

***CITY OF FAIRVIEW PARK  
CUYAHOGA COUNTY***

**AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





Mary Taylor, CPA  
Auditor of State

City Council  
City of Fairview Park  
20777 Lorain Road  
Fairview Park, Ohio 44126

We have reviewed the *Report of Independent Accountants* of the City of Fairview Park, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 21, 2007

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**CITY OF FAIRVIEW PARK, OHIO**  
**AUDIT REPORT**  
**For the Year Ended December 31, 2005**

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

City of Fairview Park  
Cuyahoga County  
20777 Lorain Road  
Fairview Park, Ohio 44126

To City Council:

We have audited the financial statements of the governmental activities, business activities, each major fund, and the aggregate remaining fund information of the City of Fairview Park, Cuyahoga County, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 17, 2006, wherein we noted the District implemented GASB Technical Bulletin No. 2004-2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2005-FPCC-03.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in the 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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we consider the reportable condition described above to be a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated November 17, 2006.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, 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 testing disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2005-FPCC-01 and 2005-FPCC-02.

We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated November 17, 2006.

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

***Charles E. Harris & Associates, Inc.***  
November 17, 2006

**CITY OF FAIRVIEW PARK  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
December 31, 2005**

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

**FINDING NUMBER 2005-FPCC-01 Non-compliance Citation**

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated as provided in such chapter.

Also, Auditor of State Audit Bulletin 97-010 requires budgetary compliance to be tested at the legal level of control and to be tested at various points throughout the year. The City's legal level of control is the department level within the General Fund and the fund level for all other funds.

At December 31, 2005, the following funds' expenditures plus encumbrances exceeded total appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variances</u>
State Highway Improvement Fund	\$ 35,000	\$ 56,000	\$ (21,000)
Recreation Fund	646,875	733,859	(86,984)
Police & Fire Pension Fund	819,198	829,723	(10,525)
Fire Operating Levy Fund	303,000	311,679	(8,679)
State Grants Fund	3,900	4,561	(661)
DUI Education Fund	5,000	8,913	(3,913)
Recreation Construction Fund	2,384,000	2,947,084	(563,084)
Recreation Community Center Fund	35,000	154,676	(119,676)
Lorain Road Redevelopment Fund	59,000	76,299	(17,299)
Storm & Sanitary Sewer Fund	794,804	895,427	(100,623)

At September 30, 2005, the following fund's expenditures plus encumbrances exceeded total appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
Permanent Improvement Fund	\$ 226,607	\$ 493,680	\$ (267,073)

**CITY OF FAIRVIEW PARK  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS – (continued)  
December 31, 2005**

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

At December 31, 2005, the following General Fund department line items were found to have expenditures plus encumbrances in excess of appropriations:

<u>Fund-Department Level</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
General Fund-Police Department	\$ 2,569,818	\$ 2,597,396	\$ (27,578)
General Fund-Traffic Control	152,913	156,062	(3,149)
General Fund-Public Health	59,866	72,453	(12,587)
General Fund-Solid Waste District	1,121,073	1,160,465	(39,392)
General Fund-Mayor's Office	153,381	153,530	(149)
General Fund-Municipal Land	301,671	320,375	(18,704)
General Fund-Other Administrative	120,023	131,889	(11,866)
General Fund-Transportation	374,119	412,827	(38,708)

The City has a new Finance Director. She intends to closely monitor the budgetary process.

**FINDING NUMBER 2005-FPCC-02 Non-compliance Citation**

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the City can authorize the drawing of a warrant for payment of the amount due. The City has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

**CITY OF FAIRVIEW PARK  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS – (continued)  
December 31, 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2005-FPCC-02 (Continued)**

**2. Blanket Certificates - Fiscal officers may prepare “blanket” certificates for a certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.**

**3. Super Blanket Certificates – The City may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.**

**The City did not make the proper certification of funds in all instances. Forty-two of 60 selections tested during the audit period had the certifications after the obligation date. We recommend that the City institute the use of purchase orders for any expenditure to be made and certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a “Then and Now” certificate.**

**Management indicates that they will attempt to certify funds prior to the purchase.**

**FINDING NUMBER 2005-FPCC-03 – Material Weakness**

**Bank Reconciliations**

**A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. A bank reconciliation means accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the entity’s records. This process involves reconciling the bank balance to the cash and investment balance. For January 1, 2005 through December 31, 2005, the City did not reconcile their bank accounts for the year. These accounts were reconciled in 2006.**

**Without complete and accurate monthly bank reconciliations, the City’s internal control is weakened, which could hinder the detection of errors or irregularities by the City’s management in a timely manner. Also, the lack of bank reconciliations caused the City to file incorrect financial statements with the Auditor of State.**

**The City should perform and complete monthly bank reconciliations in a timely manner. Also, a copy of each monthly bank reconciliation and the listing of outstanding checks should be filed in the bank activity folder along with the bank statements and supporting documents for the applicable month, and the City Council should sign and date the bank reconciliations to indicate that they have been reviewed and approved.**

**Management intends to reconcile their bank accounts on a monthly basis.**

**CITY OF FAIRVIEW PARK  
CUYAHOGA COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2005**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
<b>2004-FP-001</b>	<b>Ohio Revised Code Section 5705.41 (D) – Failure to Certify Funds</b>	<b>No</b>	<b>Repeated as 2005- FPCC-02</b>

# *City of Fairview Park, Ohio*



## *Comprehensive Annual Financial Report*

*For the year ending December 31, 2005*



*CITY OF FAIRVIEW PARK, OHIO*

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Comprehensive Annual Financial Report

Year Ended December 31, 2005

Prepared by: Lisa M. Rocco, Finance Director  
and Department of Finance



***City of Fairview Park, Ohio***  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2005**

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***City of Fairview Park, Ohio***  
**Comprehensive Annual Financial Report**  
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***City of Fairview Park, Ohio***  
**Comprehensive Annual Financial Report**  
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## INTRODUCTORY SECTION





# City of Fairview Park

– Established in 1910 –

Department of Finance

20777 Lorain Road • Fairview Park, Ohio 44126-2018 • [www.fairviewpark.org](http://www.fairviewpark.org)

440-356-4401

Fax 440-356-9077

City Hall 440-333-2200

**Eileen Ann Patton**

Mayor

**Lisa M. Rocco**

Finance Director

December 6, 2006

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

It gives me great pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of Fairview Park. This report has been carefully prepared in accordance with Generally Accepted Accounting Principles (GAAP) and provides a full and complete disclosure of the financial position and operations of the City for the year ended December 31, 2005. In addition, this report includes the third year of the new reporting model as promulgated by Governmental Accounting Standards Board (GASB) Statement No. 34. Note 1 to the basic financial statements provides additional information concerning this implementation.

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

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

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

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes this transmittal letter, a list of public officials, the City's organizational chart and the 2004 Certificate of Achievement for Excellence in Financial Reporting. The financial section, which begins with the Report of Independent Accountants, includes the basic financial statements, notes that provide an overview of the City's financial position and operating results, and the combining statements for non-major funds and other schedules that provide detailed information relative to the basic financial statements. The statistical section includes financial and demographic information, which is generally presented on a multi-year basis. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Fairview Park's MD&A can be found immediately following the Report of Independent Accountants.

## **REPORTING ENTITY**

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

The City participates in the Rocky River Wastewater Treatment Plan, which is a joint venture, discussed in Note 15 of the notes to the basic financial statements. The City is associated with the Westshore Council of Governments and Tri-City Park, which are identified as jointly governed organizations. These organizations are presented in Note 16 of the notes to the basic financial statements.

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

## **THE CITY AND THE FORM OF GOVERNMENT**

### *The City*

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

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

The City's 2000 population was 17,572. The City's Area is approximately 4.77 square miles, broken down by land use as follows:

	<u>Area</u>	<u>Percent of Assessed Valuation of Real Property</u>
Residential	54.5%	81.8%
Commercial/Industrial	9.7	18.2
Public Utility	0.1	0
Governmental (including parks) and Other Tax Exempt	34.3	(a)
Agricultural	0	0
Undeveloped	1.4	(b)

(a) Not applicable. Exempt from property taxation.

(b) Included in above categories.

Sources: City Building Department and County Auditor.

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

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

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

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

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

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

### City Government

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

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

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

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

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

### **ECONOMIC CONDITION AND OUTLOOK**

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

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

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

In addition to these new facilities, 20 new businesses opened in the City in 2005 including a new Dunkin Donuts/Baskin Robbins facility on the opposite corner of W. 210 and Lorain and after much discussion with the Jacobs Group they announced a complete rebuilding of Westgate Mall. This project is to be completed in fall of 2007. This renovated establishment will bring 50 plus new retail stores to the area plus three major chain stores.

Also in February 2005, the Gemini project was approved by the voters. This will provide the City with a new recreation center and new and improved school and athletic facilities. In 2005, the City also established new tennis courts and new turf for the football stadium.

Recently, the City's largest contributor to their income tax base announced they were struggling with slashed budgets and they will be cutting back manpower in 2006, with the possibility of eliminating 600 plus jobs. If this should happen the City will be significantly affected by this cutback.

## **FIRST RING CONSORTIUM**

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

## **SERVICE**

During the year, the upgrade of the second pumping station was completed at W. 227 Station. With this new upgraded station and the second station that was completed in a prior year the risk of loss of power with the generating equipment had been reduced to zero plus better serving some of our other residents.

The street repair program completed its 16<sup>th</sup> year with ten streets being repaired at a cost of \$649,720 plus engineering expenses during 2005.

Work began during 2005 on continuing the televising, grouting and dye testing of the balance of the sanitary sewer mains and homes. In 2006, work will continue and plans are underway to complete this program throughout the entire City.

## **BUILDING**

In calendar year 2005, 1,854 permits were issued and residential and commercial construction for the year was valued at \$9 million. During the year, the department continued with the special summer property maintenance program to continue to ensure the viability and improvement of property values.

## **FINANCIAL INFORMATION**

### *Basis of Accounting*

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

### *Internal Accounting Controls*

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

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

### *Budgetary Controls*

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

Additional information regarding the City's budgetary accounting can be found in Note 1 of the basic financial statements.

## **CASH MANAGEMENT**

The City of Fairview Park continued to maintain its strong financial reserves during 2005. The City's general fund unencumbered cash balance at year-end was \$680,743. The general fund unencumbered cash balance decreased by \$867,881 or 58.4% during the year 2005.

Cash management is a vital component of the City's overall financial strategy. The Finance Director maintains an aggressive cash management program. Major considerations in cash flows are necessary to pay City liabilities and available interest rates. As City funds become available, they are invested immediately in sweep accounts maintained at the City approved depository banks, short-term federal agencies or other securities authorized by state statutes. During 2005, \$113,728 of interest was deposited in the general fund, \$2,569 in the Recreation and \$4,697 Cable TV Franchise Fee special revenue funds, \$42,376 in the Capital Projects, \$261,401 in the Recreation Construction, \$5,337 in the Permanent Improvement, \$1,824 in the Lorain Road Revitalization, and \$102,181 in the Recreation/Community Center capital project funds and \$10,009 in the Sanitary sewer fund in accordance with City ordinances. The increase from the previous year was due to increasing interest rates.

## **RISK MANAGEMENT**

The primary technique used for risk management is the purchase of insurance policies from commercial insurers. The types of insurance carried include: general liability, public officials liability, police professional liability, employee medical insurance, and State of Ohio Workers' Compensation. Deductibles vary on these policies depending on past experience with the type of liability covered. Should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the City.

Additional information on the City's risk management activity can be found in Note 9 of the basic financial statements.

## **DEBT MANAGEMENT**

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

Under current state statutes, the total voted net debt of the City, less the same exempt debt, shall never exceed 10.5% of the total assessed property valuation. The total unvoted debt less the same exempt debt, shall never exceed 5.5% of the assessed valuation. At December 31, 2005, the total legal debt margin was \$13,709,753.

## **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of Fairview Park for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

## **INDEPENDENT AUDIT**

Included in this report is an unqualified audit opinion rendered on the City's Financial Statements as of December 31, 2005, by our independent auditor, Charles E. Harris & Associates, Inc. Their audit was conducted in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

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

## **ACKNOWLEDGMENTS**

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

I would like to acknowledge the efforts of the entire staff of the Finance Department, for their contributions to this report. Special thanks are extended to Mayor Eileen A. Patton and Members of City Council for their enthusiastic support of this project. The guidance and assistance provided by the accounting firm of Charles E. Harris & Associates, and in particular Lennon & Company. They provided valuable assistance in a most professional manner.

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

Sincerely,

A handwritten signature in black ink that reads "Lisa M. Rocco". The signature is written in a cursive style with a large initial "L" and "R".

