,858</u> | <u>\$135,275</u> | <u>\$80,913</u> | <u>\$49,941</u> | <u>\$1,543,366</u> |
| \$225 | \$70 | \$7,466 | \$25,179 | \$33,874 |
| 0 | 0 | 0 | 197 | 6,964 |
| 0 | 3,869 | 0 | 0 | 22,472 |
| 0 | 0 | 0 | 0 | 700,000 |
| 0 | 0 | 0 | 47,273 | 47,273 |
| <u>225</u> | <u>3,939</u> | <u>7,466</u> | <u>72,649</u> | <u>810,583</u> |
| 61,535 | 61,191 | 38,048 | 43,005 | 221,169 |
| 421,098 | 70,145 | 35,399 | (65,713) | 511,614 |
| <u>482,633</u> | <u>131,336</u> | <u>73,447</u> | <u>(22,708)</u> | <u>732,783</u> |
| <u>\$482,858</u> | <u>\$135,275</u> | <u>\$80,913</u> | <u>\$49,941</u> | <u>\$1,543,366</u> |

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| | Issue II Improvement | Municipal Court Improvement | Court Special Projects |
|--|-------------------------|-----------------------------------|------------------------------|
| <u>Revenues:</u> | | | |
| Property Taxes | \$0 | \$0 | \$0 |
| Intergovernmental Revenues | 296,153 | 0 | 0 |
| Charges for Services | 0 | 0 | 0 |
| Investment Earnings | 24,811 | 0 | 0 |
| Special Assessments | 0 | 0 | 0 |
| Fines and Forfeitures | 0 | 132,896 | 120,064 |
| All Other Revenues | 26,768 | 0 | 0 |
| Total Revenues | 347,732 | 132,896 | 120,064 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Leisure Time Activities | 0 | 0 | 0 |
| General Government | 0 | 15,912 | 0 |
| Capital Outlay | 816,898 | 22,455 | 0 |
| Debt Service: | | | |
| Principal Retirement | 0 | 0 | 0 |
| Interest and Fiscal Charges | 29,303 | 0 | 0 |
| Total Expenditures | 846,201 | 38,367 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (498,469) | 94,529 | 120,064 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from Sale of Fixed Assets | 0 | 0 | 0 |
| Operating Transfers In | 33,250 | 0 | 0 |
| Operating Transfers Out | 0 | (62,027) | 0 |
| Total Other Financing Sources (Uses) | 33,250 | (62,027) | 0 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (465,219) | 32,502 | 120,064 |
| Restated Fund Balance (Deficit) at Beginning of Year | (110,008) | 252,886 | 237,850 |
| Fund Balance (Deficit) at End of Year | (\$575,227) | \$285,388 | \$357,914 |

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| General Capital Improvement | Parks and Recreation Improvement | Library Improvement | Buildings and Land | Special Assessment Construction | Totals |
|-----------------------------------|--|------------------------|--------------------------|---------------------------------------|-----------|
| \$0 | \$97,325 | \$0 | \$0 | \$0 | \$97,325 |
| 0 | 0 | 0 | 0 | 0 | 296,153 |
| 0 | 13,000 | 0 | 0 | 0 | 13,000 |
| 0 | 0 | 0 | 0 | 0 | 24,811 |
| 0 | 0 | 0 | 0 | 23,186 | 23,186 |
| 0 | 0 | 0 | 0 | 0 | 252,960 |
| 694 | 20,348 | 0 | 1,878 | 27,782 | 77,470 |
| 694 | 130,673 | 0 | 1,878 | 50,968 | 784,905 |
| 0 | 12,649 | 0 | 0 | 0 | 12,649 |
| 32,967 | 0 | 0 | 16,054 | 19,840 | 84,773 |
| 410,783 | 98,339 | 416 | 96,970 | 90,065 | 1,535,926 |
| 20,000 | 0 | 0 | 60,000 | 0 | 80,000 |
| 11,500 | 0 | 0 | 20,730 | 2,919 | 64,452 |
| 475,250 | 110,988 | 416 | 193,754 | 112,824 | 1,777,800 |
| (474,556) | 19,685 | (416) | (191,876) | (61,856) | (992,895) |
| 6,600 | 0 | 0 | 0 | 0 | 6,600 |
| 541,086 | 0 | 0 | 178,000 | 0 | 752,336 |
| 0 | 0 | 0 | 0 | 0 | (62,027) |
| 547,686 | 0 | 0 | 178,000 | 0 | 696,909 |
| 73,130 | 19,685 | (416) | (13,876) | (61,856) | (295,986) |
| 409,503 | 111,651 | 416 | 87,323 | 39,148 | 1,028,769 |
| \$482,633 | \$131,336 | \$0 | \$73,447 | (\$22,708) | \$732,783 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

ISSUE II IMPROVEMENT FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|-------------|---|
| <u>Revenues:</u> | | | |
| Intergovernmental Revenues | \$1,687,000 | \$304,684 | (\$1,382,316) |
| Investment Earnings | 0 | 27,088 | 27,088 |
| All Other Revenues | 0 | 26,768 | 26,768 |
| Total Revenues | 1,687,000 | 358,540 | (1,328,460) |
| <u>Expenditures:</u> | | | |
| Capital Outlay | 829,099 | 829,099 | 0 |
| Debt Service: | | | |
| Principal Retirement | 700,000 | 700,000 | 0 |
| Interest and Fiscal Charges | 33,250 | 33,250 | 0 |
| Total Expenditures | 1,562,349 | 1,562,349 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 124,651 | (1,203,809) | (1,328,460) |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from General Obligation Notes | 700,000 | 700,000 | 0 |
| Operating Transfers In | 268,250 | 33,250 | (235,000) |
| Total Other Financing Sources (Uses) | 968,250 | 733,250 | (235,000) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | 1,092,901 | (470,559) | (1,563,460) |
| Fund Deficit at Beginning of Year | (221,020) | (221,020) | 0 |
| Prior Year Encumbrances | 818,793 | 818,793 | 0 |
| Fund Balance at End of Year | \$1,690,674 | \$127,214 | (\$1,563,460) |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

MUNICIPAL COURT IMPROVEMENT FUND

| | Revised | | Variance: |
|--|------------------|------------------|----------------------|
| | Budget | Actual | Favorable |
| | <u> </u> | <u> </u> | <u>(Unfavorable)</u> |
| <u>Revenues:</u> | | | |
| Fines and Forfeitures | \$165,000 | \$134,011 | (\$30,989) |
| Total Revenues | <u>165,000</u> | <u>134,011</u> | <u>(30,989)</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| General Government: | | | |
| Other Expenditures | <u>19,500</u> | <u>15,912</u> | <u>3,588</u> |
| Total General Government | 19,500 | 15,912 | 3,588 |
| Capital Outlay | <u>77,394</u> | <u>36,580</u> | <u>40,814</u> |
| Total Expenditures | <u>96,894</u> | <u>52,492</u> | <u>44,402</u> |
| Excess (Deficiency) of | | | |
| Revenues Over (Under) Expenditures | 68,106 | 81,519 | 13,413 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Operating Transfers Out | <u>(61,800)</u> | <u>(62,027)</u> | <u>(227)</u> |
| Total Other Financing Sources (Uses) | <u>(61,800)</u> | <u>(62,027)</u> | <u>(227)</u> |
| Excess (Deficiency) of Revenues | | | |
| and Other Financing Sources Over (Under) | | | |
| Expenditures and Other Financing Uses | 6,306 | 19,492 | 13,186 |
| Fund Balance at Beginning of Year | 233,892 | 233,892 | 0 |
| Prior Year Encumbrances | <u>10,694</u> | <u>10,694</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$250,892</u> | <u>\$264,078</u> | <u>\$13,186</u> |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

COURT SPECIAL PROJECTS FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|------------------|---|
| <u>Revenues:</u> | | | |
| Fines and Forfeitures | \$140,000 | \$121,154 | (\$18,846) |
| Total Revenues | 140,000 | 121,154 | (18,846) |
| <u>Expenditures:</u> | | | |
| Total Expenditures | 0 | 0 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 140,000 | 121,154 | (18,846) |
| Fund Balance at Beginning of Year | 229,246 | 229,246 | 0 |
| Fund Balance at End of Year | <u>\$369,246</u> | <u>\$350,400</u> | <u>(\$18,846)</u> |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

GENERAL CAPITAL IMPROVEMENT FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|-----------|---|
| <u>Revenues:</u> | | | |
| All Other Revenues | \$0 | \$694 | \$694 |
| Total Revenues | 0 | 694 | 694 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| General Government: | | | |
| Other Expenditures | 36,620 | 34,107 | 2,513 |
| Total General Government | 36,620 | 34,107 | 2,513 |
| Capital Outlay | 481,591 | 472,389 | 9,202 |
| Debt Service: | | | |
| Principal Retirement | 20,000 | 20,000 | 0 |
| Interest and Fiscal Charges | 11,500 | 11,500 | 0 |
| Total Expenditures | 549,711 | 537,996 | 11,715 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (549,711) | (537,302) | 12,409 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from Sale of Fixed Assets | 0 | 6,600 | 6,600 |
| Operating Transfers In | 473,739 | 541,086 | 67,347 |
| Total Other Financing Sources (Uses) | 473,739 | 547,686 | 73,947 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (75,972) | 10,384 | 86,356 |
| Fund Balance at Beginning of Year | 409,503 | 409,503 | 0 |
| Prior Year Encumbrances | 1,211 | 1,211 | 0 |
| Fund Balance at End of Year | \$334,742 | \$421,098 | \$86,356 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

PARKS AND RECREATION IMPROVEMENT FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|-----------------|---|
| <u>Revenues:</u> | | | |
| Property Taxes | \$98,000 | \$89,934 | (\$8,066) |
| Charges for Services | 12,000 | 13,000 | 1,000 |
| All Other Revenues | 3,000 | 20,348 | 17,348 |
| Total Revenues | <u>113,000</u> | <u>123,282</u> | <u>10,282</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| Leisure Time Activities: | | | |
| Other Expenditures | 42,719 | 41,249 | 1,470 |
| Total Leisure Time Activities | <u>42,719</u> | <u>41,249</u> | <u>1,470</u> |
| Capital Outlay | 143,674 | 131,754 | 11,920 |
| Total Expenditures | <u>186,393</u> | <u>173,003</u> | <u>13,390</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (73,393) | (49,721) | 23,672 |
| Fund Balance at Beginning of Year | 87,997 | 87,997 | 0 |
| Prior Year Encumbrances | 3,593 | 3,593 | 0 |
| Fund Balance at End of Year | <u>\$18,197</u> | <u>\$41,869</u> | <u>\$23,672</u> |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

LIBRARY IMPROVEMENT FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|--------|---|
| <u>Revenues:</u> | | | |
| Total Revenues | \$0 | \$0 | \$0 |
| <u>Expenditures:</u> | | | |
| Capital Outlay | 416 | 416 | 0 |
| Total Expenditures | 416 | 416 | 0 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (416) | (416) | 0 |
| Fund Balance at Beginning of Year | 416 | 416 | 0 |
| Fund Balance at End of Year | \$0 | \$0 | \$0 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

BUILDINGS AND LAND FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|--|-------------------|-----------|---|
| <u>Revenues:</u> | | | |
| All Other Revenues | \$0 | \$1,878 | \$1,878 |
| Total Revenues | 0 | 1,878 | 1,878 |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| General Government: | | | |
| Other Expenditures | 40,015 | 39,515 | 500 |
| Total General Government | 40,015 | 39,515 | 500 |
| Capital Outlay | 135,304 | 114,107 | 21,197 |
| Debt Service: | | | |
| Principal Retirement | 60,000 | 60,000 | 0 |
| Interest and Fiscal Charges | 20,730 | 20,730 | 0 |
| Total Expenditures | 256,049 | 234,352 | 21,697 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (256,049) | (232,474) | 23,575 |
| <u>Other Financing Sources (Uses):</u> | | | |
| Operating Transfers In | 183,358 | 178,000 | (5,358) |
| Total Other Financing Sources (Uses) | 183,358 | 178,000 | (5,358) |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (72,691) | (54,474) | 18,217 |
| Fund Balance at Beginning of Year | 42,877 | 42,877 | 0 |
| Prior Year Encumbrances | 35,319 | 35,319 | 0 |
| Fund Balance at End of Year | \$5,505 | \$23,722 | \$18,217 |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

SPECIAL ASSESSMENT CONSTRUCTION FUND

| | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
|------------------------------------|-------------------|-------------------|---|
| <u>Revenues:</u> | | | |
| Special Assessments | \$144,186 | \$23,186 | (\$121,000) |
| All Other Revenues | 60,000 | 33,496 | (26,504) |
| Total Revenues | <u>204,186</u> | <u>56,682</u> | <u>(147,504)</u> |
| <u>Expenditures:</u> | | | |
| Current: | | | |
| General Government: | | | |
| Other Expenditures | 19,840 | 19,840 | 0 |
| Total General Government | <u>19,840</u> | <u>19,840</u> | <u>0</u> |
| Capital Outlay | <u>252,160</u> | <u>132,680</u> | <u>119,480</u> |
| Debt Service: | | | |
| Principal Retirement | 20,183 | 20,183 | 0 |
| Interest and Fiscal Charges | 3,003 | 3,003 | 0 |
| Total Expenditures | <u>295,186</u> | <u>175,706</u> | <u>119,480</u> |
| Excess (Deficiency) of | | | |
| Revenues Over (Under) Expenditures | (91,000) | (119,024) | (28,024) |
| Fund Balance at Beginning of Year | 100,209 | 100,209 | 0 |
| Fund Deficit at End of Year | <u>\$9,209</u> | <u>(\$18,815)</u> | <u>(\$28,024)</u> |



ENTERPRISE FUNDS

The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, whereby the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City has decided that periodic determination of net income is appropriate for accountability purposes.

Water Fund

To account for the provision of water treatment and distribution to residential and commercial users within the City.

Sewer Fund

To account for the provision of sanitary sewer services to the residential and commercial users within the City.

Sanitation Fund

To account for the provision of refuse collection services to residential and commercial users within the City.

THE CITY OF FAIRBORN, OHIO
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 2001