Lisa M. Rocco  
Finance Director

*City of Fairview Park, Ohio*

For the year ended December 31, 2005

*CITY OFFICIALS*

Elected Officials

*Mayor*

Eileen Ann Patton

*Council Members*

Maureen Sweeney, President  
James Robatin  
William Minek  
Frederic Gauthier

William B. Westfall  
Julie Thonas  
Peggy Cleary

Appointed Officials

*Director of Law*

Lucian C. Rego

*Director of Finance*

Lisa M. Rocco

*Police Chief*

Patrick Nelson

*Fire Chief*

David Simon

*Director of Public Service*

James M. Kennedy

*Recreation Director*

Timothy J. Pinchek

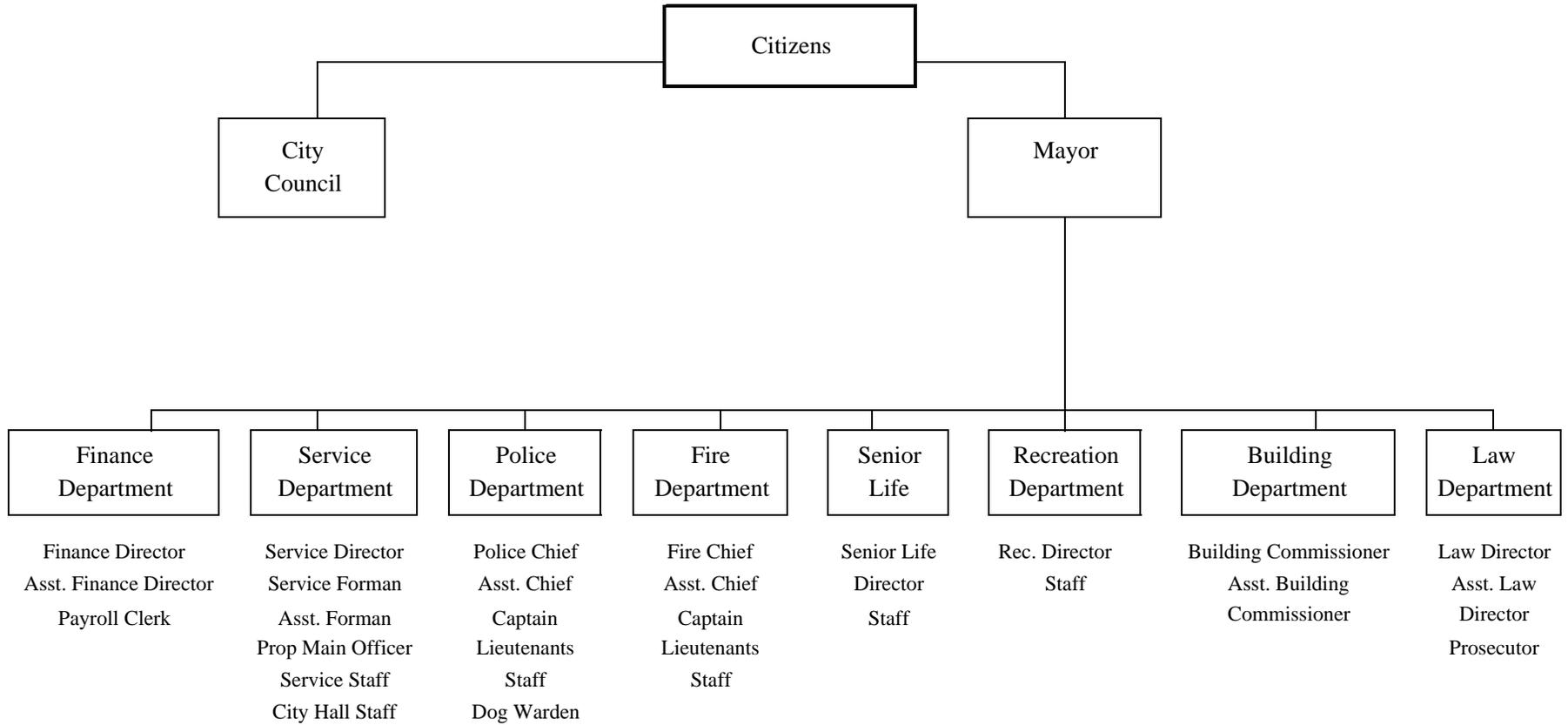
*Building Commissioner*

Selwyn Kulcsar

*Senior Life Director*

Nell Ellis

*City of Fairview Park, Ohio*  
 Organizational Chart  
 December 31, 2005



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairview Park  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

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.



A handwritten signature in black ink, appearing to read "Ronald J. Hawn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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## FINANCIAL SECTION



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

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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**REPORT OF INDEPENDENT ACCOUNTANTS**

City of Fairview Park  
Cuyahoga County  
20777 Lorain Road  
Fairview Park, Ohio 44126

**To City Council:**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Fairview Park, Cuyahoga County (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 2 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers*.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

*Charles E. Harris & Associates, Inc.*  
November 17, 2006

**City of Fairview Park**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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This discussion and analysis of The City of Fairview Park's (the City's) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Key Financial highlights for 2005 are as follows:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$55.3 million (*net assets*). Of this amount, \$4.6 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets decreased \$1.9 million or 3.4% over 2004. The decrease was primarily due to increase in spending on road repair and maintenance.
- General revenues, for governmental activities, accounted for \$12,774,314 or 85% of total governmental activities revenue. Program specific revenues accounted for \$2,212,624 or 15% of total governmental activities revenue.
- The City had \$16,336,551 in expenses related to governmental activities; \$2,212,624 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$12,774,314 were sufficient to offset these program expenses.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22.9 million, an increase of \$19.4 million in comparison with the prior year.
- The general fund, had revenues of \$8,948,689 in 2005 or 61.4% of total governmental funds. Expenditures of the general fund were \$8,811,346, or 49.2% of total governmental funds. The general fund balance decreased \$479,780, or 23.8% in 2005.

### **Overview of the Financial Statements**

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

### **Government-wide Financial Statements**

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

**City of Fairview Park**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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

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

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

The government-wide financial statements can be found starting on page 13 of this report.

### **Fund financial statements**

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

### ***Governmental Funds***

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

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

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

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

**City of Fairview Park**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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***Proprietary Funds***

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

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

The basic proprietary fund financial statements can be found on pages 21 to 23 of this report.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 to 53 of this report.

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements, the combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented, as well as individual detailed budgetary comparisons for all funds. This information can be found on pages 55 to 102 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Fairview Park, assets exceeded liabilities by \$55.2 million at the close of the fiscal year.

The statement of net assets provides the perspective of the City as a whole.

Table 1 below provides a summary of the City's net assets for 2005 compared to 2004:

**City of Fairview Park**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

Table 1  
Net Assets

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 31,164,455	\$ 10,867,932	\$ 5,348,139	\$ 6,144,906	\$ 36,512,594	\$ 17,012,838
Capital assets	<u>43,803,002</u>	<u>42,493,117</u>	<u>12,149,886</u>	<u>12,313,984</u>	<u>55,952,888</u>	<u>54,807,101</u>
<b>Total assets</b>	<u><b>74,967,457</b></u>	<u><b>53,361,049</b></u>	<u><b>17,498,025</b></u>	<u><b>18,458,890</b></u>	<u><b>92,465,482</b></u>	<u><b>71,819,939</b></u>
Current liabilities	5,770,366	5,426,148	245,269	347,704	6,015,635	5,773,852
Long-term liabilities	<u>30,036,285</u>	<u>7,424,482</u>	<u>1,120,943</u>	<u>1,375,230</u>	<u>31,157,228</u>	<u>8,799,712</u>
<b>Total liabilities</b>	<u><b>35,806,651</b></u>	<u><b>12,850,630</b></u>	<u><b>1,366,212</b></u>	<u><b>1,722,934</b></u>	<u><b>37,172,863</b></u>	<u><b>14,573,564</b></u>
Invested in capital assets, net of related debt	16,189,541	36,989,094	12,390,088	11,038,366	28,579,629	48,027,460
Restricted net assets	22,134,727	2,305,402	-	-	22,134,727	2,305,402
Unrestricted net assets	<u>836,538</u>	<u>1,215,923</u>	<u>3,741,725</u>	<u>5,697,590</u>	<u>4,578,263</u>	<u>6,913,513</u>
<b>Total net assets</b>	<u><b>\$ 39,160,806</b></u>	<u><b>\$ 40,510,419</b></u>	<u><b>\$ 16,131,813</b></u>	<u><b>\$ 16,735,956</b></u>	<u><b>\$ 55,292,619</b></u>	<u><b>\$ 57,246,375</b></u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2005, the City's assets exceeded liabilities by \$55,292,619. This amounts to \$39,160,806 in governmental activities and \$16,131,813 in business-type activities. Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 60.5% of total governmental and business-type assets. Capital assets include land, land improvements, buildings, equipment, infrastructure, and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2005, were \$28,579,629. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. As of December 31, 2005, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net assets, \$22,134,727 or 40%, represent resources that are subject to external restrictions on how they may be used. Of the total restricted net assets, \$21,181,980 is restricted for capital projects, \$7,693 is restricted for debt service, and \$945,054 is restricted for other purposes. The governmental activities unrestricted net assets of \$836,538 may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 below shows the changes in net assets for governmental and business-type activities for year 2005 compared to 2004:

**City of Fairview Park**  
*Management's Discussion and Analysis*  
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*Unaudited*

Table 2  
Change in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenue:						
Charges for services	\$ 1,225,350	\$ 1,206,779	\$ 1,721,031	\$ 1,823,533	\$ 2,946,381	\$ 3,030,312
Operating grants and contribution	911,772	1,407,973	-	-	911,772	1,407,973
Capital grants and contribution	75,502	-	-	423,026	75,502	423,026
General revenue:						
Income taxes	5,811,251	4,839,660	-	-	5,811,251	4,839,660
Property taxes	4,576,025	3,972,405	-	-	4,576,025	3,972,405
Grant and entitlement not restricted to specific programs	1,704,562	1,992,936	-	-	1,704,562	1,992,936
Investment earnings	526,847	75,626	10,009	10,364	536,856	85,990
Miscellaneous	155,629	126,944	-	-	155,629	126,944
Total revenue	<u>14,986,938</u>	<u>13,622,323</u>	<u>1,731,040</u>	<u>2,256,923</u>	<u>16,717,978</u>	<u>15,879,246</u>
Expenses:						
General government	2,279,103	2,596,622	-	-	2,279,103	2,596,622
Security of persons and property	6,697,803	6,092,682	-	-	6,697,803	6,092,682
Public health and welfare	72,513	57,305	-	-	72,513	57,305
Transportation	3,643,981	3,170,834	-	-	3,643,981	3,170,834
Community environment	1,877,840	1,755,129	-	-	1,877,840	1,755,129
Leisure time activities	985,749	864,474	-	-	985,749	864,474
Loss on sale of capital assets	-	3,400	-	-	-	3,400
Interest and fiscal charges	779,562	269,468	-	-	779,562	269,468
Sewer	-	-	2,335,183	3,103,876	2,335,183	3,103,876
Gilles-sweet	-	-	-	1,994	-	1,994
Total expenses	<u>16,336,551</u>	<u>14,809,914</u>	<u>2,335,183</u>	<u>3,105,870</u>	<u>18,671,734</u>	<u>17,915,784</u>
Increase (decrease) in net assets	(1,349,613)	(1,187,591)	(604,143)	(848,947)	(1,953,756)	(2,036,538)
Beginning Net Assets	<u>40,510,419</u>	<u>41,698,010</u>	<u>16,735,956</u>	<u>17,584,903</u>	<u>57,246,375</u>	<u>59,282,913</u>
Ending Net Assets	<u>\$ 39,160,806</u>	<u>\$ 40,510,419</u>	<u>\$ 16,131,813</u>	<u>\$ 16,735,956</u>	<u>\$ 55,292,619</u>	<u>\$ 57,246,375</u>

**City of Fairview Park**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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***Governmental Activities***

Governmental activities net assets decreased \$1,349,613 or 3.3% in 2005 over 2004. This decrease was due mainly to the refunding of debt resulting in an increase in interest and fiscal charges associated with the debt refunding.

Security of persons and property, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$6,697,803 of expenses, or 41% of total governmental expenses of the City. These expenses were funded by \$750,509 in charges to users of services and operating grants. General government expenses, which primarily include legislative, executive and financial management, totaled \$2,279,103 or 13.9% of total governmental expenses. General government expenses were covered by \$286,639 of direct charges to users and operating grants.

General revenues totaled \$12,774,314, and amounted to 85% of total revenues. These revenues primarily consist of property and income tax revenue of \$10,387,276, or 81% of total general revenues. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with a majority of the revenue being local government and local government revenue assistance. For 2005, these revenues totaled \$1,704,562, or 13.3% of the total general revenues.

***Business-type Activities***

The sewer fund represents the City's business-type activities. This program had program revenues of \$1,721,031 and expenses of \$2,335,183 for year 2005. Business-type activities did not receive any capital contributions in 2005, a decrease of \$423,026 compared to 2004. The 2004 contributions were made by OPWC to rebuild a portion of the City's sewer system. Business-type activities reported a decrease in net assets of \$604,143, or 3.6% as compared to 2004. For this year, the decrease in net assets was attributed to operating activities.

Charges for services were the largest program revenue in the business-type activities, accounting for \$1,721,031 or 99% of the total business-type revenues. The majority of the receipts were used to fund the sewer operations and capital improvements of the sewer infrastructure.

***Program Expenses***

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government-wide activities, the total cost of services and the net cost of services for 2005 compared to 2004. That is, it identifies the cost of these services supported by general revenues.

**City of Fairview Park**  
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*Unaudited*

Table 3  
Program Expenses

	<u>2005</u>		<u>2004</u>		<u>Totals</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<i>Governmental Activities:</i>						
General government	\$ 2,279,103	\$ 1,992,464	\$ 2,596,622	\$ 2,595,279	\$ 4,875,725	\$ 4,587,743
Security of persons and property	6,697,803	5,947,294	6,092,682	5,357,345	12,790,485	11,304,639
Public health and welfare	72,513	72,413	57,305	57,305	129,818	129,718
Transportation	3,643,981	2,787,454	3,170,834	1,676,435	6,814,815	4,463,889
Community environment	1,877,840	1,756,071	1,755,129	1,541,448	3,632,969	3,297,519
Leisure time activities	985,749	788,669	864,474	694,482	1,850,223	1,483,151
Loss on sale of capital assets	-	-	3,400	3,400	3,400	3,400
Interest and fiscal charges	779,562	779,562	269,468	269,468	1,049,030	1,049,030
<i>Business-Type Activities:</i>						
Sewer	2,335,183	614,152	2,429,057	182,498	4,764,240	796,650
Gilles-Sweet	-	-	1,994	1,994	1,994	1,994
Total expenses	<u>\$ 18,671,734</u>	<u>\$14,738,079</u>	<u>\$17,240,965</u>	<u>\$12,379,654</u>	<u>\$ 35,912,699</u>	<u>\$ 27,117,733</u>

**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

The general fund is the operating fund of the City. At the end of the year, the fund balance of the general fund was \$1,536,831, a 23.7% decrease from the prior year. The primary reason for the decrease of the general fund balance in 2005 was attributed to an increase in expenditures and a decrease in the amount resources received as income taxes, and other revenue types. The fund balance of the bond retirement debt service fund increased \$196,463 to an ending fund balance of \$104,651 in 2005. In the current year, this fund received proceeds from the debt refunding and a premium on new debt causing an increase in fund balance. The decreased fund balance of \$321,141, or 25.6%, in the capital projects capital project fund is primarily the result of the expenditure requirements of the current year's projects exceeding the income tax revenue. Finally, the recreation construction capital project fund's balance increased by \$18,794,616 over the 2004 fund balance. The increase was attributed to proceeds of new debt issued in the current year.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 16. These funds are accounted for by using the modified accrual basis of accounting.

**City of Fairview Park**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

**General Fund Budgeting Highlights**

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During the course of 2005 the City amended its general fund budget on various occasions. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for ordinance enactment on the change. The City allows small interdepartmental budget changes that modify line items within departments within the same fund. The general fund supports many of the City's major activities such as the Police Department and the Fire Department as well as most legislative and executive activities. The general fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

There were no significant changes from the original budgeted revenues as compared to the final budgeted amounts. Actual revenues were less than the original amount by \$481,424. This difference was caused mainly due to a decrease in estimated taxes and intergovernmental revenues.