| | Water | Sewer | Sanitation | Totals |
|---|---------------------|---------------------|--------------------|---------------------|
| Assets: | | | | |
| Cash and Cash Equivalents | \$195,634 | \$323,894 | \$790,980 | \$1,310,508 |
| Investments | 1,136,843 | 1,882,174 | 0 | 3,019,017 |
| Receivables (net of allowances for doubtful accounts): | | | | |
| Accounts | 269,245 | 394,525 | 193,507 | 857,277 |
| Due from Other Funds | 26 | 927 | 0 | 953 |
| Inventory of Supplies at Cost | 112,519 | 11,910 | 0 | 124,429 |
| Prepaid Items | 3,067 | 5,065 | 0 | 8,132 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 57,758 | 57,758 | 57,758 | 173,274 |
| Cash with Fiscal Agent | 47,159 | 0 | 0 | 47,159 |
| Property, Plant and Equipment | 17,564,803 | 21,374,723 | 188,975 | 39,128,501 |
| Less Accumulated Depreciation | (7,659,262) | (9,800,991) | (96,055) | (17,556,308) |
| Net Fixed Assets | 9,905,541 | 11,573,732 | 92,920 | 21,572,193 |
| Construction in Progress | 0 | 32,996 | 0 | 32,996 |
| Total Assets | <u>\$11,727,792</u> | <u>\$14,282,981</u> | <u>\$1,135,165</u> | <u>\$27,145,938</u> |
| Liabilities and Fund Equity: | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$35,361 | \$97,544 | \$101,626 | \$234,531 |
| Accrued Wages and Benefits | 29,119 | 44,054 | 1,965 | 75,138 |
| Due to Other Funds | 548 | 673 | 258 | 1,479 |
| Intergovernmental Payables | 25,133 | 35,848 | 1,584 | 62,565 |
| Matured Bonds and Interest Payable | 47,159 | 0 | 0 | 47,159 |
| Accrued Interest Payable | 23,996 | 55,346 | 0 | 79,342 |
| Landfill Closure Costs | 0 | 0 | 343,723 | 343,723 |
| Refundable Deposits | 57,758 | 57,758 | 57,758 | 173,274 |
| Compensated Absences Payable | 49,196 | 55,996 | 7,424 | 112,616 |
| General Obligation Notes Payable | 0 | 990,000 | 0 | 990,000 |
| General Obligation Bonds Payable | 2,717,542 | 2,717,542 | 0 | 5,435,084 |
| Ohio Water Development Authority Loans Payable | 0 | 3,874,250 | 0 | 3,874,250 |
| Ohio Public Works Commission Loan Payable | 233,596 | 0 | 0 | 233,596 |
| Total Liabilities | <u>3,219,408</u> | <u>7,929,011</u> | <u>514,338</u> | <u>11,662,757</u> |
| Fund Equity: | | | | |
| Contributed Capital | 6,859,316 | 8,034,147 | 0 | 14,893,463 |
| Retained Earnings: | | | | |
| Unreserved | 1,649,068 | (1,680,177) | 620,827 | 589,718 |
| Total Fund Equity | <u>8,508,384</u> | <u>6,353,970</u> | <u>620,827</u> | <u>15,483,181</u> |
| Total Liabilities and Fund Equity | <u>\$11,727,792</u> | <u>\$14,282,981</u> | <u>\$1,135,165</u> | <u>\$27,145,938</u> |

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| | Water | Sewer | Sanitation | Totals |
|--|-------------|---------------|-------------|-------------|
| <u>Operating Revenues:</u> | | | | |
| Charges for Services | \$2,302,273 | \$3,651,907 | \$1,863,532 | \$7,817,712 |
| Other Operating Revenues | 73,440 | 35,202 | 4,525 | 113,167 |
| Total Operating Revenues | 2,375,713 | 3,687,109 | 1,868,057 | 7,930,879 |
| <u>Operating Expenses:</u> | | | | |
| Personal Services | 790,410 | 1,050,638 | 53,593 | 1,894,641 |
| Materials and Supplies | 121,009 | 274,624 | 165,343 | 560,976 |
| Contractual Services | 457,753 | 544,472 | 1,638,177 | 2,640,402 |
| Depreciation | 738,196 | 816,458 | 2,735 | 1,557,389 |
| Total Operating Expenses | 2,107,368 | 2,686,192 | 1,859,848 | 6,653,408 |
| Operating Income | 268,345 | 1,000,917 | 8,209 | 1,277,471 |
| <u>Nonoperating Revenues (Expenses):</u> | | | | |
| Capital Contributions | 3,224 | 4,360 | 0 | 7,584 |
| Investment Earnings | 37,254 | 32,437 | 0 | 69,691 |
| Interest and Fiscal Charges | (293,604) | (486,742) | 0 | (780,346) |
| Nonoperating Revenues | 796 | 0 | 0 | 796 |
| Nonoperating Expenses | (20,107) | (172) | 0 | (20,279) |
| Total Nonoperating Revenues (Expenses) | (272,437) | (450,117) | 0 | (722,554) |
| Income (Loss) Before Operating Transfers | (4,092) | 550,800 | 8,209 | 554,917 |
| <u>Operating Transfers:</u> | | | | |
| Operating Transfers In | 994,342 | 0 | 0 | 994,342 |
| Operating Transfers Out | 0 | (994,342) | 0 | (994,342) |
| Total Operating Transfers | 994,342 | (994,342) | 0 | 0 |
| Net Income (Loss) | 990,250 | (443,542) | 8,209 | 554,917 |
| Retained Earnings/ | | | | |
| (Accumulated Deficit) at Beginning of Year | 658,818 | (1,236,635) | 612,618 | 34,801 |
| Retained Earnings/ | | | | |
| (Accumulated Deficit) at End of Year | \$1,649,068 | (\$1,680,177) | \$620,827 | \$589,718 |

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| | <u>Water</u> | <u>Sewer</u> | <u>Sanitation</u> | <u>Totals</u> |
|--|--------------------|------------------|-------------------|--------------------|
| <u>Cash Flows from Operating Activities:</u> | | | | |
| Cash Received from Customers | \$2,246,636 | \$3,622,174 | \$1,879,990 | \$7,748,800 |
| Cash Payments for Goods and Services | (584,495) | (830,196) | (1,897,386) | (3,312,077) |
| Cash Payments to Employees | (801,912) | (1,078,602) | (54,242) | (1,934,756) |
| Other Operating Receipts | 71,514 | 35,074 | 4,525 | 111,113 |
| Customer Deposits Received | 25,496 | 25,496 | 25,496 | 76,488 |
| Customer Deposits Returned | (22,812) | (22,812) | (22,813) | (68,437) |
| Net Cash Provided (Used) by Operating Activities | <u>934,427</u> | <u>1,751,134</u> | <u>(64,430)</u> | <u>2,621,131</u> |
| <u>Cash Flows from Noncapital Financing Activities:</u> | | | | |
| Transfers In from Other Funds | 994,342 | 0 | 0 | 994,342 |
| Transfers Out to Other Funds | 0 | (994,342) | 0 | (994,342) |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>994,342</u> | <u>(994,342)</u> | <u>0</u> | <u>0</u> |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | | | | |
| Acquisition and Construction of Assets | (928,728) | (579,084) | 0 | (1,507,812) |
| Proceeds from General Obligation Notes | 0 | 990,000 | 0 | 990,000 |
| Principal Paid on General Obligation Notes | (2,100,000) | (1,100,000) | 0 | (3,200,000) |
| Refunding of General Obligation Bonds | 1,980,000 | 1,980,000 | 0 | 3,960,000 |
| Proceeds from General Obligation Bonds | 927,500 | 927,500 | 0 | 1,855,000 |
| Principal Paid on General Obligation Bonds | (2,052,500) | (1,972,500) | 0 | (4,025,000) |
| Principal Paid on Ohio Public Works Commission Loan | (16,686) | 0 | 0 | (16,686) |
| Principal Paid on Ohio Water Development Authority Loans | 0 | (267,732) | 0 | (267,732) |
| Interest Paid on All Debt | (354,443) | (525,664) | 0 | (880,107) |
| Net Cash Used for Capital and Related Financing Activities | <u>(2,544,857)</u> | <u>(547,480)</u> | <u>0</u> | <u>(3,092,337)</u> |
| <u>Cash Flows from Investing Activities:</u> | | | | |
| Receipts of Interest | 32,198 | 21,699 | 0 | 53,897 |
| Purchase of Investments | (18,955) | (318,188) | 0 | (337,143) |
| Sale of Investments | 381,245 | 0 | 0 | 381,245 |
| Net Cash Provided (Used) by Investing Activities | <u>394,488</u> | <u>(296,489)</u> | <u>0</u> | <u>97,999</u> |
| Net Decrease in Cash and Cash Equivalents | (221,600) | (87,177) | (64,430) | (373,207) |
| Cash and Cash Equivalents at Beginning of Year | 522,151 | 468,829 | 913,168 | 1,904,148 |
| Cash and Cash Equivalents at End of Year | <u>\$300,551</u> | <u>\$381,652</u> | <u>\$848,738</u> | <u>\$1,530,941</u> |
| <u>Reconciliation of Cash and</u> | | | | |
| <u>Cash Equivalents per the Balance Sheet:</u> | | | | |
| Cash and Cash Equivalents | \$195,634 | \$323,894 | \$790,980 | \$1,310,508 |
| Restricted Cash and Cash Equivalents | 57,758 | 57,758 | 57,758 | 173,274 |
| Restricted Cash with Fiscal Agent | 47,159 | 0 | 0 | 47,159 |
| Cash and Cash Equivalents at End of Year | <u>\$300,551</u> | <u>\$381,652</u> | <u>\$848,738</u> | <u>\$1,530,941</u> |

(Continued)

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| | <u>Water</u> | <u>Sewer</u> | <u>Sanitation</u> | <u>Totals</u> |
|--|------------------|--------------------|-------------------|--------------------|
| <u>Reconciliation of Operating Income to</u> | | | | |
| <u>Net Cash Provided (Used) by Operating Activities:</u> | | | | |
| Operating Income | \$268,345 | \$1,000,917 | \$8,209 | \$1,277,471 |
| Adjustments to Reconcile Operating Income to | | | | |
| <u>Net Cash Provided (Used) by Operating Activities:</u> | | | | |
| Depreciation Expense | 738,196 | 816,458 | 2,735 | 1,557,389 |
| Nonoperating Revenue | 796 | 0 | 0 | 796 |
| Nonoperating Expenses | (20,107) | (172) | 0 | (20,279) |
| <u>Changes in Assets and Liabilities:</u> | | | | |
| (Increase) Decrease in Accounts Receivable | (58,333) | (29,855) | 16,458 | (71,730) |
| Increase in Due From Other Funds | (26) | (6) | 0 | (32) |
| (Increase) Decrease in Inventory | 6,605 | (732) | 0 | 5,873 |
| Decrease in Prepaid Items | 1,015 | 1,676 | 0 | 2,691 |
| Increase (Decrease) in Accounts Payable | 7,219 | (17,016) | (73,761) | (83,558) |
| Decrease in Accrued Wages and Benefits | (10,858) | (14,812) | (1,357) | (27,027) |
| Increase (Decrease) in Due to Other Funds | (417) | (138) | 114 | (441) |
| Increase in Intergovernmental Payable | 7,619 | 15,031 | 484 | 23,134 |
| Decrease in Landfill Closure Costs | 0 | 0 | (20,219) | (20,219) |
| Increase (Decrease) in Compensated Absences | (8,311) | (22,901) | 224 | (30,988) |
| Increase in Refundable Deposits Payable | 2,684 | 2,684 | 2,683 | 8,051 |
| Total Adjustments | <u>666,082</u> | <u>750,217</u> | <u>(72,639)</u> | <u>1,343,660</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$934,427</u> | <u>\$1,751,134</u> | <u>(\$64,430)</u> | <u>\$2,621,131</u> |

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2001, the Water Fund and the Sewer Fund had outstanding liabilities of \$1,170 and \$55,291, respectively for the purchase of certain capital assets.

The Water and Sewer Funds received \$3,224 and \$4,360, respectively, of capital assets contributed by other funds.

During 2001, the fair value of investments increased by \$4,846 and \$8,022 in the Water and Sewer Funds, respectively.

INTERNAL SERVICE FUNDS

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

Equipment Fund

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

Self-Insurance Fund

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

THE CITY OF FAIRBORN, OHIO
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2001

| | Equipment | Self- Insurance | Totals |
|--|------------------|--------------------|------------------|
| <u>Assets:</u> | | | |
| Cash and Cash Equivalents | \$194,550 | \$17,972 | \$212,522 |
| Investments | 0 | 104,435 | 104,435 |
| Receivables (net of allowance for doubtful accounts): | | | |
| Interest | 0 | 152 | 152 |
| Due from Other Funds | 7,019 | 0 | 7,019 |
| Intergovernmental Receivables | 7,227 | 0 | 7,227 |
| Inventory of Supplies at Cost | 67,399 | 0 | 67,399 |
| Prepaid Items | 1,302 | 2,718 | 4,020 |
| Property, Plant and Equipment | 524,219 | 0 | 524,219 |
| Less Accumulated Depreciation | (142,983) | 0 | (142,983) |
| Net Fixed Assets | <u>381,236</u> | <u>0</u> | <u>381,236</u> |
| Total Assets | <u>\$658,733</u> | <u>\$125,277</u> | <u>\$784,010</u> |
| <u>Liabilities and Fund Equity:</u> | | | |
| Liabilities: | | | |
| Accounts Payable | \$34,801 | \$5 | \$34,806 |
| Accrued Wages and Benefits | 21,448 | 0 | 21,448 |
| Due to Other Funds | 137 | 0 | 137 |
| Intergovernmental Payables | 16,805 | 0 | 16,805 |
| Claims Payable | 0 | 2,325 | 2,325 |
| Compensated Absences Payable | 28,514 | 0 | 28,514 |
| Total Liabilities | <u>101,705</u> | <u>2,330</u> | <u>104,035</u> |
| Fund Equity: | | | |
| Contributed Capital | 58,658 | 0 | 58,658 |
| Retained Earnings: | | | |
| Unreserved | 498,370 | 122,947 | 621,317 |
| Total Fund Equity | <u>557,028</u> | <u>122,947</u> | <u>679,975</u> |
| Total Liabilities and Fund Equity | <u>\$658,733</u> | <u>\$125,277</u> | <u>\$784,010</u> |

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| | Equipment | Self- Insurance | Totals |
|--|-----------|--------------------|-----------|
| <u>Operating Revenues:</u> | | | |
| Charges for Services | \$872,104 | \$43,037 | \$915,141 |
| Total Operating Revenues | 872,104 | 43,037 | 915,141 |
| <u>Operating Expenses:</u> | | | |
| Personal Services | 495,309 | 0 | 495,309 |
| Materials and Supplies | 402,086 | 0 | 402,086 |
| Contractual Services | 52,557 | 0 | 52,557 |
| Dental Insurance Claims | 0 | 41,387 | 41,387 |
| Depreciation | 32,123 | 0 | 32,123 |
| Total Operating Expenses | 982,075 | 41,387 | 1,023,462 |
| Operating Income (Loss) | (109,971) | 1,650 | (108,321) |
| <u>Nonoperating Revenues:</u> | | | |
| Capital Contributions | 280,827 | 0 | 280,827 |
| Investment Earnings | 0 | 4,279 | 4,279 |
| Total Nonoperating Revenues | 280,827 | 4,279 | 285,106 |
| Net Income | 170,856 | 5,929 | 176,785 |
| Retained Earnings at Beginning of Year | 327,514 | 117,018 | 444,532 |
| Retained Earnings at End of Year | \$498,370 | \$122,947 | \$621,317 |

THE CITY OF FAIRBORN, OHIO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001