Final budgeted expenditures exceeded the original budgeted expenditures by \$82,000. Actual expenditures for the year were \$40,073 less than the final budgeted amounts. There were no individually significant events that led to these differences.

**Capital Assets**

At the end of year 2005, the City had \$55,952,888 (net of accumulated depreciation) invested in land, land improvements, buildings, equipment, vehicles and infrastructure. Of this total, \$43,803,002 was reported in governmental activities and \$12,149,886 was reported in business-type activities. Table 4 below reports year 2005 balances compared to 2004:

Table 4  
 Capital Assets, at Fiscal Year End  
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 988,780	\$ 275,202	\$ -	\$ -	\$ 988,780	\$ 275,202
Land improvements	755,067	817,797	-	-	755,067	817,797
Buildings	1,774,456	1,835,967	22,910	24,490	1,797,366	1,860,457
Equipment	442,262	498,418	120	200	442,382	498,618
Vehicles	783,380	915,926	-	-	783,380	915,926
Infrastructure	36,499,765	37,415,302	11,964,598	11,879,294	48,464,363	49,294,596
Construction in progress	<u>2,559,292</u>	<u>734,505</u>	<u>162,258</u>	<u>410,000</u>	<u>2,721,550</u>	<u>1,144,505</u>
<b>Total</b>	<u>\$43,803,002</u>	<u>\$42,493,117</u>	<u>\$12,149,886</u>	<u>\$12,313,984</u>	<u>\$55,952,888</u>	<u>\$54,807,101</u>

**City of Fairview Park**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

The most significant change during 2005 to the total amount of capital assets was an increase of \$2,642,146, \$713,578, and \$817,359 to construction in progress, land and infrastructure for governmental activities. For the governmental activities this increase was due to the start of a new project, and the completion of street improvements projects and other related developmental activities. See Note 6 to the basic financial statements for detail on the governmental and business-type activities capital assets.

**Debt Administration**

At December 31, 2005 the City had total long-term debt outstanding of \$28,935,494. Of this total, \$2,313,008 is due within one year and \$26,622,486 is due in more than one year. Table 5 below summarizes the bonds and loans outstanding:

Additional information concerning the City's capital leases and debt can be found at Note 10 and 11 of the basic financial statements.

Table 5  
 Outstanding Debt at Year End

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General Obligation Bonds	\$25,861,999	\$ 3,240,000	\$ 115,000	\$ 230,000	\$25,976,999	\$ 3,470,000
Long-term Notes	1,524,260	1,546,580	316,598	370,799	1,840,858	1,917,379
Capital Leases	489,227	717,443	-	-	489,227	717,443
Capital Charges Agreement	-	-	628,410	715,974	628,410	715,974
<b>Total</b>	<u>\$27,875,486</u>	<u>\$ 5,504,023</u>	<u>\$ 1,060,008</u>	<u>\$ 1,316,773</u>	<u>\$28,935,494</u>	<u>\$ 6,820,796</u>

**Contacting the City's Finance Department**

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

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**City of Fairview Park, Ohio**

**Statement of Net Assets**

**December 31, 2005**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 13,469,144	\$ 1,074,926	\$ 14,544,070
Cash and cash equivalents in segregated accounts	9,896,193	-	9,896,193
Receivables:			
Income tax	1,846,399	-	1,846,399
Property and other taxes	4,106,092	-	4,106,092
Accounts	163,443	151,946	315,389
Special assessments	272,189	-	272,189
Accrued interest	55,072	-	55,072
Intergovernmental	1,061,152	-	1,061,152
Materials and supplies inventory	32,746	462	33,208
Deferred charges	262,025	-	262,025
Investment in joint venture	-	4,120,805	4,120,805
Nondepreciable capital assets	3,548,072	162,258	3,710,330
Depreciable capital assets, net	40,254,930	11,987,628	52,242,558
<b>Total assets</b>	<b>74,967,457</b>	<b>17,498,025</b>	<b>92,465,482</b>
<u>Liabilities:</u>			
Accounts payable	929,545	203,419	1,132,964
Contracts payable	171,319	-	171,319
Accrued wages and benefits	35,279	3,836	39,115
Intergovernmental payable	629,278	37,343	666,621
Deferred revenue	3,839,243	-	3,839,243
Accrued interest payable	101,533	671	102,204
Claims payable	64,169	-	64,169
Long-term liabilities:			
Due within one year	2,803,530	253,891	3,057,421
Due in more than one year	27,232,755	867,052	28,099,807
<b>Total liabilities</b>	<b>35,806,651</b>	<b>1,366,212</b>	<b>37,172,863</b>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	16,189,541	12,390,088	28,579,629
Restricted for:			
Capital projects	21,181,980	-	21,181,980
Debt service	7,693	-	7,693
Other purposes	945,054	-	945,054
Unrestricted	836,538	3,741,725	4,578,263
<b>Total net assets</b>	<b>\$ 39,160,806</b>	<b>\$ 16,131,813</b>	<b>\$ 55,292,619</b>

See accompanying notes to the basic financial statements.

**City of Fairview Park, Ohio**  
**Statement of Activities**  
**For the Year Ended December 31, 2005**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General government	\$ 2,279,103	\$ 185,603	\$ 101,036	\$ -
Security of persons and property	6,697,803	729,453	21,056	-
Public health and welfare	72,513	100	-	-
Transportation	3,643,981	-	781,025	75,502
Community environment	1,877,840	121,769	-	-
Leisure time activities	985,749	188,425	8,655	-
Interest and fiscal charges	779,562	-	-	-
Total governmental activities	<u>16,336,551</u>	<u>1,225,350</u>	<u>911,772</u>	<u>75,502</u>
<u>Business-Type Activities:</u>				
Sewer	<u>2,335,183</u>	<u>1,721,031</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>2,335,183</u>	<u>1,721,031</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 18,671,734</u>	<u>\$ 2,946,381</u>	<u>\$ 911,772</u>	<u>\$ 75,502</u>

General revenues:  
Property taxes levied for:  
    General purposes  
    Capital improvements  
    Special purposes  
Income tax levied for:  
    General purposes  
    Capital improvements  
Grants and entitlements not restricted to specific programs  
Gain on sale of capital assets  
Investment earnings  
Other  
Total general revenues

Change in net assets

Net assets, beginning of year, as restated  
Net assets, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (1,992,464)	\$ -	\$ (1,992,464)
(5,947,294)	-	(5,947,294)
(72,413)	-	(72,413)
(2,787,454)	-	(2,787,454)
(1,756,071)	-	(1,756,071)
(788,669)	-	(788,669)
(779,562)	-	(779,562)
(14,123,927)	-	(14,123,927)
-	(614,152)	(614,152)
-	(614,152)	(614,152)
\$ (14,123,927)	\$ (614,152)	\$ (14,738,079)
3,435,214	-	3,435,214
309,361	-	309,361
831,450	-	831,450
3,510,427	-	3,510,427
2,300,824	-	2,300,824
1,704,562	-	1,704,562
2,000	-	2,000
526,847	10,009	536,856
153,629	-	153,629
12,774,314	10,009	12,784,323
(1,349,613)	(604,143)	(1,953,756)
40,510,419	16,735,956	57,246,375
\$ 39,160,806	\$ 16,131,813	\$ 55,292,619

**City of Fairview Park, Ohio**

**Balance Sheet**

**Governmental Funds**

**December 31, 2005**

	<u>General</u>	<u>Bond Retirement</u>	<u>Recreation Construction</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>						
Equity in pooled cash and cash equivalents	\$ 763,858	\$ 196,463	\$ 9,317,964	\$ 1,169,776	\$ 1,934,038	\$ 13,382,099
Cash and cash equivalents:						
In segregated accounts	-	-	9,896,193	-	-	9,896,193
Receivables:						
Income tax	1,153,999	-	-	230,800	461,600	1,846,399
Property and other taxes	2,928,723	-	-	-	1,177,369	4,106,092
Accounts	4,660	-	-	-	158,783	163,443
Interfund	537,377	-	-	-	173,299	710,676
Special assessments	-	-	-	-	272,189	272,189
Accrued interest	2,093	-	52,979	-	-	55,072
Intergovernmental	700,806	-	-	-	360,346	1,061,152
Materials and supplies inventory	5,981	-	-	-	26,765	32,746
Total assets	<u>\$ 6,097,497</u>	<u>\$ 196,463</u>	<u>\$ 19,267,136</u>	<u>\$ 1,400,576</u>	<u>\$ 4,564,389</u>	<u>\$ 31,526,061</u>
<u>Liabilities:</u>						
Accounts payable	\$ 201,502	\$ -	\$ 455,289	\$ 155,903	\$ 110,064	\$ 922,758
Contracts payable	-	-	-	171,319	-	171,319
Interfund payable	-	91,812	-	-	618,864	710,676
Accrued wages	28,100	-	-	-	7,129	35,229
Intergovernmental payable	328,402	-	-	-	300,876	629,278
Deferred revenue	4,002,662	-	-	141,524	2,022,609	6,166,795
Total liabilities	<u>4,560,666</u>	<u>91,812</u>	<u>455,289</u>	<u>468,746</u>	<u>3,059,542</u>	<u>8,636,055</u>
<u>Fund balances:</u>						
Reserved for encumbrances	65,538	-	-	251,516	11,157	328,211
Reserved for contingencies	460,000	-	-	-	-	460,000
Unreserved, undesignated,						
Reported in:						
General fund	1,011,293	-	-	-	-	1,011,293
Special revenue funds	-	-	-	-	509,889	509,889
Debt service fund	-	104,651	-	-	-	104,651
Capital projects fund	-	-	18,811,847	680,314	983,801	20,475,962
Total fund balances	<u>1,536,831</u>	<u>104,651</u>	<u>18,811,847</u>	<u>931,830</u>	<u>1,504,847</u>	<u>22,890,006</u>
Total liabilities and fund balances	<u>\$ 6,097,497</u>	<u>\$ 196,463</u>	<u>\$ 19,267,136</u>	<u>\$ 1,400,576</u>	<u>\$ 4,564,389</u>	<u>\$ 31,526,061</u>

See accompanying notes to the basic financial statements.

***City of Fairview Park, Ohio***  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Assets of Governmental Activities**  
**December 31, 2005**

Total governmental fund balances \$ 22,890,006

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in funds. 43,803,002

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 16,039

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

Property and other taxes	\$ 167,700	
Income taxes	1,132,194	
Intergovernmental	681,929	
Special assessments	272,189	
Charges for services	73,540	
Deferred charges	262,025	
Total		2,589,577

Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. (101,533)

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

General obligation bonds	\$ (25,861,999)	
Long term notes	(1,524,260)	
Capital lease payable	(489,227)	
Compensated absences	(2,160,799)	
Total		<u>(30,036,285)</u>

Net assets of governmental activities \$ 39,160,806

See accompanying notes to the basic financial statements.

**City of Fairview Park, Ohio**

**Statement of Revenues, Expenditures and Changes in Fund Balance**

**Governmental Funds**

**For the Year Ended December 31, 2005**

	General	Bond Retirement	Recreation Construction	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Income tax	\$ 3,488,807	\$ -	\$ 1,634	\$ 1,002,893	\$ 1,165,725	\$ 5,659,059
Property and other taxes	3,452,949	-	6,453	-	1,147,420	4,606,822
Charges for services	22,022	-	-	-	545,823	567,845
Fines, licenses, and permits	274,543	-	-	-	98,201	372,744
Intergovernmental	1,447,189	-	-	75,502	894,725	2,417,416
Special assessments	-	-	-	-	247,661	247,661
Investment income	113,728	-	261,401	42,376	116,608	534,113
Rentals	12,749	-	838	-	-	13,587
Other	136,702	-	-	-	24,205	160,907
Total revenue	<u>8,948,689</u>	<u>-</u>	<u>270,326</u>	<u>1,120,771</u>	<u>4,240,368</u>	<u>14,580,154</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	1,512,228	-	-	48,618	9,771	1,570,617
Security of persons and property	4,675,372	-	-	-	1,748,532	6,423,904
Public health and welfare	72,513	-	-	-	-	72,513
Transportation	400,695	-	-	1,247,359	747,469	2,395,523
Community environment	1,717,179	-	-	-	661	1,717,840
Leisure time activities	397,618	-	4,840	-	565,352	967,810
Capital outlay	3,220	-	3,272,870	145,935	-	3,422,025
<b>Debt service:</b>						
Principal retirement	27,622	22,320	-	-	380,594	430,536
Interest and fiscal charges	4,899	425,714	-	-	181,922	612,535
Bond issuance costs	-	278,104	-	-	-	278,104
Total expenditures	<u>8,811,346</u>	<u>726,138</u>	<u>3,277,710</u>	<u>1,441,912</u>	<u>3,634,301</u>	<u>17,891,407</u>
Excess of revenues over (under) expenditures	<u>137,343</u>	<u>(726,138)</u>	<u>(3,007,384)</u>	<u>(321,141)</u>	<u>606,067</u>	<u>(3,311,253)</u>
<b>Other financing sources (uses):</b>						
Proceeds of bonds	-	-	21,800,000	-	-	21,800,000
Issuance of refunding bonds	-	2,380,000	-	-	-	2,380,000
Sale of capital assets	-	-	2,000	-	-	2,000
Payment to refunded bond escrow agent	-	(2,372,295)	-	-	-	(2,372,295)
Premium on debt issued	-	914,896	-	-	-	914,896
Transfers - in	-	-	-	-	707,123	707,123
Transfers - out	(617,123)	-	-	-	(90,000)	(707,123)
Total other financing sources (uses)	<u>(617,123)</u>	<u>922,601</u>	<u>21,802,000</u>	<u>-</u>	<u>617,123</u>	<u>22,724,601</u>
Net change in fund balance	(479,780)	196,463	18,794,616	(321,141)	1,223,190	19,413,348
<b>Fund balances at</b>						
beginning of year, as restated	2,016,611	(91,812)	17,231	1,252,971	281,657	3,476,658
Fund balances at end of year	<u>\$ 1,536,831</u>	<u>\$ 104,651</u>	<u>\$ 18,811,847</u>	<u>\$ 931,830</u>	<u>\$ 1,504,847</u>	<u>\$ 22,890,006</u>

See accompanying notes to the basic financial statements.