| | Equipment | Self- Insurance | Totals |
|--|-------------------|--------------------|-------------------|
| <u>Cash Flows from Operating Activities:</u> | | | |
| Cash Receipts from Quasi-External | | | |
| Operating Transactions with Other Funds | \$910,307 | \$43,037 | \$953,344 |
| Cash Payments for Goods and Services | (434,934) | 0 | (434,934) |
| Cash Payments to Employees | (491,089) | 0 | (491,089) |
| Cash Payments for Employee Medical/Dental Claims | 0 | (45,890) | (45,890) |
| Net Cash Used for Operating Activities | <u>(15,716)</u> | <u>(2,853)</u> | <u>(18,569)</u> |
| <u>Cash Flows from Investing Activities:</u> | | | |
| Receipts of Interest | 0 | 3,981 | 3,981 |
| Purchase of Investments | 0 | (11,125) | (11,125) |
| Net Cash Used for Investing Activities | <u>0</u> | <u>(7,144)</u> | <u>(7,144)</u> |
| Net Decrease in Cash and Cash Equivalents | (15,716) | (9,997) | (25,713) |
| Cash and Cash Equivalents at Beginning of Year | 210,266 | 27,969 | 238,235 |
| Cash and Cash Equivalents at End of Year | <u>\$194,550</u> | <u>\$17,972</u> | <u>\$212,522</u> |
| <u>Reconciliation of Operating Income (Loss) to Net Cash</u> | | | |
| <u>Used for Operating Activities:</u> | | | |
| Operating Income (Loss) | (\$109,971) | \$1,650 | (\$108,321) |
| Adjustments to Reconcile Operating Income (Loss) to | | | |
| Net Cash Used for Operating Activities: | | | |
| Depreciation Expense | 32,123 | 0 | 32,123 |
| Changes in Assets and Liabilities: | | | |
| Decrease in Accounts Receivable | 17,106 | 0 | 17,106 |
| Decrease in Due from Other Funds | 3,614 | 0 | 3,614 |
| Decrease in Intergovernmental Receivables | 17,483 | 0 | 17,483 |
| Decrease in Inventory | 13,924 | 0 | 13,924 |
| (Increase) Decrease in Prepaid Items | 1,060 | (2,718) | (1,658) |
| Increase in Accounts Payable | 4,759 | 5 | 4,764 |
| Decrease in Accrued Wages and Benefits | (4,287) | 0 | (4,287) |
| Decrease in Due to Other Funds | (34) | 0 | (34) |
| Increase in Intergovernmental Payables | 6,162 | 0 | 6,162 |
| Increase in Compensated Absences Payable | 2,345 | 0 | 2,345 |
| Decrease in Claims Payable | 0 | (1,790) | (1,790) |
| Total Adjustments | <u>94,255</u> | <u>(4,503)</u> | <u>89,752</u> |
| Net Cash Used for Operating Activities | <u>(\$15,716)</u> | <u>(\$2,853)</u> | <u>(\$18,569)</u> |

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2001, the Equipment Fund had an outstanding liability of \$5,258 for the purchase of capital assets.

The Equipment Fund received \$280,827 of capital assets contributed by other funds.

During 2001, the fair value of investments increased by \$445 in the Self-Insurance Fund.

FIDUCIARY FUND TYPE

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

AGENCY FUND

Municipal Court Fund

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

THE CITY OF FAIRBORN, OHIO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

| | Balance December 31, 2000 | Additions | Deductions | Balance December 31, 2001 |
|----------------------------|---------------------------------|--------------------|----------------------|---------------------------------|
| <u>Municipal Court</u> | | | | |
| Restricted Assets: | | | | |
| Cash with Fiscal Agent | \$402,612 | \$3,138,606 | (\$3,213,070) | \$328,148 |
| Total Assets | <u>\$402,612</u> | <u>\$3,138,606</u> | <u>(\$3,213,070)</u> | <u>\$328,148</u> |
| Liabilities: | | | | |
| Due to Other Funds | \$100,456 | \$842,498 | (\$854,869) | \$88,085 |
| Intergovernmental Payables | 128,386 | 975,617 | (1,002,000) | 102,003 |
| Undistributed Money | 173,770 | 1,320,491 | (1,356,201) | 138,060 |
| Total Liabilities | <u>\$402,612</u> | <u>\$3,138,606</u> | <u>(\$3,213,070)</u> | <u>\$328,148</u> |

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2001

General Fixed Assets

| | |
|-----------------------------------|----------------------------|
| Land | \$1,809,695 |
| Buildings | 4,854,196 |
| Improvements Other than Buildings | 292,200 |
| Machinery and Equipment | 5,732,440 |
| Vehicles | <u>3,734,478</u> |
| Total General Fixed Assets | <u><u>\$16,423,009</u></u> |

Investment in General Fixed Assets

| | |
|--|----------------------------|
| General Fund | \$5,637,635 |
| Special Revenue Funds | 1,105,613 |
| Capital Project Funds | 3,786,827 |
| Enterprise Funds | 171,270 |
| Internal Service Funds | 18,102 |
| Acquired prior to January 1, 1989 | <u>5,703,562</u> |
| Total Investment in General Fixed Assets | <u><u>\$16,423,009</u></u> |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2001

| Function and Activity | Land | Buildings | Improvements Other than Buildings | Machinery and Equipment | Vehicles | Total |
|---|--------------------|--------------------|---|-------------------------------|--------------------|---------------------|
| <u>Security of Persons and Property:</u> | | | | | | |
| Police | \$0 | \$187,501 | \$18,568 | \$1,713,720 | \$809,171 | \$2,728,960 |
| Fire | 45,711 | 439,671 | 19,729 | 485,517 | 2,086,881 | 3,077,509 |
| Total | <u>45,711</u> | <u>627,172</u> | <u>38,297</u> | <u>2,199,237</u> | <u>2,896,052</u> | <u>5,806,469</u> |
| <u>Public Health and Welfare Services:</u> | | | | | | |
| Cemetery | 0 | 22,681 | 0 | 36,265 | 15,015 | 73,961 |
| <u>Leisure Time Activities:</u> | | | | | | |
| Parks | 1,006,836 | 91,065 | 57,613 | 39,961 | 0 | 1,195,475 |
| Parks and Recreation | 70,910 | 19,689 | 49,638 | 166,078 | 0 | 306,315 |
| Total | <u>1,077,746</u> | <u>110,754</u> | <u>107,251</u> | <u>206,039</u> | <u>0</u> | <u>1,501,790</u> |
| <u>Community Environment:</u> | | | | | | |
| Building Inspection | 0 | 0 | 0 | 37,865 | 26,114 | 63,979 |
| Community Development | 0 | 43,815 | 0 | 130,331 | 13,259 | 187,405 |
| Total | <u>0</u> | <u>43,815</u> | <u>0</u> | <u>168,196</u> | <u>39,373</u> | <u>251,384</u> |
| <u>Transportation:</u> | | | | | | |
| Street | 380,250 | 263,768 | 1,265 | 237,574 | 530,116 | 1,412,973 |
| State Highway | 0 | 0 | 0 | 29,947 | 40,970 | 70,917 |
| Total | <u>380,250</u> | <u>263,768</u> | <u>1,265</u> | <u>267,521</u> | <u>571,086</u> | <u>1,483,890</u> |
| <u>General Government:</u> | | | | | | |
| City Manager | 0 | 0 | 2,276 | 48,071 | 11,762 | 62,109 |
| Audio Visual | 0 | 0 | 0 | 118,715 | 0 | 118,715 |
| Council | 0 | 0 | 0 | 43,275 | 0 | 43,275 |
| Municipal Court | 0 | 22,140 | 3,076 | 1,276,994 | 35,148 | 1,337,358 |
| Finance | 0 | 0 | 0 | 316,260 | 0 | 316,260 |
| Legal | 0 | 0 | 0 | 2,208 | 0 | 2,208 |
| Personnel | 0 | 0 | 0 | 11,016 | 0 | 11,016 |
| Engineering/Draft | 1,839 | 0 | 101,392 | 111,933 | 74,873 | 290,037 |
| Plant Maintenance | 304,149 | 3,763,866 | 36,874 | 614,161 | 91,169 | 4,810,219 |
| Electronic Maintenance | 0 | 0 | 0 | 93,232 | 0 | 93,232 |
| Library | 0 | 0 | 1,769 | 219,317 | 0 | 221,086 |
| Total | <u>305,988</u> | <u>3,786,006</u> | <u>145,387</u> | <u>2,855,182</u> | <u>212,952</u> | <u>7,305,515</u> |
| Total General Fixed Assets | <u>\$1,809,695</u> | <u>\$4,854,196</u> | <u>\$292,200</u> | <u>\$5,732,440</u> | <u>\$3,734,478</u> | <u>\$16,423,009</u> |

THE CITY OF FAIRBORN, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2001

| Function and Activity | December 31, 2000 | Additions | Deletions | December 31, 2001 |
|---|----------------------|------------------|--------------------|----------------------|
| <u>Security of Persons and Property:</u> | | | | |
| Police | \$2,564,885 | \$283,134 | (\$119,059) | \$2,728,960 |
| Fire | 2,950,199 | 193,596 | (66,286) | 3,077,509 |
| Total | <u>5,515,084</u> | <u>476,730</u> | <u>(185,345)</u> | <u>5,806,469</u> |
| <u>Public Health and Welfare Services:</u> | | | | |
| Cemetery | 78,371 | 0 | (4,410) | 73,961 |
| <u>Leisure Time Activities:</u> | | | | |
| Parks | 1,174,573 | 20,902 | 0 | 1,195,475 |
| Parks and Recreation | 306,315 | 0 | 0 | 306,315 |
| Total | <u>1,480,888</u> | <u>20,902</u> | <u>0</u> | <u>1,501,790</u> |
| <u>Community Environment:</u> | | | | |
| Building Inspection | 63,979 | 0 | 0 | 63,979 |
| Community Development | 145,529 | 41,876 | 0 | 187,405 |
| Total | <u>209,508</u> | <u>41,876</u> | <u>0</u> | <u>251,384</u> |
| <u>Transportation:</u> | | | | |
| Street | 1,532,461 | 1,295 | (120,783) | 1,412,973 |
| State Highway | 69,327 | 1,590 | 0 | 70,917 |
| Total | <u>1,601,788</u> | <u>2,885</u> | <u>(120,783)</u> | <u>1,483,890</u> |
| <u>General Government:</u> | | | | |
| City Manager | 59,833 | 2,276 | 0 | 62,109 |
| Audio Visual | 117,197 | 1,518 | 0 | 118,715 |
| Council | 43,275 | 0 | 0 | 43,275 |
| Municipal Court | 1,326,817 | 10,541 | 0 | 1,337,358 |
| Finance | 307,533 | 8,727 | 0 | 316,260 |
| Legal | 0 | 2,208 | 0 | 2,208 |
| Personnel | 11,016 | 0 | 0 | 11,016 |
| Engineering/Draft | 281,772 | 8,265 | 0 | 290,037 |
| Plant Maintenance | 4,784,960 | 25,259 | 0 | 4,810,219 |
| Electronic Maintenance | 87,743 | 5,489 | 0 | 93,232 |
| Library | 219,317 | 1,769 | 0 | 221,086 |
| Total | <u>7,239,463</u> | <u>66,052</u> | <u>0</u> | <u>7,305,515</u> |
| Total General Fixed Assets | <u>\$16,125,102</u> | <u>\$608,445</u> | <u>(\$310,538)</u> | <u>\$16,423,009</u> |



STATISTICAL SECTION

STATISTICAL TABLES

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

**CITY OF FAIRBORN, OHIO
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS**

| <u>Year</u> | <u>Security of Persons and Property</u> | <u>Public Health Services</u> | <u>Leisure Time Activities</u> | <u>Community Environment</u> | <u>General Government</u> | <u>Capital Outlay</u> | <u>Debt Service</u> | <u>Total</u> |
|-------------|---|---------------------------------------|--|----------------------------------|-------------------------------|---------------------------|-------------------------|--------------|
| 1992 | \$5,671,732 | \$55,618 | \$113,537 | \$345,406 | \$3,553,045 | \$192,738 | \$38,656 | \$9,970,732 |
| 1993 | 6,080,510 | 58,776 | 116,945 | 337,612 | 3,717,044 | 254,779 | 38,641 | 10,604,307 |
| 1994 | 6,179,444 | 65,195 | 123,014 | 370,689 | 4,174,180 | 505,880 | 11,940 | 11,430,342 |
| 1995 | 6,677,504 | 68,489 | 147,512 | 395,233 | 4,162,483 | 477,860 | 8,157 | 11,937,238 |
| 1996 | 7,116,947 | 71,153 | 155,852 | 387,947 | 4,261,869 | 212,708 | 1,264 | 12,207,740 |
| 1997 | 7,575,202 | 70,017 | 155,675 | 417,378 | 4,209,186 | 247,566 | 7,501 | 12,682,525 |
| 1998 | 7,697,492 | 73,050 | 176,781 | 437,740 | 4,454,711 | 462,750 | 2,146 | 13,304,670 |
| 1999 | 7,962,947 | 67,886 | 171,794 | 477,321 | 4,914,849 | 385,490 | 180 | 13,980,467 |
| 2000 | 8,415,019 | 72,023 | 174,572 | 522,914 | 5,255,363 | 603,793 | 0 | 15,043,684 |
| 2001 | 9,257,665 | 73,873 | 171,151 | 384,818 | 5,178,492 | 388,839 | 0 | 15,454,838 |

SOURCE: Finance Office, City of Fairborn

**CITY OF FAIRBORN, OHIO
GENERAL FUND REVENUES BY SOURCE
LAST TEN YEARS**

| <u>Year</u> | <u>Property Taxes</u> | <u>Municipal Income Taxes</u> | <u>Inter-Governmental</u> | <u>Charges For Services</u> | <u>Licenses, Permits and Inspections</u> | <u>Investment Earnings</u> | <u>Fines and Forfeitures</u> | <u>All Other Revenues</u> | <u>Total</u> |
|-------------|-----------------------|-------------------------------|---------------------------|-----------------------------|--|----------------------------|------------------------------|---------------------------|--------------|
| 1992 | \$1,767,684 | \$4,136,538 | \$1,612,761 | \$1,484,183 | \$79,602 | \$220,606 | \$790,942 | \$82,995 | \$10,175,311 |
| 1993 | 1,771,742 | 4,237,353 | 1,692,691 | 1,772,211 | 102,368 | 166,376 | 857,660 | 113,784 | 10,714,185 |
| 1994 | 1,862,299 | 4,875,417 | 1,589,552 | 1,880,373 | 123,707 | 269,778 | 864,349 | 132,620 | 11,598,095 |
| 1995 | 1,947,597 | 5,016,181 | 1,693,485 | 1,876,208 | 197,761 | 396,923 | 1,099,363 | 163,166 | 12,390,684 |
| 1996 | 1,908,867 | 4,972,990 | 2,244,408 | 1,998,890 | 150,375 | 408,274 | 1,072,148 | 105,884 | 12,861,836 |
| 1997 | 2,130,308 | 4,953,189 | 2,735,826 | 1,939,160 | 287,460 | 510,156 | 1,091,511 | 211,986 | 13,859,596 |
| 1998 | 2,183,432 | 5,197,699 | 2,522,807 | 2,092,009 | 305,522 | 541,442 | 1,091,726 | 417,117 | 14,351,754 |
| 1999 | 2,173,588 | 5,532,125 | 2,526,711 | 2,550,169 | 321,738 | 457,760 | 1,187,002 | 190,684 | 14,939,777 |
| 2000 | 2,332,918 | 5,964,964 | 3,049,305 | 2,489,030 | 305,606 | 764,261 | 1,179,021 | 167,010 | 16,252,115 |
| 2001 | 2,317,030 | 5,993,509 | 3,042,854 | 3,100,331 | 268,937 | 598,566 | 1,056,012 | 357,486 | 16,734,725 |

SOURCE: Finance Office, City of Fairborn

**CITY OF FAIRBORN, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

| <u>Collection Year</u> | <u>Total Tax Levy</u> | <u>Total Tax Collections (1)</u> | <u>Percent of Total Tax Collections To Tax Levy</u> | <u>Accumulated Outstanding Delinquent Taxes</u> | <u>Percentage of Accumulated Delinquent Taxes To Total Tax Levy (1)</u> |
|----------------------------|-------------------------------|--|---|---|---|
| 1992 | \$2,006,532 | \$1,947,464 | 97.1% | \$41,878 | 2.1% |
| 1993 | 2,018,887 | 1,951,995 | 96.7% | 33,909 | 1.7% |
| 1994 | 2,045,036 | 2,002,226 | 97.9% | 49,848 | 2.4% |
| 1995 | 2,132,923 | 2,036,927 | 95.5% | 66,044 | 3.1% |
| 1996 | 2,073,854 | 1,937,412 | 93.4% | 116,916 | 5.6% |
| 1997 | 2,219,353 | 2,144,459 | 96.6% | 75,700 | 3.4% |
| 1998 | 2,232,743 | 1,965,008 | 88.0% | 76,862 | 3.4% |
| 1999 | 2,267,425 | 1,906,485 | 84.1% | 104,351 | 4.6% |
| 2000 | 2,644,251 | 2,443,725 | 92.4% | 154,434 | 5.8% |
| 2001 | 2,378,075 | 2,283,316 | 96.0% | 100,850 | 4.2% |