**City of Fairview Park, Ohio**

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2005**

Net change in fund balances - Total governmental funds \$ 19,413,348

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities,  
the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$	3,422,025	
Depreciation expense		(2,112,140)	
Excess of capital asset additions over depreciation expense			1,309,885

Revenues in the statement of activities that do not provide current financial resources are not  
reported as revenues in the funds. These activities consist of:

Property and other taxes	\$	167,700	
Income taxes		(46,305)	
Intergovernmental		267,153	
Special assessments		4,804	
Charges for services		11,432	
Net change in deferred revenues during the year			404,784

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

Increase in compensated absences	\$	(240,339)	
Increase in accrued interest		(71,550)	
Total additional expenditures			(311,889)

The internal service fund used by management to charge the costs of dental and vision  
claims to individual funds are not reported in the statement of activities. Governmental  
fund expenditures and related internal service fund revenues are eliminated. (56,303)

Repayment of bond and note principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net assets. 202,320

Payment of capital lease principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net assets. 228,216

The issuance of refunding bonds results in expenditures and other financing sources and uses in the  
governmental funds, but these transactions are reflected in the statement of net assets as long-term  
assets and liabilities.

Payment to refunded bond escrow agent	\$	2,372,295	
Proceeds of refunding bonds		(2,380,000)	
Interest payment on refunding bonds		(132,295)	
Issuance cost		278,104	
Premium on refunding bonds issued		(914,896)	
Net change caused by the issuance and refunding of bonds			(776,792)

Bond proceeds are reported as financing sources in governmental funds and thus contribute  
to the change in fund balance. In the government-wide statements, however, issuing debt  
increases long-term liabilities in the statement of net assets and does not affect the  
statement of activities. (21,800,000)

The amortization of issuance costs and bond premium is reflected as an expense in the statement of  
activities.

Issuance cost	\$	(16,079)	
Premium		52,897	
Total additional expenses			36,818

Change in net assets of governmental activities \$ (1,349,613)

See accompanying notes to the basic financial statements.

**City of Fairview Park, Ohio**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Income tax	\$ 3,704,200	\$ 3,704,200	\$ 3,394,182	\$ (310,018)
Property and other taxes	3,554,646	3,504,646	3,371,634	(133,012)
Charges for services	24,047	24,047	21,727	(2,320)
Fines, licenses, and permits	293,103	293,103	273,957	(19,146)
Intergovernmental	1,223,303	1,223,018	1,216,517	(6,501)
Investment income	120,000	120,000	117,183	(2,817)
Rentals	9,949	9,949	12,749	2,800
Other	97,352	97,352	137,227	39,875
Total revenue	9,026,600	8,976,315	8,545,176	(431,139)
<b>Expenditures:</b>				
Current:				
General government	1,839,826	1,826,826	1,737,217	89,609
Security of persons and property	4,541,727	4,563,727	4,546,389	17,338
Public health and welfare	59,866	59,866	72,453	(12,587)
Transportation	351,119	374,119	412,827	(38,708)
Community environment	1,640,787	1,690,787	1,706,891	(16,104)
Leisure time activities	394,082	394,082	393,557	525
Total expenditures	8,827,407	8,909,407	8,869,334	40,073
Excess of revenues over (under) expenditures	199,193	66,908	(324,158)	(391,066)
<b>Other financing sources (uses):</b>				
Advances - in	73,400	73,400	73,400	-
Transfers - out	(641,000)	(661,000)	(617,123)	43,877
Total other financing sources (uses)	(567,600)	(587,600)	(543,723)	43,877
Net change in fund balance	(368,407)	(520,692)	(867,881)	(347,189)
Fund balance at beginning of year	1,485,083	1,485,083	1,485,083	-
Prior year encumbrances appropriated	63,541	63,541	63,541	-
Fund balance at end of year	\$ 1,180,217	\$ 1,027,932	\$ 680,743	\$ (347,189)

See accompanying notes to the basic financial statements.

**City of Fairview Park, Ohio**

**Statement of Fund Net Assets**

**Proprietary Funds**

**December 31, 2005**

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer	Gilles-Sweet	Total	Activities Internal Service
<u>Assets:</u>				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 1,074,517	\$ 409	\$ 1,074,926	\$ 87,045
Receivables:				
Accounts	151,946	-	151,946	-
Materials and supplies inventory	462	-	462	-
Total current assets	1,226,925	409	1,227,334	87,045
Non-current assets:				
Investment in joint venture	4,120,805	-	4,120,805	-
Capital assets:				
Land and construction in progress	162,258	-	162,258	-
Depreciable capital assets, net	11,987,628	-	11,987,628	-
Total non-current assets	16,270,691	-	16,270,691	-
Total assets	\$ 17,497,616	\$ 409	\$ 17,498,025	\$ 87,045
<u>Liabilities:</u>				
Current liabilities:				
Accounts payable	\$ 203,419	\$ -	\$ 203,419	\$ 6,787
Accrued wages and benefits	3,836	-	3,836	50
Compensated absences payable	35,588	-	35,588	-
Intergovernmental payable	37,343	-	37,343	-
Accrued interest payable	671	-	671	-
Claims payable	-	-	-	64,169
Capital agreement payable	67,169	-	67,169	-
OPWC loans payable	36,134	-	36,134	-
General obligation bonds payable	115,000	-	115,000	-
Total current liabilities	499,160	-	499,160	71,006
Long-term liabilities:				
Compensated absences payable	25,347	-	25,347	-
Capital agreement payable, net of current portion	561,241	-	561,241	-
OPWC loans payable, net of current portion	280,464	-	280,464	-
Total long-term liabilities	867,052	-	867,052	-
Total liabilities	1,366,212	-	1,366,212	71,006
<u>Net assets:</u>				
Invested in capital assets, net of related debt	12,390,088	-	12,390,088	-
Unrestricted	3,741,316	409	3,741,725	16,039
Total net assets	\$ 16,131,404	\$ 409	\$ 16,131,813	\$ 16,039

See accompanying notes to the basic financial statements.

***City of Fairview Park, Ohio***

**Statement of Revenues, Expenses and Changes in Fund Net Assets**

**Proprietary Funds**

**For the Year Ended December 31, 2005**

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer	Gilles-Sweet	Total	Activities Internal Service
<u>Operating revenues:</u>				
Charges for services	\$ 1,720,281	\$ -	\$ 1,720,281	\$ 1,139,143
Tap-in fees	750	-	750	-
Total operating revenue	<u>1,721,031</u>	<u>-</u>	<u>1,721,031</u>	<u>1,139,143</u>
<u>Operating expenses:</u>				
Personal services	468,225	-	468,225	31,219
Contractual services	932,197	-	932,197	195,030
Supplies and materials	202,381	-	202,381	-
Claims	-	-	-	969,197
Depreciation	372,605	-	372,605	-
Total operating expenses	<u>1,975,408</u>	<u>-</u>	<u>1,975,408</u>	<u>1,195,446</u>
Operating income (loss)	<u>(254,377)</u>	<u>-</u>	<u>(254,377)</u>	<u>(56,303)</u>
<u>Non-operating revenues (expenses):</u>				
Interest	10,009	-	10,009	-
Interest and fiscal charges	(15,429)	-	(15,429)	-
Other non-operating expenses	(344,346)	-	(344,346)	-
Total non-operating revenues (expenses):	<u>(349,766)</u>	<u>-</u>	<u>(349,766)</u>	<u>-</u>
Change in net assets	(604,143)	-	(604,143)	(56,303)
Net assets at beginning of year	<u>16,735,547</u>	<u>409</u>	<u>16,735,956</u>	<u>72,342</u>
Net assets at end of year	<u>\$ 16,131,404</u>	<u>\$ 409</u>	<u>\$ 16,131,813</u>	<u>\$ 16,039</u>

See accompanying notes to the basic financial statements.

**City of Fairview Park, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2005**

	Business-Type Activities - Enterprise Funds			Governmental
	Sewer	Gilles-Sweet	Total	Activities Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 1,831,202	\$ -	\$ 1,831,202	\$ 1,139,143
Cash payments for employee services and benefits	(440,784)	-	(440,784)	(29,239)
Cash payments to suppliers for goods and services	(1,261,137)	-	(1,261,137)	(1,186,302)
Net cash provided by (used for) operating activities	129,281	-	129,281	(76,398)
Cash flows from capital and related financing activities:				
Interest paid on debt	(16,100)	-	(16,100)	-
Principal payment on bonds and loans	(169,201)	-	(169,201)	-
Principal payment on joint venture	(73,639)	-	(73,639)	-
Principal payment on capital agreement	(87,564)	-	(87,564)	-
Acquisition of capital assets	(208,507)	-	(208,507)	-
Net cash used for capital and related financing activities	(555,011)	-	(555,011)	-
Cash flows from investing activities:				
Investment income	10,009	-	10,009	-
Net cash provided by investing activities	10,009	-	10,009	-
Net increase (decrease) in cash and cash equivalents	(415,721)	-	(415,721)	(76,398)
Cash and cash equivalents at beginning of year	1,490,238	409	1,490,647	163,443
Cash and cash equivalents at end of year	\$ 1,074,517	\$ 409	\$ 1,074,926	\$ 87,045
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (254,377)	\$ -	\$ (254,377)	\$ (56,303)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	372,605	-	372,605	-
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	110,171	-	110,171	-
Materials and supplies inventory	168	-	168	-
Increase (decrease) in liabilities:				
Accounts payable	(126,727)	-	(126,727)	6,787
Claims payable	-	-	-	(26,875)
Accrued wages and benefits	(864)	-	(864)	-
Compensated absences	1,357	-	1,357	(7)
Due to other governments	26,948	-	26,948	-
Net cash provided by (used for) operating activities	\$ 129,281	\$ -	\$ 129,281	\$ (76,398)

See accompanying notes to the basic financial statements.

***City of Fairview Park, Ohio***  
**Statement of Fiduciary Assets and Liabilities**  
**December 31, 2005**

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 92,354
Receivables:	
Accounts	<u>1,036</u>
Total assets	<u><u>\$ 93,390</u></u>
<u>Liabilities:</u>	
Accounts payable	\$ 2,151
Intergovernmental payable	184
Undistributed monies	75,701
Refundable deposits	<u>15,354</u>
Total liabilities	<u><u>\$ 93,390</u></u>

See accompanying notes to the basic financial statements.

*City of Fairview Park, Ohio*  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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**Note 1 – Summary of Significant Accounting Policies**

***A. Description of the City***

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

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

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

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

***B. Reporting Entity***

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are fairly presented and complete. The primary government consists of all funds, departments, boards and commissions that are not legally separate from the City. The City provides various services including public safety (police and fire), highways and streets, parks and recreation, public improvements, community development (planning and zoning), sewers, sanitation, and general administrative and legislative services. The operation of each of these activities is directly controlled by Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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

***City of Fairview Park, Ohio***  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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The Rocky River Wastewater Treatment Plant is a joint venture among the cities of Fairview Park, Bay Village, Rocky River and Westlake. The plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the plant's operation. The City has an explicit and measurable equity interest in the Rocky River Wastewater Treatment Plant. There exists a residual interest in the assets upon venture's liabilities (See Note 15).

The City is associated with the Westshore Council of Governments and Tri-City Park, which are identified as jointly governed organizations. These organizations are presented in Note 16 to the basic financial statements.

***C. Basis of Presentation***

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

*Government-wide Financial Statements* - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

*City of Fairview Park, Ohio*  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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***D. Fund Accounting***

The City accounting system is organized and operated on the basis of funds. The operation of each fund is accounted for within a set of self-balancing accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Funds are classified into three categories: governmental, proprietary, and fiduciary.

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

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

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

*Recreation Construction Fund* This capital projects fund is used to account for the use of bond proceeds in constructing and furnishing a new recreation center and facility.

*Bond Retirement Fund* This debt service fund is used to account for the accumulation of resources for and the payment of principal, interest, and related cost on general long-term debts.

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

*Enterprise Funds* The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

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

**City of Fairview Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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

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

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

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

**E. Measurement Focus**

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

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

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

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

*City of Fairview Park, Ohio*  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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***F. Basis of Accounting***

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, including income taxes, estate taxes, motel-hotel taxes, property taxes, estate taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes, estate taxes, and motel-hotel taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from the non-exchange transactions must also be available before it can be recognized.

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

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

Delinquent property taxes and property taxes for which there is an enforcement legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met also recorded as deferred revenue.

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

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

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

*City of Fairview Park, Ohio*  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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**G. Budgetary Data**

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

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

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

*Tax Budget* - During the first Council meeting in July, the City Finance Director presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

*Estimated Resources* - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized property taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official certificate of estimated resources issued during 2005.

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

**City of Fairview Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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

*Lapsing of Appropriations* - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

***H. Cash and Cash Equivalents***

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

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

***I. Materials and Supplies Inventory***

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

On the fund financial statements, inventories of governmental funds are stated at cost, on the first-in, first-out basis. Cost of inventory items are recorded as expenditures in the governmental fund types when purchased.

***J. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2005 are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***K. Investment in Joint Venture***

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

***L. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Capital assets were initially determined at December 31, 1989 by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not

**City of Fairview Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

practicably determinable, estimated historical costs were developed. For certain capital assets, the estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure consists of roads, guardrails, bridges, water lines, sewer lines and storm water drainage. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Interest incurred during the construction of capital assets is also capitalized for business-type activities. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2005, interest costs incurred on construction projects were not material.

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

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

***M. Deferred Charges and Bond Premiums***

In the fund financial statements, governmental fund types recognize bond premiums and issuance costs in the current period. Although, in the government-wide financial statements, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

***N. Compensated Absences***

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

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In accordance with the provision of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if 1) employees' rights to receive compensation are attributable to services already rendered; and 2) it is probable that the City will compensate the employees for the benefits through paid time off or some other means. A liability for sick leave is based on the sick leave accumulated at December 31, 2005. Sick leave benefits are accrued as a liability using the vesting method. An accrual for sick leave is made when it is expected to be liquidated with available financial resources are recorded as an expenditure and fund liability of the governmental fund that will pay it.

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

***O. Accrued Liabilities and Long-Term Obligations***

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

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

***P. Interfund Transactions***

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

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

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

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

***Q. Fund Balance Reserves and Designations***

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

***R. Operating Revenues and Expenses***

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

***S. Capital Contributions***

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

***T. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

***U. Estimates***

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

**Note 2 – Restatement of Fund Balances and Net Assets**

***A. Change in Accounting Principle***

For 2005, the City has implemented GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.” This new standard did have a material effect on the financial statements and will require a restatement of prior year balances. This restatement involves reporting pension related liabilities on the governmental fund financial statements where beforehand were exclusively reported on the government-wide financial statements.

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For the year ended December 31, 2005, the City also implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB No. 44 "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted for Enabling Legislation", and for GASB Statement No. 47, "Accounting for Termination Benefits".

The implementation of these GASB statements did not have an effect on fund balance/net assets of the City as previously reported at December 31, 2004.

**B. Restatement of Fund Balances and Net Assets**

In addition to the restatement of fund balances due to the implementation of a new accounting principle, an error was discovered which also requires a restatement. Following the close of the previous year, the City discovered that a long-term agreement payable through 2016 was not reported in the enterprise fund financial statements. A summary of the restatements is presented below:

The restatement of fund balance due to a new accounting principle is presented below:

	General Fund	Capital Projects Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
Fund balances at December 31, 2004	\$ 2,111,612	\$ 1,252,971	\$ (91,812)	\$ 518,070	\$ 3,790,841
Restatement of, intergovernmental payable	(95,001)	-	-	(219,182)	(314,183)
Restated fund balances, at January 1, 2005	<u>\$ 2,016,611</u>	<u>\$ 1,252,971</u>	<u>\$ (91,812)</u>	<u>\$ 298,888</u>	<u>\$ 3,476,658</u>

The beginning net asset balance of the sewer enterprise was reduced by \$674,819, to \$16,735,547 as a result of reporting the previously omitted long-term obligation.

**Note 3 - Budgetary Basis of Accounting**

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

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**City of Fairview Park, Ohio**  
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3. Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Proceeds and principal payments on short-term note obligations are reported on the operating statement (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis financial statement to the budgetary basis financial statement for the general fund.

Net Change in Fund Balance	
General Fund	
	General
GAAP Basis	\$ (479,780)
Revenue accruals	(330,113)
Expenditure accruals	26,592
Encumbrances (budget basis)	
outstanding at year end	(84,580)
Budget Basis	\$ (867,881)

**Note 4 – Deposits and Investments**

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

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

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

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

Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association.

**City of Fairview Park, Ohio**  
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All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

1. Commercial paper note issues of United States corporations having assets that exceed \$500 million. Such notes are to be rated "prime" (P-1) by Moody's Investor's Service and (A-1) by Standard & Poor's and must mature no later than 180 days after the date of purchase by the City; and
2. Bankers acceptances from members of the Federal Deposit Insurance Corporation which are eligible for purchase by the Federal Reserve System and which mature no later than 180 days after the date of purchase by the City.

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

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

During 2005, investments were limited to STAROhio.

**A. Undeposited Cash**

At year-end, the City had \$375 in undeposited cash on hand which is included as part of "equity in pooled cash and investments."

**B. Deposits**

*Custodial credit risk* is the risk that, in the event of a bank failure, the City's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government.

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These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The City's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of December 31, the carrying amount of the City's deposits was \$10,180,049. The City's bank balance of \$10,823,809 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department in the City's name	\$ 10,592,646
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**C. Investments**

As of December 31, the City had the following investment:

Investment type	Fair Value	Maturity	Rating
STAROhio	\$ 14,352,193	N/A	AAAm <sup>(1)</sup>

<sup>(1)</sup> Standard and Poor's rating

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2005.

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$113,728, which includes \$82,665 assigned from other City funds.

*Credit risk* is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAROhio an AAAM rating. The City's investment policy requires certain credit ratings for some investments as allowed by state law.

**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 (other than public utility) in one calendar year are levied by October 1 in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2003. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semi-annually, payment is due December 31 with the remainder payable by June 20, unless extended.

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Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semiannually, 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 property currently is assessed at varying percentages of its true value. Public utility property taxes are assessed and payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Fairview Park. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable at December 31, 2005. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the availability period are not subject to reasonable estimate at December 31, 2005 nor are they intended to finance 2005 operations. The receivable is, therefore, offset by deferred revenue.

The full tax rate for all City operations for the year ended December 31, 2005 was \$11.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based was as follows:

<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$ 312,162,030	79.02%
Commercial and industrial	69,401,060	17.57%
<u>Tangible Personal Property</u>		
General	7,058,239	1.79%
Public utilities	6,431,890	1.63%
Total Assessed Value	<u>\$ 395,053,219</u>	<u>100%</u>

**B. Income Taxes**

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

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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.

**Note 6 – Capital Assets**

Capital asset activity for the year ending December 31, 2005 was as follows:

	Balance 12/31/2004	Increases	Decreases	Balance 12/31/2005
<b>Government activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 275,202	\$ 713,578	\$ -	\$ 988,780
Construction in Progress	<u>734,505</u>	<u>2,642,146</u>	<u>(817,359)</u>	<u>2,559,292</u>
Total capital assets, not depreciated:	<u>1,009,707</u>	<u>3,355,724</u>	<u>(817,359)</u>	<u>3,548,072</u>
Capital assets, being depreciated:				
Buildings	3,222,016	-	-	3,222,016
Equipment and Furniture	1,338,060	3,220	-	1,341,280
Infrastructure	49,316,970	817,359	-	50,134,329
Land Improvement	1,432,360	-	-	1,432,360
Vehicles	<u>3,450,524</u>	<u>63,081</u>	<u>(57,100)</u>	<u>3,456,505</u>
Total capital assets, being depreciated:	<u>58,759,930</u>	<u>883,660</u>	<u>(57,100)</u>	<u>59,586,490</u>
Less accumulated depreciation for:				
Buildings	(1,386,049)	(61,511)	-	(1,447,560)
Equipment and Furniture	(839,642)	(59,376)	-	(899,018)
Infrastructure	(11,901,668)	(1,732,896)	-	(13,634,564)
Land Improvement	(614,563)	(62,730)	-	(677,293)
Vehicles	<u>(2,534,598)</u>	<u>(195,627)</u>	<u>57,100</u>	<u>(2,673,125)</u>
Total accumulated depreciation	<u>(17,276,520)</u>	<u>(2,112,140)</u>	<u>57,100</u>	<u>(19,331,560)</u>
Total capital assets, being depreciated, net	<u>41,483,410</u>	<u>(1,228,480)</u>	<u>-</u>	<u>40,254,930</u>
Governmental activities capital assets, net	<u>\$ 42,493,117</u>	<u>\$ 2,127,244</u>	<u>\$ (817,359)</u>	<u>\$ 43,803,002</u>

Depreciation Expense: Depreciation expense charged to governmental functions for the year ending December 31, 2005 is as follows:

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Depreciation Expense:

General government	\$ 723,510
Security of persons and property	105,990
Community environment	126,565
Leisure time activities	14,027
Transportation	<u>1,142,048</u>
Total depreciation expense	<u>\$ 2,112,140</u>

	<u>Balance 1/1/2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2005</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 410,000	\$ 208,507	\$ (456,249)	\$ 162,258
Total capital assets, not depreciated:	<u>410,000</u>	<u>208,507</u>	<u>(456,249)</u>	<u>162,258</u>
Capital assets, being depreciated:				
Buildings	79,000	-	-	79,000
Equipment and Furniture	52,122	-	-	52,122
Land Improvement	10,296	-	-	10,296
Infrastructure	<u>20,191,497</u>	<u>456,249</u>	<u>-</u>	<u>20,647,746</u>
Total capital assets, being depreciated:	<u>20,332,915</u>	<u>456,249</u>	<u>-</u>	<u>20,789,164</u>
Less accumulated depreciation for:				
Buildings	(54,510)	(1,580)	-	(56,090)
Equipment and Furniture	(51,922)	(80)	-	(52,002)
Land Improvement	(10,296)	-	-	(10,296)
Infrastructure	<u>(8,312,203)</u>	<u>(370,945)</u>	<u>-</u>	<u>(8,683,148)</u>
Total accumulated depreciation	<u>(8,428,931)</u>	<u>(372,605)</u>	<u>-</u>	<u>(8,801,536)</u>
Total capital assets being depreciated, net	<u>11,903,984</u>	<u>83,644</u>	<u>-</u>	<u>11,987,628</u>
Business-type activities capital assets, net	<u>\$ 12,313,984</u>	<u>\$ 292,151</u>	<u>\$ (456,249)</u>	<u>\$ 12,149,886</u>

**City of Fairview Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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**Note 7 – Receivables**

Receivables at December 31, 2005 primarily consisted of taxes, accounts (billings for user charged services), intergovernmental receivables, entitlement or shared revenues and special assessments. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivables follows:

	Governmental Activities
Project reimbursement	\$ 71,706
Gasoline tax	313,159
Local government	427,234
Public utility reimbursement	13,044
Recycling	1,669
Rollback/Homestead	232,447
Liquor permit	1,893
 Total	 \$ 1,061,152

**Note 8 – Internal Balances**

The interfund payable for the year ended December 31, 2005 consisted of the following:

Due to general fund from:	
Bond retirement fund	\$ 91,812
Nonmajor governmental funds	445,565
Total due to general fund from other funds	\$ 537,377
Due to nonmajor governmental funds from:	
Other nonmajor governmental funds	\$ 173,299

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

**City of Fairview Park, Ohio**  
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Interfund transfers for the year ended December 31, 2005 consisted of the following:

Transfers from general fund to:	
Nonmajor governmental funds	\$ <u>617,123</u>
Transfers from nonmajor governmental funds to:	
Other nonmajor governmental funds	\$ <u>90,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 9 - Risk Management**

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

The City maintains comprehensive insurance coverage with independent third parties for real property, building, vehicle, general liability and professional liability insurance. Settled claims have not exceeded commercial coverage in any of the past three years. Also, the City did not significantly reduce its limits of liability during 2005.

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

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

The City provides employees medical, prescription, and dental benefits through a self-insurance program. All funds of the City participate in the program and make payments to the health insurance reserve internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The medical self-insurance fund provides coverage for up to a maximum of \$50,000 for each individual. The City utilizes a third party administrator, to review all claims which are then paid by the City. The City purchases stop-loss coverage at a cost of \$101,000 annually. Stop-loss coverage provides the amount for the total claims in excess of 110% of projected claims liabilities. During 2005, a total of \$1,195,446 was paid in benefits and administrative costs. Changes in the internal service fund's claim liability amount in 2004 and 2005 were as follows:

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		Beginning Balance	Current Year Claims	Claim Payments		Ending Balance
2004	\$	46,909	1,009,562	(965,427)	\$	91,044
2005	\$	91,044	969,197	(996,072)	\$	64,169

**Note 10 - Capital Lease**

In a prior year, the City entered into a capital lease for the acquisition of capital equipment and vehicles. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service payments in the basic financial statements for the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis.

Governmental activities capital assets consisting of machinery, equipment, and vehicles have been capitalized in the amount of \$924,699. The capitalized amount is equal to the present value of the future minimum lease payments and the down payment respectively, at the time of acquisition.

The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments at December 31, 2005:

		Honeywell Conservation Projects	Vehicle Lease-Purchase Agreement	Ambulance Lease-Purchase Agreement		Total
Year						
2006	\$	32,521	\$ 83,976	\$ 28,492	\$	144,989
2007		32,521	83,976	-		116,497
2008		27,101	83,976	-		111,077
2009		-	83,976	-		83,976
2010		-	83,976	-		83,976
Total Minimum Lease Payments		92,143	419,880	28,492		540,515
Less: Amount Representing Interest		(6,212)	(44,482)	(594)		(51,288)
Present Value of Minimum Lease Payments	\$	85,931	\$ 375,398	\$ 27,898	\$	\$ 489,227

**City of Fairview Park, Ohio**  
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**Note 11 - Long-Term Obligations**

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

	<u>Balance</u> <u>1/1/2004</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance</u> <u>12/31/2005</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
General Obligation Bonds:					
1999 Various Purpose, 3.7-5.3%	\$ 3,240,000	\$ -	\$ (2,420,000)	\$ 820,000	\$ 190,000
2005 Refunding Bonds, 3-4.125%	-	2,380,000	-	2,380,000	5,000
2005 Various Purpose, 3-5%	-	21,800,000	-	21,800,000	550,000
Premium on bonds	-	914,896	(52,897)	861,999	-
Total General Obligation Bonds	<u>3,240,000</u>	<u>25,094,896</u>	<u>(2,472,897)</u>	<u>25,861,999</u>	<u>745,000</u>
Long-Term Notes:					
Economic Development, 3.05%	1,200,000	-	-	1,200,000	1,200,000
Lorain Road Revitalization, 4.6-6.6%	346,580	-	(22,320)	324,260	23,814
Total Long-Term Notes	<u>1,546,580</u>	<u>-</u>	<u>(22,320)</u>	<u>1,524,260</u>	<u>1,223,814</u>
Capital Leases:					
Honeywell Conservation Projects 4.9%	113,553	-	(27,622)	85,931	28,992
Ambulance Lease-Purchase	162,287	-	(134,389)	27,898	27,898
Vehicle Lease Purchase Agreement 4.2%	441,603	-	(66,205)	375,398	69,001
Total Capital Leases	<u>717,443</u>	<u>-</u>	<u>(228,216)</u>	<u>489,227</u>	<u>125,891</u>
Other Long-Term Obligation:					
Compensated Absences Payable	<u>1,973,197</u>	<u>1,013,271</u>	<u>(825,669)</u>	<u>2,160,799</u>	<u>708,825</u>
Total Long-Term Liabilities in Governmental Activities	<u>\$ 7,477,220</u>	<u>\$ 26,108,167</u>	<u>\$ (3,549,102)</u>	<u>\$ 30,036,285</u>	<u>\$ 2,803,530</u>

**City of Fairview Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

	Restated Balance 1/1/2004	Addition	Deletion	Balance 12/31/2005	Due Within One Year
<b>Business-Type Activities:</b>					
General Obligation Bonds:					
1986 Sewer Improvement 7.0%	\$ 230,000	\$ -	\$ (115,000)	\$ 115,000	\$ 115,000
Long-Term Notes:					
OPWC 0.0%	370,799	-	(54,201)	316,598	36,134
Other Long-Term Obligations:					
1990 Capital Charges Agreement, 0%	41,155	-	(30,775)	10,380	10,380
1994 Capital Charges Agreement, 0%	674,819	-	(56,789)	618,030	56,789
Compensated Absences Payable	63,157	40,489	(42,711)	60,935	35,588
Total Other Long-Term Obligations	779,131	40,489	(130,275)	689,345	102,757
Total Long-Term Liabilities					
In Business-Type Activities	\$ 1,379,930	\$ 40,489	\$ (299,476)	\$ 1,120,943	\$ 253,891

The 1999 Various Purpose General Obligation Bonds, the Economic Development Notes and the Lorain Road Revitalization Notes will be paid from the Bond Retirement fund. The proceeds of the bonds were used to refund the general obligation bond anticipation notes used to improve and expand the City's park and recreational facilities, construct the senior center, acquire equipment and vehicles and pay the unfunded pension liability. The proceeds of the notes were used to purchase properties on Lorain Road.