SOURCE: County Auditor; Green County, Ohio

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

**CITY OF FAIRBORN, OHIO
 ASSESSED VALUATIONS AND ESTIMATED
 TRUE VALUES OF TAXABLE PROPERTY
 LAST TEN YEARS**

| <u>Year</u> | <u>Assessed Real</u> | <u>Assessed Public Utility Real</u> | <u>* Assessed Tangible Personal</u> | <u>Exemptions (1)</u> | <u>Total Assessed Value</u> | <u>Estimated True Value</u> | <u>Percentage of Assessed Value To Estimated True Value</u> |
|-------------|--------------------------|---|---|-----------------------|-------------------------------------|-------------------------------------|---|
| 1992 | \$341,219,410 | \$17,696,490 | \$25,418,814 | (\$78,858,970) | \$305,475,744 | \$897,927,269 | 34.02% |
| 1993 | 366,085,210 | 17,986,870 | 26,002,271 | (81,960,910) | 328,113,441 | 967,183,855 | 33.92% |
| 1994 | 373,593,840 | 18,207,770 | 26,247,197 | (85,794,370) | 332,254,437 | 979,267,645 | 33.93% |
| 1995 | 380,053,050 | 18,231,870 | 26,233,097 | (85,922,180) | 338,595,837 | 967,388,110 | 35.00% |
| 1996 | 413,973,720 | 19,089,980 | 29,346,396 | (84,655,070) | 377,755,026 | 1,112,554,092 | 33.95% |
| 1997 | 422,618,920 | 19,908,590 | 29,748,447 | (88,125,310) | 384,150,647 | 1,097,573,277 | 35.00% |
| 1998 | 429,132,780 | 21,750,640 | 28,479,115 | (89,344,780) | 390,017,755 | 1,114,336,443 | 35.00% |
| 1999 | 455,514,920 | 22,875,640 | 28,685,873 | (91,143,620) | 415,932,813 | 1,188,379,466 | 35.00% |
| 2000 | 469,317,930 | 19,736,500 | 34,479,275 | (91,540,420) | 431,993,285 | 1,170,233,589 | 36.92% |
| 2001 | 484,894,510 | 15,055,150 | 29,381,672 | (95,739,760) | 433,591,572 | 1,184,267,100 | 36.61% |

SOURCE: County Auditor; Greene County, Ohio

* Includes Assessed Tangible Public Utility

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

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

| Collection Year | City of Fairborn | | | | Fairborn City Schools (2) | Greene County (2) | Joint Vocational School (2) | General Health District (2) |
|--------------------|------------------|----------------------------|----------------------------|-------------------|---------------------------------|----------------------|-----------------------------------|-----------------------------------|
| | General Fund | Bond Retirement Fund | Street Lighting Fund | Total City (1) | | | | |
| 1992 | 6.70 | 1.10 | 2.50 | 10.30 | 42.20 | 8.78 | 3.45 | 0.30 |
| 1993 | 6.70 | 1.00 | 2.50 | 10.20 | 41.80 | 8.78 | 3.45 | 0.30 |
| 1994 | 6.70 | 1.00 | 2.50 | 10.20 | 41.80 | 8.78 | 3.45 | 0.30 |
| 1995 | 6.70 | 0.90 | 2.50 | 10.10 | 41.80 | 8.78 | 3.45 | 0.30 |
| 1996 | 6.70 | 0.80 | 2.50 | 10.00 | 41.80 | 8.78 | 3.45 | 0.30 |
| 1997 | 6.70 | 0.80 | 2.50 | 10.00 | 43.00 | 8.78 | 3.45 | 0.30 |
| 1998 | 6.70 | 0.80 | 2.50 | 10.00 | 41.80 | 8.78 | 3.45 | 0.30 |
| 1999 | 6.70 | 0.70 | 2.50 | 9.90 | 41.80 | 8.78 | 3.45 | 0.30 |
| 2000 | 6.70 | 0.51 | 2.50 | 9.71 | 44.70 | 8.73 | 3.45 | 0.30 |
| 2001 | 6.70 | 0.53 | 2.50 | 9.73 | 44.64 | 9.98 | 3.45 | 0.30 |

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

**CITY OF FAIRBORN, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

| <u>Collection Year</u> | <u>Billed (1)</u> | <u>Amount Collected (2)</u> | <u>Percent Collected</u> |
|----------------------------|-------------------|---------------------------------|------------------------------|
| 1992 | \$491,226 | \$464,361 | 94.53% |
| 1993 | 484,266 | 431,256 | 89.05% |
| 1994 | 476,528 | 448,867 | 94.20% |
| 1995 | 460,954 | 437,147 | 94.84% |
| 1996 | 408,048 | 280,982 | 68.86% |
| 1997 | 494,384 | 315,111 | 63.74% |
| 1998 | 489,248 | 430,341 | 87.96% |
| 1999 | 468,385 | 414,418 | 88.48% |
| 2000 | 525,638 | 354,667 | 67.47% |
| 2001 | 533,882 | 516,937 | 96.83% |

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

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

**THE CITY OF FAIRBORN, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2001**

| | Total Debt | Unvoted Debt |
|--|-------------------|---------------------|
| Net Assessed Valuation | \$433,591,572 | \$433,591,572 |
| Legal Debt Limitation (%) (1) | 10.50% | 5.50% |
| Legal Debt Limitation (\$) (1) | 45,527,115 | 23,847,536 |
| Applicable City Debt Outstanding (2) | 1,910,000 | 1,910,000 |
| Less: Applicable Debt Service Fund Amounts | (769,706) | (769,706) |
| Net Indebtedness Subject to Limitation | 1,140,294 | 1,140,294 |
| Legal Debt Margin | \$44,386,821 | \$22,707,242 |

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

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

CITY OF FAIRBORN, OHIO
RATIO OF NET GENERAL OBLIGATION DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA
LAST TEN YEARS

| <u>Year</u> | <u>Population (1)</u> | <u>Assessed Value</u> | <u>Gross Bonded Debt (2)</u> | <u>Debt Service Funds Available</u> | <u>Debt Payable From Enterprise Revenues</u> | <u>Net Bonded Debt</u> | <u>Ratio of Net Bonded Debt to Assessed Value</u> | <u>Net Bonded Debt per Capita</u> | |
|-------------|-----------------------|-----------------------|------------------------------|-------------------------------------|--|------------------------|---|-----------------------------------|---------|
| 1992 | a | 31,469 | \$305,475,724 | \$8,610,000 | \$67,829 (3) | \$6,100,000 | \$2,442,171 | 0.80% | \$77.61 |
| 1993 | a | 31,469 | 328,113,441 | 8,195,000 | 310,589 | 5,835,000 | 2,049,411 | 0.62% | 65.12 |
| 1994 | a | 31,469 | 332,254,437 | 7,770,000 | 477,297 | 5,565,000 | 1,727,703 | 0.52% | 54.90 |
| 1995 | a | 31,469 | 338,585,837 | 7,335,000 | 572,139 | 5,285,000 | 1,477,861 | 0.44% | 46.96 |
| 1996 | a | 31,469 | 377,755,026 | 6,885,000 | 515,802 | 4,995,000 | 1,374,198 | 0.36% | 43.67 |
| 1997 | a | 31,469 | 384,150,647 | 6,415,000 | 501,844 | 4,690,000 | 1,223,156 | 0.32% | 38.87 |
| 1998 | a | 31,469 | 390,017,755 | 6,505,000 | 655,099 | 4,370,000 | 1,479,901 | 0.38% | 47.03 |
| 1999 | a | 33,260 | 415,932,813 | 6,400,000 | 600,376 | 4,040,000 | 1,759,624 | 0.42% | 52.91 |
| 2000 | b | 32,054 | 431,993,285 | 5,833,000 | 679,335 | 3,695,000 | 1,458,665 | 0.34% | 45.51 |
| 2001 | b | 32,054 | 433,591,572 | 7,485,000 | 769,706 | 5,485,000 | 1,230,294 | 0.28% | 38.38 |