In December 2005, the City issued \$2,380,000 in General Obligation Bonds with an average interest rate of 3.6% to advance refund \$2,420,000 of outstanding 1999 Various Purpose General Obligation Bonds with an average interest rate of 4.5%. The proceeds consisted of principal and \$22,561 of premium. The net proceeds of \$2,101,896 (after payment of underwriting fees, insurance, and other issuance costs of \$300,665) was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments. As a result, this portion of the general obligation bonds are considered to be defeased and the liability is not reported by the City. The premium on the general obligation bonds was not significant and will not be amortized over the life of the new bonds.

The City advance refunded the 1999 Various Purpose General Obligation Bonds to reduce their total debt service payments over the next 14 years by \$92,802 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$75,582.

Additionally, on December 31, 2005, the City issued \$21,800,000 in Various Purpose General Obligation Bonds. The bonds will be paid from the Bond Retirement fund. The proceeds of the bonds will be used to improve and expand the City's recreational facilities. The premium on the bonds was significant and is amortized over the life of the bonds using the bonds outstanding method of amortization.

Compensated absences reported in the "compensated absences payable" account will be paid from the funds from which the employees' salaries are paid.

**City of Fairview Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

The business-type activities related general obligation bonds and Ohio Public Works Commission loans will be paid from user charges.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2005 are as follows:

<u>Years</u>	<u>General Obligation Bonds</u>			<u>Long-Term Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2006	\$ 745,000	\$ 1,142,135	\$ 1,887,135	\$ 1,223,814	\$ 39,270	\$ 1,263,084
2007	765,000	1,116,935	1,881,935	25,408	19,376	44,784
2008	525,000	1,090,785	1,615,785	27,109	17,675	44,784
2009	535,000	1,071,465	1,606,465	28,924	15,861	44,785
2010	495,000	1,050,887	1,545,887	30,860	13,924	44,784
2011-2015	2,585,000	4,977,637	7,562,637	188,145	35,018	223,163
2016-2020	4,550,000	4,283,687	8,833,687	-	-	-
2021-2025	6,000,000	3,150,000	9,150,000	-	-	-
2026-2030	8,800,000	1,382,500	10,182,500	-	-	-
Totals	<u>\$ 25,000,000</u>	<u>\$ 19,266,031</u>	<u>\$ 44,266,031</u>	<u>\$ 1,524,260</u>	<u>\$ 141,124</u>	<u>\$ 1,665,384</u>

<u>Years</u>	<u>Sewer Improvement Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2006	\$ 115,000	\$ 8,050	\$ 123,050
Totals	<u>\$ 115,000</u>	<u>\$ 8,050</u>	<u>\$ 123,050</u>

<u>Years</u>	<u>1990 Capital Charges</u>		<u>1994 Capital Charges</u>		<u>OPWC Loans</u>	
	<u>Principal</u>	<u>Payment</u>	<u>Principal</u>	<u>Payment</u>	<u>Principal</u>	<u>Payment</u>
2006	\$ 10,380	\$ 10,380	\$ 56,789	\$ 56,789	\$ 36,134	\$ 36,134
2007	-	-	56,780	56,780	36,134	36,134
2008	-	-	56,824	56,824	36,134	36,134
2009	-	-	56,817	56,817	36,134	36,134
2010	-	-	56,796	56,796	36,134	36,134
2011-2015	-	-	284,114	284,114	135,928	135,928
2016-2020	-	-	49,910	49,910	-	-
Total	<u>\$ 10,380</u>	<u>\$ 10,380</u>	<u>\$ 618,030</u>	<u>\$ 618,030</u>	<u>\$ 316,598</u>	<u>\$ 316,598</u>

**Note 12 - Other Employee Benefits**

*Compensated Absences*

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

Upon retirement, a union employee and police department employee can be paid for one half of their accumulated hours of sick leave up to 1,100, and a non-union employee can be paid for one half of their accumulated hours of sick leave up to 980 hours. Fire department employees can be paid for one half of their accumulated sick leave up to 1,307 hours. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not used.

As of December 31, 2005, the liability for unpaid compensated absences was \$2,221,734 for the entire City.

**Note 13 - Defined Benefit Pension Plans**

A. *Ohio Public Employees Retirement System*

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

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

**City of Fairview Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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The Ohio Revised Code provides statutory authority for member and employer contribution. For 2005, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2005 member contribution rates were 8.5 percent for members in classifications other than law enforcement and public safety. For local government employer units, the City's the contribution rate was 13.55 percent of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$321,578, \$444,141, and \$418,927 respectively. The full amount has been contributed for 2004 and 2003, and 70.6 percent has been contributed for 2005. \$133,876 representing the unpaid contribution for 2005 is recorded as a liability within the respective funds.

**B. *Police and Firemen's Disability and Pension***

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations, while the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters to fund pension obligations. Contributions are authorized by State statute. The City's contributions to the PFDPF for police and firefighters were \$218,324 and \$308,227 for the year ended December 31, 2005, \$353,983 and \$436,879 for 2004, \$338,586, and \$421,281 for 2003. The full amount has been contributed for 2004 and 2003 respectively. 71 percent has been contributed for 2005. \$240,315 representing the unpaid contribution for 2005 is reported as a liability within the respective funds.

**Note 14 - Postemployment Benefits**

**A. *Ohio Public Employees Retirement System***

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

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

*City of Fairview Park, Ohio*  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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

OPEBs are advance-funded on an actuarially determined basis. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2004 (the latest information available) was 8 percent. An annual increase of 4 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4 percent base increase, were assumed to range from 0.5 to 6.3 percent. Health care costs were assumed to increase at the projected wages inflation rate plus an additional factor ranging from one to six percent for the next eight years. In subsequent years (nine and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation).

At year-end 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The rates stated above are the actuarially determined contribution requirements for OPERS. The portion of employer contributions that were used to fund post employment benefits was \$134,692. \$10.8 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2004 (the latest information available). The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

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

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

*City of Fairview Park, Ohio*  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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*B. Police and Firemen's Disability Pension Fund*

The Ohio Police and Fire Pension Fund (the "OP&F") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll. The Ohio Revised Code provides the statutory authority allowing OP&F Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expense. The board defined allocation was 7.75 percent of covered payroll in 2005 and 2004. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly healthcare contributions.

The City's actual contributions for 2005 that were used to fund postemployment benefits were \$144,001 for police and \$147,000 for firefighters. The OP&F total health care expense for the year ended December 31, 2004, the last actuarial valuation available, was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

**Note 15 - Joint Venture - Rocky River Wastewater Treatment Plant**

The Rocky River Wastewater Treatment Plant (the "Plant") is a joint venture among the cities of Fairview Park, Bay Village, Rocky River and Westlake. The Plant is governed by a management board consisting of the elected mayors of the four member cities and a fifth person nominated and elected by the mayors. The board has complete authority over all aspects of the Plant's operations. The Plant supplies all participating residents of the member cities with sewer services. Each city owns the sewage liens located in its city and bills its residents for usage. Continued existence of the Plant is dependent on the City's continued participation, and the City has an equity interest in the Plant. The City's equity interest is \$4,120,805 which represents 18.41 percent of the total equity in the Plant. The Plant is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the City. Complete financial statements can be obtained from the City of Rocky River, 21012 Hilliard Ave., Rocky River, Ohio 44116.

***City of Fairview Park, Ohio***  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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**Note 16 - Jointly Governed Organizations**

A. *Westshore Council of Governments*

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

In 2005, the City contributed \$41,483 to the Council. The Council has established two subsidiary organizations, the Westshore Hazardous Materials Committee ("HAZMAT") which provides hazardous material protection and assistance, and the Westshore Enforcement Bureau which provides extra assistance to cities in the form of a SWAT Team. Complete financial statements can be obtained from the City of Rocky River, P.O. Box 16088, Rocky River, Ohio 44146-0088.

B. *Tri-City Park*

The Tri-City Park (the "Park") provides a recreational park to the cities of Rocky River, Westlake and Fairview Park. The Park is governed by a board consisting of the elected mayors of the three cities. The board exercises total control over the operation of the Park including budgeting, appropriating, contracting, and designating management. Budgets are adopted by the board. Each city's degree of control is limited to its representation on the board. In 2005, the City did not contribute to the Park. Complete financial statements can be obtained from the City of Westlake, 27216 Hilliard, Westlake, Ohio 44145.

**Note 17 – Contingencies**

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

**City of Fairview Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2005

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**Note 18 – Accountability and Compliance**

*A. Fund Deficits*

The following funds had a deficit fund balance or deficit net assets as of December 31, 2005:

Fund	Deficit Fund Balance
<u>Special Revenue Fund:</u>	
State Highway	\$ 12,865
Recreation	87,902
Police and Fire Pension	229,860
State Grants	7,564
 <u>Capital Project Fund:</u>	
Lorain Road Revitalization	\$ 452,305

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

*B. Compliance*

*Expenditures and Encumbrances Exceeding Appropriation:* Section 5704.41(B), Revised Code, prohibits the City from making expenditure unless it has been properly appropriated. The State Highway, Recreation, Police and Fire Pension, Fire Operating Levy, State Grants, and DUI Education special revenue funds and the Recreation Construction, Recreation/Community Center and Lorain Road Revitalization capital project funds and the Storm and Sanitary Sewer fund were found to have expenditures plus encumbrances in excess of appropriations. Additionally, the general fund had expenditures plus encumbrances in excess of appropriations for various departments which is the general funds legal level of control.

Section 5705.41(D), Revised Code, prohibits the City from entering into a contract or ordering an expenditure of money unless a certificate signed by a fiscal officer is attached thereto. During the year, the City had several instances of noncompliance.

Section 5705.10, Revised Code, prohibits the City from having negative fund balances. The State Grants fund reported a negative fund balance at December 31, 2005.

**Note 19 – Subsequent Event**

As of December 31, 2005, the City completed the Wooster Road Project. The City owes \$304,643 to Rocky River for its share of the final settlement of the shared costs to be offset by a contribution of \$250,000 to be received from the County. The \$304,643 will be paid out of the Capital Projects capital project fund and the Storm and Sanitary Sewer fund.

## Combining Statements

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

Special revenue funds are used to account for types of resources for which specific uses are mandated by City ordinances or Federal and State statutes. The title of each special revenue fund is descriptive of the activities accounted for therein. The special revenue funds are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds (continued)*

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

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

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

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

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

## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Capital Project Funds*

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

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

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

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

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

**City of Fairview Park, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 833,576	\$ 1,100,462	\$ 1,934,038
Receivables:			
Income tax	-	461,600	461,600
Property and other taxes	883,284	294,085	1,177,369
Accounts	158,783	-	158,783
Interfund	5,299	168,000	173,299
Special assessments	272,189	-	272,189
Intergovernmental	337,566	22,780	360,346
Materials and supplies inventory	26,765	-	26,765
Total assets	<u>\$ 2,517,462</u>	<u>\$ 2,046,927</u>	<u>\$ 4,564,389</u>
Liabilities:			
Accounts payable	\$ 110,064	\$ -	\$ 110,064
Interfund payable	150,864	468,000	618,864
Accrued wages	7,129	-	7,129
Intergovernmental payable	300,876	-	300,876
Deferred revenue	1,427,483	595,126	2,022,609
Total liabilities	<u>1,996,416</u>	<u>1,063,126</u>	<u>3,059,542</u>
Fund balances:			
Reserved for encumbrances	11,157	-	11,157
Unreserved, undesignated, Reported in:			
Special revenue funds	509,889	-	509,889
Capital projects fund	-	983,801	983,801
Total fund balances	<u>521,046</u>	<u>983,801</u>	<u>1,504,847</u>
Total liabilities and fund balances	<u>\$ 2,517,462</u>	<u>\$ 2,046,927</u>	<u>\$ 4,564,389</u>

**City of Fairview Park, Ohio**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Governmental Funds**

**For the Year Ended December 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Income tax	\$ -	\$ 1,165,725	\$ 1,165,725
Property and other taxes	841,454	305,966	1,147,420
Charges for services	544,723	1,100	545,823
Fines, licenses, and permits	98,201	-	98,201
Intergovernmental	852,393	42,332	894,725
Special assessments	247,661	-	247,661
Investment income	7,266	109,342	116,608
Other	21,965	2,240	24,205
<b>Total revenue</b>	<b>2,613,663</b>	<b>1,626,705</b>	<b>4,240,368</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	-	9,771	9,771
Security of persons and property	1,748,532	-	1,748,532
Transportation	711,879	35,590	747,469
Community environment	661	-	661
Leisure time activities	533,676	31,676	565,352
<b>Debt service:</b>			
Principal retirement	89,900	290,694	380,594
Interest and fiscal charges	87,156	94,766	181,922
<b>Total expenditures</b>	<b>3,171,804</b>	<b>462,497</b>	<b>3,634,301</b>
Excess of revenues over (under) expenditures	(558,141)	1,164,208	606,067
<b>Other financing sources (uses):</b>			
Transfers - in	617,123	90,000	707,123
Transfers - out	(90,000)	-	(90,000)
<b>Total other financing sources (uses)</b>	<b>527,123</b>	<b>90,000</b>	<b>617,123</b>
<b>Net change in fund balance</b>	<b>(31,018)</b>	<b>1,254,208</b>	<b>1,223,190</b>
Fund balances at beginning of year, as restated	552,064	(270,407)	281,657
<b>Fund balances at end of year</b>	<b>\$ 521,046</b>	<b>\$ 983,801</b>	<b>\$ 1,504,847</b>

**City of Fairview Park, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2005**

	Street Construction Maintenance and Repair Fund	State Highway Fund	Recreation Fund	Police and Fire Pension Fund	S.A.V.E. Fund
Assets:					
Equity in pooled cash and cash equivalents	\$ 662	\$ 21,304	\$ 88,881	\$ 1,858	\$ 400
Receivables:					
Property and other taxes	-	-	390,397	222,414	-
Accounts	-	-	-	-	-
Interfund	-	-	-	5,299	-
Special assessments	-	-	-	-	-
Intergovernmental	289,672	23,487	-	6,044	-
Materials and supplies inventory	26,765	-	-	-	-
Total assets	<u>\$ 317,099</u>	<u>\$ 44,791</u>	<u>\$ 479,278</u>	<u>\$ 235,615</u>	<u>\$ 400</u>
Liabilities:					
Accounts payable	\$ 21,838	\$ 43,623	\$ 10,975	\$ -	\$ -
Interfund payable	1,300	-	142,000	-	-
Accrued wages	6,194	-	935	-	-
Intergovernmental payable	32,187	-	28,374	240,315	-
Deferred revenue	173,076	14,033	384,896	225,160	-
Total liabilities	<u>234,595</u>	<u>57,656</u>	<u>567,180</u>	<u>465,475</u>	<u>-</u>
Fund balances:					
Reserved for encumbrances	69	160	5,556	-	-
Unreserved, undesignated,					
Reported in:					
Special revenue funds	82,435	(13,025)	(93,458)	(229,860)	400
Total fund balances	<u>82,504</u>	<u>(12,865)</u>	<u>(87,902)</u>	<u>(229,860)</u>	<u>400</u>
Total liabilities and fund balances	<u>\$ 317,099</u>	<u>\$ 44,791</u>	<u>\$ 479,278</u>	<u>\$ 235,615</u>	<u>\$ 400</u>

<u>Street Lighting Fund</u>	<u>Fire Operating Levy Fund</u>	<u>Federal Grants Fund</u>	<u>State Grants Fund</u>	<u>Fairview Park Sidewalk Fund</u>	<u>Bain Park Restoration Fund</u>	<u>Law Enforcement Trust Fund</u>
\$ 377,298	\$ 614	\$ 1,456	\$ -	\$ 4,924	\$ 15,151	\$ 12,611
-	270,473	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
272,189	-	-	-	-	-	-
-	18,363	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 649,487</u>	<u>\$ 289,450</u>	<u>\$ 1,456</u>	<u>\$ -</u>	<u>\$ 4,924</u>	<u>\$ 15,151</u>	<u>\$ 12,611</u>
\$ 30,627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	7,564	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
272,189	284,589	-	-	-	-	-
<u>302,816</u>	<u>284,589</u>	<u>-</u>	<u>7,564</u>	<u>-</u>	<u>-</u>	<u>-</u>
423	-	-	-	-	528	-
<u>346,248</u>	<u>4,861</u>	<u>1,456</u>	<u>(7,564)</u>	<u>4,924</u>	<u>14,623</u>	<u>12,611</u>
<u>346,671</u>	<u>4,861</u>	<u>1,456</u>	<u>(7,564)</u>	<u>4,924</u>	<u>15,151</u>	<u>12,611</u>
<u>\$ 649,487</u>	<u>\$ 289,450</u>	<u>\$ 1,456</u>	<u>\$ -</u>	<u>\$ 4,924</u>	<u>\$ 15,151</u>	<u>\$ 12,611</u>

**City of Fairview Park, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2005**

	DUI Education Fund	P.O.P.A.S. Fund	Civil Reimbursement Fund	New Levy/ Project Account Fund	Cable TV Franchise Fee Fund
Assets:					
Equity in pooled cash and cash equivalents	\$ 3,110	\$ 29,186	\$ 2,525	\$ 1	\$ 247,194
Receivables:					
Property and other taxes	-	-	-	-	-
Accounts	4,331	-	-	-	46,020
Interfund	-	-	-	-	-
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Total assets	<u>\$ 7,441</u>	<u>\$ 29,186</u>	<u>\$ 2,525</u>	<u>\$ 1</u>	<u>\$ 293,214</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-	-
Accrued wages	-	-	-	-	-
Intergovernmental payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Reserved for encumbrances	2,587	-	-	-	-
Unreserved, undesignated,					
Reported in:					
Special revenue funds	4,854	29,186	2,525	1	293,214
Total fund balances	<u>7,441</u>	<u>29,186</u>	<u>2,525</u>	<u>1</u>	<u>293,214</u>
Total liabilities and fund balances	<u>\$ 7,441</u>	<u>\$ 29,186</u>	<u>\$ 2,525</u>	<u>\$ 1</u>	<u>\$ 293,214</u>

<u>DARE Fund</u>	<u>Emergency Medical System Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 21,318	\$ 5,083	\$ 833,576
-	-	883,284
-	108,432	158,783
-	-	5,299
-	-	272,189
-	-	337,566
-	-	26,765
<u>\$ 21,318</u>	<u>\$ 113,515</u>	<u>\$ 2,517,462</u>
\$ -	\$ 3,001	\$ 110,064
-	-	150,864
-	-	7,129
-	-	300,876
-	73,540	1,427,483
<u>-</u>	<u>76,541</u>	<u>1,996,416</u>
-	1,834	11,157
<u>21,318</u>	<u>35,140</u>	<u>509,889</u>
<u>21,318</u>	<u>36,974</u>	<u>521,046</u>
<u>\$ 21,318</u>	<u>\$ 113,515</u>	<u>\$ 2,517,462</u>

**City of Fairview Park, Ohio**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Special Revenue Funds**

**For the Year Ended December 31, 2005**

	Street Construction Maintenance and Repair Fund	State Highway Fund	Recreation Fund	Police and Fire Pension Fund	S.A.V.E. Fund
<b>Revenues:</b>					
Property and other taxes	\$ -	\$ -	\$ 351,672	\$ 210,824	\$ -
Charges for services	-	-	166,461	-	-
Fines, licenses, and permits	-	-	-	-	-
Intergovernmental	660,927	53,589	54,212	25,072	-
Special assessments	-	-	-	-	-
Investment income	-	-	2,569	-	-
Other	-	-	13,224	-	-
Total revenue	<u>660,927</u>	<u>53,589</u>	<u>588,138</u>	<u>235,896</u>	<u>-</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Security of persons and property	-	-	-	862,236	-
Transportation	633,256	78,623	-	-	-
Community environment	-	-	-	-	-
Leisure time activities	-	-	531,336	-	-
<b>Debt service:</b>					
Principal retirement	-	-	85,000	4,900	-
Interest and fiscal charges	-	-	82,403	4,753	-
Total expenditures	<u>633,256</u>	<u>78,623</u>	<u>698,739</u>	<u>871,889</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>27,671</u>	<u>(25,034)</u>	<u>(110,601)</u>	<u>(635,993)</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Transfers - in	-	-	20,000	597,123	-
Transfers - out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>597,123</u>	<u>-</u>
Net change in fund balance	27,671	(25,034)	(90,601)	(38,870)	-
Fund balances at beginning of year, as restated	<u>54,833</u>	<u>12,169</u>	<u>2,699</u>	<u>(190,990)</u>	<u>400</u>
Fund balances at end of year	<u>\$ 82,504</u>	<u>\$ (12,865)</u>	<u>\$ (87,902)</u>	<u>\$ (229,860)</u>	<u>\$ 400</u>

Street Lighting Fund	Fire Operating Levy Fund	Federal Grants Fund	State Grants Fund	Fairview Park Sidewalk Fund	Bain Park Restoration Fund	Law Enforcement Trust Fund
\$ -	\$ 278,958	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	37,538	-	-	-	-	-
247,661	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	8,741	-
<u>247,661</u>	<u>316,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,741</u>	<u>-</u>
204,105	306,379	-	-	-	-	1
-	-	-	-	-	-	-
-	-	-	661	-	-	-
-	-	-	-	-	2,340	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>204,105</u>	<u>306,379</u>	<u>-</u>	<u>661</u>	<u>-</u>	<u>2,340</u>	<u>1</u>
<u>43,556</u>	<u>10,117</u>	<u>-</u>	<u>(661)</u>	<u>-</u>	<u>6,401</u>	<u>(1)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>43,556</u>	<u>10,117</u>	<u>-</u>	<u>(661)</u>	<u>-</u>	<u>6,401</u>	<u>(1)</u>
303,115	(5,256)	1,456	(6,903)	4,924	8,750	12,612
<u>\$ 346,671</u>	<u>\$ 4,861</u>	<u>\$ 1,456</u>	<u>\$ (7,564)</u>	<u>\$ 4,924</u>	<u>\$ 15,151</u>	<u>\$ 12,611</u>

*City of Fairview Park, Ohio*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Special Revenue Funds**

**For the Year Ended December 31, 2005**

	DUI Education Fund	P.O.P.A.S. Fund	Civil Reimbursement Fund	New Levy/ Project Account Fund	Cable TV Franchise Fee Fund
Revenues:					
Property and other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	4,311	96,023	-	-	-
Fines, licenses, and permits	2,925	-	-	-	95,276
Intergovernmental	-	-	121	-	-
Special assessments	-	-	-	-	-
Investment income	-	-	-	-	4,697
Other	-	-	-	-	-
Total revenue	<u>7,236</u>	<u>96,023</u>	<u>121</u>	<u>-</u>	<u>99,973</u>
Expenditures:					
Current:					
Security of persons and property	6,326	78,077	-	-	-
Transportation	-	-	-	-	-
Community environment	-	-	-	-	-
Leisure time activities	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>6,326</u>	<u>78,077</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>910</u>	<u>17,946</u>	<u>121</u>	<u>-</u>	<u>99,973</u>
Other financing sources (uses):					
Transfers - in	-	-	-	-	-
Transfers - out	-	-	-	-	(90,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>
Net change in fund balance	910	17,946	121	-	9,973
Fund balances at beginning of year, as restated	<u>6,531</u>	<u>11,240</u>	<u>2,404</u>	<u>1</u>	<u>283,241</u>
Fund balances at end of year	<u>\$ 7,441</u>	<u>\$ 29,186</u>	<u>\$ 2,525</u>	<u>\$ 1</u>	<u>\$ 293,214</u>

DARE Fund	Emergency Medical System Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 841,454
-	277,928	544,723
-	-	98,201
20,934	-	852,393
-	-	247,661
-	-	7,266
-	-	21,965
<u>20,934</u>	<u>277,928</u>	<u>2,613,663</u>
20,221	271,187	1,748,532
-	-	711,879
-	-	661
-	-	533,676
-	-	89,900
-	-	87,156
<u>20,221</u>	<u>271,187</u>	<u>3,171,804</u>
<u>713</u>	<u>6,741</u>	<u>(558,141)</u>
-	-	617,123
-	-	(90,000)
-	-	527,123
713	6,741	(31,018)
20,605	30,233	552,064
<u>\$ 21,318</u>	<u>\$ 36,974</u>	<u>\$ 521,046</u>

**City of Fairview Park, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**December 31, 2005**

	Recreation/ Community Center Fund	Permanent Improvement Fund	Lorain Road Revitalization Fund	Senior Center Construction Fund	Total Nonmajor Capital Projects Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 935,779	\$ 138,130	\$ 15,695	\$ 10,858	\$ 1,100,462
Receivables:					
Income tax	461,600	-	-	-	461,600
Property and other taxes	-	294,085	-	-	294,085
Interfund	123,000	-	-	45,000	168,000
Intergovernmental	-	22,780	-	-	22,780
Total assets	<u>\$ 1,520,379</u>	<u>\$ 454,995</u>	<u>\$ 15,695</u>	<u>\$ 55,858</u>	<u>\$ 2,046,927</u>
Liabilities:					
Interfund payable	\$ -	\$ -	\$ 468,000	\$ -	\$ 468,000
Deferred revenue	283,049	312,077	-	-	595,126
Total liabilities	<u>283,049</u>	<u>312,077</u>	<u>468,000</u>	<u>-</u>	<u>1,063,126</u>
Fund balances:					
Unreserved, undesignated, Reported in:					
Capital projects fund	<u>1,237,330</u>	<u>142,918</u>	<u>(452,305)</u>	<u>55,858</u>	<u>983,801</u>
Total fund balances	<u>1,237,330</u>	<u>142,918</u>	<u>(452,305)</u>	<u>55,858</u>	<u>983,801</u>
Total liabilities and fund balances	<u>\$ 1,520,379</u>	<u>\$ 454,995</u>	<u>\$ 15,695</u>	<u>\$ 55,858</u>	<u>\$ 2,046,927</u>

**City of Fairview Park, Ohio**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Capital Projects Funds**

**For the Year Ended December 31, 2005**

	Recreation/ Community Center Fund	Permanent Improvement Fund	Lorain Road Revitalization Fund	Senior Center Construction Fund	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>					
Income tax	\$ 1,165,725	\$ -	\$ -	\$ -	\$ 1,165,725
Property and other taxes	-	305,966	-	-	305,966
Charges for services	1,100	-	-	-	1,100
Intergovernmental	-	42,332	-	-	42,332
Investment income	102,181	5,337	1,824	-	109,342
Other	-	2,240	-	-	2,240
Total revenue	<u>1,269,006</u>	<u>355,875</u>	<u>1,824</u>	<u>-</u>	<u>1,626,705</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	-	9,771	-	-	9,771
Transportation	-	-	35,590	-	35,590
Leisure time activities	31,676	-	-	-	31,676
Principal retirement	-	290,694	-	-	290,694
Interest and fiscal charges	-	58,166	36,600	-	94,766
Total expenditures	<u>31,676</u>	<u>358,631</u>	<u>72,190</u>	<u>-</u>	<u>462,497</u>
Excess of revenues over (under) expenditures	<u>1,237,330</u>	<u>(2,756)</u>	<u>(70,366)</u>	<u>-</u>	<u>1,164,208</u>
<b>Other financing sources (uses):</b>					
Transfers - in	-	-	90,000	-	90,000
Net change in fund balance	1,237,330	(2,756)	19,634	-	1,254,208
Fund balances at beginning of year, as restated	-	145,674	(471,939)	55,858	(270,407)
Fund balances at end of year	<u>\$ 1,237,330</u>	<u>\$ 142,918</u>	<u>\$ (452,305)</u>	<u>\$ 55,858</u>	<u>\$ 983,801</u>

**City of Fairview Park, Ohio**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2005**

<b>Special Holding Account</b>	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 53,745	\$ 49,081	\$ 57,521	\$ 45,305
Receivables:				
Accounts	-	526	-	526
Total assets	<u>\$ 53,745</u>	<u>\$ 49,607</u>	<u>\$ 57,521</u>	<u>\$ 45,831</u>
<u>Liabilities:</u>				
Accounts payable	\$ 824	\$ 434	\$ 824	\$ 434
Intergovernmental payable	-	-	-	-
Undistributed monies	52,921	390	7,914	45,397
Refundable deposits	-	-	-	-
Total liabilities	<u>\$ 53,745</u>	<u>\$ 824</u>	<u>\$ 8,738</u>	<u>\$ 45,831</u>

<b>State Building 3% Assessment</b>	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 114	\$ 1,269	\$ 1,199	\$ 184
Receivables:				
Accounts	-	-	-	-
Total assets	<u>\$ 114</u>	<u>\$ 1,269</u>	<u>\$ 1,199</u>	<u>\$ 184</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	114	1,269	1,199	184
Undistributed monies	-	-	-	-
Refundable deposits	-	-	-	-
Total liabilities	<u>\$ 114</u>	<u>\$ 1,269</u>	<u>\$ 1,199</u>	<u>\$ 184</u>