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

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

| <u>Year</u> | <u>Debt Principal and Interest</u> | <u>General Fund Expenditures</u> | <u>Ratio of Debt Principal and Interest to General Fund Expenditures</u> |
|-------------|--|--------------------------------------|--|
| 1992 | \$328,498 | \$9,970,732 | 3.3% |
| 1993 | 319,217 | 10,604,307 | 3.0% |
| 1994 | 314,890 | 11,430,342 | 2.8% |
| 1995 | 305,222 | 11,937,238 | 2.6% |
| 1996 | 300,503 | 12,207,740 | 2.5% |
| 1997 | 295,426 | 12,682,525 | 2.3% |
| 1998 | 344,900 | 13,304,670 | 2.6% |
| 1999 | 360,009 | 13,980,467 | 2.6% |
| 2000 | 364,342 | 15,043,684 | 2.4% |
| 2001 | 355,176 | 15,454,838 | 2.3% |

SOURCE: Finance Office, City of Fairborn

**CITY OF FAIRBORN, OHIO
 COMPUTATION OF ALL DIRECT AND OVERLAPPING DEBT
 DECEMBER 31, 2001**

| <u>Jurisdiction</u> | <u>Net Debt Outstanding</u> | <u>Percentage Applicable to the City of Fairborn</u> | <u>Amount Applicable to the City of Fairborn</u> |
|---------------------|---------------------------------|--|--|
| Direct: | | | |
| City of Fairborn | \$1,230,294 | 100.00% | \$1,230,294 |
| Overlapping: | | | |
| Greene County | 16,512,004 | 16.27% | <u>2,686,503</u> |
| | | Total | <u><u>\$3,916,797</u></u> |

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

**CITY OF FAIRBORN, OHIO
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

| <u>Year</u> | | <u>Population (1)</u> | <u>School Enrollment (2)</u> | <u>Unemployment Rate Greene County (3)</u> |
|-------------|---|-----------------------|------------------------------|--|
| 1992 | a | 31,469 | 6,546 | 5.60 % |
| 1993 | a | 31,469 | 6,578 | 4.70 % |
| 1994 | a | 31,469 | 6,361 | 4.10 % |
| 1995 | a | 31,469 | 6,287 | 3.80 % |
| 1996 | a | 31,469 | 6,251 | 3.80 % |
| 1997 | a | 31,469 | 5,935 | 3.70 % |
| 1998 | a | 31,469 | 5,640 | 3.30 % |
| 1999 | a | 33,260 | 5,825 | 3.30 % |
| 2000 | b | 32,054 | 5,765 | 3.20 % |
| 2001 | b | 32,054 | 5,742 | 3.40 % |

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

**CITY OF FAIRBORN, OHIO
PROPERTY VALUES AND CONSTRUCTION PERMITS
LAST TEN YEARS**

| <u>Year</u> | <u>Residential Construction (1)</u> | | <u>Commercial Construction (1)</u> | |
|-------------|---|--------------|--|--------------|
| | <u>Number of Permits</u> | <u>Value</u> | <u>Number of Permits</u> | <u>Value</u> |
| 1992 | 37 | \$3,459,800 | 6 | \$2,397,600 |
| 1993 | 64 | 69,514,258 | 6 | 4,843,661 |
| 1994 | 57 | 6,320,000 | 8 | 1,264,000 |
| 1995 | 50 | 9,914,410 | 9 | 7,330,803 |
| 1996 | 60 | 8,922,200 | 8 | 3,089,000 |
| 1997 | 134 | 20,279,810 | 10 | 1,536,986 |
| 1998 | 124 | 15,738,746 | 7 | 4,292,500 |
| 1999 | 112 | 19,325,451 | 14 | 8,491,620 |
| 2000 | 90 | 16,986,720 | 15 | 11,269,491 |
| 2001 | 80 | 12,870,250 | 20 | 4,260,177 |

SOURCE: (1) City of Fairborn Building Department

**THE CITY OF FAIRBORN, OHIO
PRINCIPAL TAXPAYERS
DECEMBER 31, 2001**

| <u>Taxpayer</u> | <u>2001 Assessed Valuation (Tax Duplicate)</u> | <u>Percentage of Total Assessed Valuation</u> |
|-------------------------------------|--|---|
| 1. Wright Executive Center Partners | \$8,483,900 | 1.96% |
| 2. Dayton Power and Light Company | 7,474,370 | 1.72% |
| 3. IDS Life Insurance Company | 4,978,560 | 1.15% |
| 4. Wright Executive Hotel | 4,645,930 | 1.07% |
| 5. MG-Mapleview LTD | 4,105,940 | 0.95% |
| 6. Ohio Bell Telephone | 3,733,430 | 0.86% |
| 7. Highlands Apartments | 3,038,180 | 0.70% |
| 8. Miami Publishing Company, Inc. | 2,685,190 | 0.62% |
| 9. Shoppes At VG LTD | 2,376,890 | 0.55% |
| 10. Meadowrun Associates LTD | <u>2,218,180</u> | <u>0.51%</u> |
| Subtotal | 43,740,570 | 10.09% |
| All Others | <u>389,851,002</u> | <u>89.91%</u> |
| Total | <u><u>\$433,591,572</u></u> | <u><u>100.00%</u></u> |

Based on valuation of property taxes levied in 2001.
Source: County Auditor; Greene County, Ohio

**CITY OF FAIRBORN, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2001**

| | | | |
|--|-----------------|--|-----------|
| Year of Incorporation | 1950 | Area - square miles | 13.40 |
| Form of Government | Council-Manager | Miles of Streets | 124.46 |
| | | Number of Street Lights | 1,900 |
| Number of Employees (excluding police and fire) | | Sewers: | |
| Classified | 70 | Miles of Sanitary Sewers | 129.13 |
| Unclassified | 58 | Miles of Storm Sewers | 102.29 |
| Exempt | 27 | Number of Treatment Plants | 1 |
| | | Number of Service Connections | 11,800 |
| Recreation and Culture: | | Daily Average Treatment in Gallons | 3,782,000 |
| Number of Parks | 16 | Maximum Daily Capacity of Plant in Gallons | 5,500,000 |
| Park Acreage | 351 | | |
| Bikeway | 1 | Water: | |
| Number of Tennis Courts | 14 | Miles of Water Mains | 142.00 |
| | | Number of Service Connections | 12,150 |
| Fire Protection: | | Number of Fire Hydrants | 1,339 |
| Number of Stations | 3 | Daily average consumption in gallons | 3,600,000 |
| Number of Fire Personnel and Officers | 56 | Maximum Daily Capacity of Plant in Gallons | 4,600,000 |
| Number of Calls Answered | 5,010 | | |
| Number of Inspections Conducted | 1,590 | Education: | |
| | | Number of Elementary Schools | 6 |
| Police Protection: | | Number of Elementary School Instructors | 203 |
| Number of Stations | 1 | Number of Secondary Schools | 2 |
| Number of Policemen and Officers | 45 | Number of Secondary School Instructors | 150 |
| Number of Patrol Units | 31 | Number of Universities | 1 |
| Number of Citations Issued: | | | |
| Criminal Arrests | 2,954 | | |
| Traffic | 5,705 | | |

SOURCE: Finance Office, City of Fairborn





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF FAIRBORN

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 6, 2002**