<b>Grade Deposit</b>	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,267	\$ 5,507	\$ 1,630	\$ 6,144
Receivables:				
Accounts	-	-	-	-
Total assets	<u>\$ 2,267</u>	<u>\$ 5,507</u>	<u>\$ 1,630</u>	<u>\$ 6,144</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 308	\$ -	\$ 308
Intergovernmental payable	-	-	-	-
Undistributed monies	-	-	-	-
Refundable deposits	2,267	3,877	308	5,836
Total liabilities	<u>\$ 2,267</u>	<u>\$ 4,185</u>	<u>\$ 308</u>	<u>\$ 6,144</u>

**City of Fairview Park, Ohio**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2005**

<b>Street Cleaning</b>	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,850	\$ 1,250	\$ 1,000	\$ 3,100
Receivables:				
Accounts	-	-	-	-
Total assets	<u>\$ 2,850</u>	<u>\$ 1,250</u>	<u>\$ 1,000</u>	<u>\$ 3,100</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	-	-	-
Undistributed monies	-	-	-	-
Refundable deposits	2,850	1,250	1,000	3,100
Total liabilities	<u>\$ 2,850</u>	<u>\$ 1,250</u>	<u>\$ 1,000</u>	<u>\$ 3,100</u>

<b>Street Opening</b>	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,744	\$ 750	\$ 500	\$ 2,994
Receivables:				
Accounts	-	-	-	-
Total assets	<u>\$ 2,744</u>	<u>\$ 750</u>	<u>\$ 500</u>	<u>\$ 2,994</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	-	-	-
Undistributed monies	-	-	-	-
Refundable deposits	2,744	750	500	2,994
Total liabilities	<u>\$ 2,744</u>	<u>\$ 750</u>	<u>\$ 500</u>	<u>\$ 2,994</u>

<b>Architect Deposit</b>	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 79	\$ 3,510	\$ 3,510	\$ 79
Receivables:				
Accounts	-	-	-	-
Total assets	<u>\$ 79</u>	<u>\$ 3,510</u>	<u>\$ 3,510</u>	<u>\$ 79</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 73	\$ -	\$ 73
Intergovernmental payable	-	-	-	-
Undistributed monies	-	-	-	-
Refundable deposits	79	-	73	6
Total liabilities	<u>\$ 79</u>	<u>\$ 73</u>	<u>\$ 73</u>	<u>\$ 79</u>

**City of Fairview Park, Ohio**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2005**

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<b>Sidewalk Deposit</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 56	\$ 113	\$ -	\$ 169
Receivables:				
Accounts	-	-	-	-
Total assets	<u>\$ 56</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 169</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	-	-	-
Undistributed monies	-	-	-	-
Refundable deposits	56	113	-	169
Total liabilities	<u>\$ 56</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 169</u>

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<b>Senior Life Donation</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 20,943	\$ 37,067	\$ 26,880	\$ 31,130
Receivables:				
Accounts	-	510	-	510
Total assets	<u>\$ 20,943</u>	<u>\$ 37,577</u>	<u>\$ 26,880</u>	<u>\$ 31,640</u>
<u>Liabilities:</u>				
Accounts payable	\$ 825	\$ 1,336	\$ 825	\$ 1,336
Intergovernmental payable	-	-	-	-
Undistributed monies	20,118	10,697	511	30,304
Refundable deposits	-	-	-	-
Total liabilities	<u>\$ 20,943</u>	<u>\$ 12,033</u>	<u>\$ 1,336</u>	<u>\$ 31,640</u>

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<b>Survey Sanitary/Storm Sewer</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,499	\$ 1,050	\$ 300	\$ 3,249
Receivables:				
Accounts	-	-	-	-
Total assets	<u>\$ 2,499</u>	<u>\$ 1,050</u>	<u>\$ 300</u>	<u>\$ 3,249</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	-	-	-
Undistributed monies	-	-	-	-
Refundable deposits	2,499	1,050	300	3,249
Total liabilities	<u>\$ 2,499</u>	<u>\$ 1,050</u>	<u>\$ 300</u>	<u>\$ 3,249</u>

**City of Fairview Park, Ohio**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2005**

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<b>Preliminary Investigation</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ 150	\$ 150	\$ -
Receivables:				
Accounts	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ -</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	-	-	-
Undistributed monies	-	-	-	-
Refundable deposits	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
<b>Totals</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 85,297	\$ 99,747	\$ 92,690	\$ 92,354
Receivables:				
Accounts	-	1,036	-	1,036
Total assets	<u>\$ 85,297</u>	<u>\$ 100,783</u>	<u>\$ 92,690</u>	<u>\$ 93,390</u>
<u>Liabilities:</u>				
Accounts payable	\$ 1,649	\$ 2,151	\$ 1,649	\$ 2,151
Intergovernmental payable	114	1,269	1,199	184
Undistributed monies	73,039	11,087	8,425	75,701
Refundable deposits	10,495	7,040	2,181	15,354
Total liabilities	<u>\$ 85,297</u>	<u>\$ 21,547</u>	<u>\$ 13,454</u>	<u>\$ 93,390</u>

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

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Income tax	\$ 3,704,200	\$ 3,704,200	\$ 3,394,182	\$ (310,018)
Property and other taxes	3,554,646	3,504,646	3,371,634	(133,012)
Charges for services	24,047	24,047	21,727	(2,320)
Fines, licenses, and permits	293,103	293,103	273,957	(19,146)
Intergovernmental	1,223,303	1,223,018	1,216,517	(6,501)
Investment income	120,000	120,000	117,183	(2,817)
Rentals	9,949	9,949	12,749	2,800
Other	97,352	97,352	137,227	39,875
Total revenue	<u>9,026,600</u>	<u>8,976,315</u>	<u>8,545,176</u>	<u>(431,139)</u>
<u>Expenditures:</u>				
Current:				
General government				
Board of appeals	2,141	2,141	1,688	453
Mayor's office	151,381	153,381	153,530	(149)
Service director	248,629	278,629	278,010	619
Finance department	380,821	380,821	380,266	555
Legal department	118,969	118,969	105,683	13,286
Engineering	37,213	37,213	37,130	83
Municipal land and buildings	286,671	301,671	320,375	(18,704)
Civil service	848	848	829	19
County and state fees	392,620	332,620	229,337	103,283
Legislative	100,510	100,510	98,480	2,030
Other administrative	120,023	120,023	131,889	(11,866)
Total general government	<u>1,839,826</u>	<u>1,826,826</u>	<u>1,737,217</u>	<u>89,609</u>
Security of persons and property				
Police department	2,557,818	2,569,818	2,597,396	(27,578)
Traffic Control	152,913	152,913	156,062	(3,149)
Fire department	1,830,996	1,840,996	1,792,931	48,065
Total safety services	<u>4,541,727</u>	<u>4,563,727</u>	<u>4,546,389</u>	<u>17,338</u>
Public health and welfare				
Public health	59,866	59,866	72,453	(12,587)
Transportation				
Motor vehicle maintenance	351,119	374,119	412,827	(38,708)

(continued)

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Planning and design commission	6,929	6,929	5,989	940
Building department	253,239	253,239	240,368	12,871
Recycling and solid waste disposal	1,086,073	1,121,073	1,160,465	(39,392)
Senior life office	294,546	309,546	300,069	9,477
Total community environment	1,640,787	1,690,787	1,706,891	(16,104)
Leisure time activities				
Parks and property maintenance	394,082	394,082	393,557	525
Total expenditures	8,827,407	8,909,407	8,869,334	40,073
Excess of revenues over (under) expenditures	199,193	66,908	(324,158)	(391,066)
<u>Other financing sources (uses):</u>				
Advances - in	73,400	73,400	73,400	-
Transfers - out	(641,000)	(661,000)	(617,123)	43,877
Total other financing sources (uses)	(567,600)	(587,600)	(543,723)	43,877
Net change in fund balance	(368,407)	(520,692)	(867,881)	(347,189)
Fund balance at beginning of year	1,485,083	1,485,083	1,485,083	-
Prior year encumbrances appropriated	63,541	63,541	63,541	-
Fund balance at end of year	<u>\$ 1,180,217</u>	<u>\$ 1,027,932</u>	<u>\$ 680,743</u>	<u>\$ (347,189)</u>

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Bond Retirement Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Debt service:				
Principal retirement	22,320	22,320	22,320	-
Interest and fiscal charges	477,680	477,680	425,714	51,966
Total expenditures	500,000	500,000	448,034	51,966
Excess of revenues over (under) expenditures	(500,000)	(500,000)	(448,034)	51,966
<u>Other financing sources (uses):</u>				
Premium on debt issued	-	644,497	644,497	-
Net change in fund balance	(500,000)	144,497	196,463	51,966
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ (500,000)	\$ 144,497	\$ 196,463	\$ 51,966

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Recreation Construction Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Income tax	\$ 675,000	\$ 675,000	\$ 1,634	\$ (673,366)
Property and other taxes	-	-	6,453	6,453
Investment income	-	-	208,422	208,422
Rentals	-	-	838	838
Total revenue	675,000	675,000	217,347	(457,653)
<u>Expenditures:</u>				
Current:				
Capital outlay	600,000	2,384,000	2,947,084	(563,084)
Excess of revenues over (under) expenditures	75,000	(1,709,000)	(2,729,737)	(1,020,737)
<u>Other financing sources (uses):</u>				
Proceeds of bonds	-	21,125,000	21,800,000	675,000
Sale of capital assets	-	-	2,000	2,000
Total other financing sources (uses)	-	21,125,000	21,802,000	677,000
Net change in fund balance	75,000	19,416,000	19,072,263	(343,737)
Fund balance at beginning of year	17,231	17,231	17,231	-
Fund balance at end of year	\$ 92,231	\$ 19,433,231	\$ 19,089,494	\$ (343,737)

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Capital Projects Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Income tax	\$ 1,215,000	\$ 1,215,000	\$ 1,064,368	\$ (150,632)
Intergovernmental	-	-	225,175	225,175
Investment income	10,000	10,000	44,377	34,377
Total revenue	<u>1,225,000</u>	<u>1,225,000</u>	<u>1,333,920</u>	<u>108,920</u>
<u>Expenditures:</u>				
Current:				
General government	66,000	66,000	48,618	17,382
Capital outlay	<u>1,721,952</u>	<u>1,721,952</u>	<u>1,603,374</u>	<u>118,578</u>
Total expenditures	<u>1,787,952</u>	<u>1,787,952</u>	<u>1,651,992</u>	<u>135,960</u>
Net change in fund balance	(562,952)	(562,952)	(318,072)	244,880
Fund balance at beginning of year	709,468	709,468	709,468	-
Prior year encumbrances appropriated	<u>501,953</u>	<u>501,953</u>	<u>501,953</u>	<u>-</u>
Fund balance at end of year	<u>\$ 648,469</u>	<u>\$ 648,469</u>	<u>\$ 893,349</u>	<u>\$ 244,880</u>

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Street Construction, Maintenance and Repair Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 600,000	\$ 633,917	\$ 614,831	\$ (19,086)
<u>Expenditures:</u>				
Current:				
Transportation	574,850	650,850	631,955	18,895
Net change in fund balance	25,150	(16,933)	(17,124)	(191)
Fund balance at beginning of year	17,717	17,717	17,717	-
Fund balance at end of year	\$ 42,867	\$ 784	\$ 593	\$ (191)

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**State Highway Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 46,000	\$ 46,000	\$ 49,851	\$ 3,851
<u>Expenditures:</u>				
Current:				
Transportation	35,000	35,000	56,000	(21,000)
Net change in fund balance	11,000	11,000	(6,149)	(17,149)
Fund balance at beginning of year	6,453	6,453	6,453	-
Fund balance at end of year	\$ 17,453	\$ 17,453	\$ 304	\$ (17,149)

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Recreation Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property and other taxes	\$ 342,400	\$ 342,400	\$ 346,171	\$ 3,771
Charges for services	181,500	181,500	166,461	(15,039)
Intergovernmental	48,600	48,600	54,212	5,612
Investment income	1,000	1,000	2,660	1,660
Other	46,500	46,500	13,224	(33,276)
Total revenue	620,000	620,000	582,728	(37,272)
<u>Expenditures:</u>				
Current:				
Leisure time activities	461,067	461,067	506,456	(45,389)
Debt service:				
Principal retirement	85,000	85,000	85,000	-
Interest and fiscal charges	90,808	90,808	82,403	8,405
Total expenditures	636,875	636,875	673,859	(36,984)
Excess of revenues over (under) expenditures	(16,875)	(16,875)	(91,131)	(74,256)
<u>Other financing sources (uses):</u>				
Advances - in	-	-	123,000	123,000
Advances - out	(10,000)	(10,000)	(60,000)	(50,000)
Transfers - in	20,000	20,000	20,000	-
Total other financing sources (uses)	10,000	10,000	83,000	73,000
Net change in fund balance	(6,875)	(6,875)	(8,131)	(1,256)
Fund balance at beginning of year	81,310	81,310	81,310	-
Prior year encumbrances appropriated	8,666	8,666	8,666	-
Fund balance at end of year	\$ 83,101	\$ 83,101	\$ 81,845	\$ (1,256)

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Police and Fire Pension Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property and other taxes	\$ 210,000	\$ 210,000	\$ 207,526	\$ (2,474)
Intergovernmental	395,300	395,300	25,072	(370,228)
Total revenue	605,300	605,300	232,598	(372,702)
<u>Expenditures:</u>				
Current:				
Security of persons and property	811,822	811,822	820,070	(8,248)
Debt service:				
Principal retirement	7,376	7,376	4,900	2,476
Interest and fiscal charges	-	-	4,753	(4,753)
Total expenditures	819,198	819,198	829,723	(10,525)
Excess of revenues over (under) expenditures	(213,898)	(213,898)	(597,125)	(383,227)
<u>Other financing sources (uses):</u>				
Transfers - in	700,000	700,000	597,123	(102,877)
Net change in fund balance	486,102	486,102	(2)	(486,104)
Fund balance at beginning of year	1,860	1,860	1,860	-
Fund balance at end of year	\$ 487,962	\$ 487,962	\$ 1,858	\$ (486,104)

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**S.A.V.E. Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	400	400	400	-
Fund balance at end of year	\$ 400	\$ 400	\$ 400	\$ -

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Street Lighting Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Special assessments	\$ 231,000	\$ 231,000	\$ 247,661	\$ 16,661
<u>Expenditures:</u>				
Current:				
Security of persons and property	240,521	240,521	219,007	21,514
Net change in fund balance	(9,521)	(9,521)	28,654	38,175
Fund balance at beginning of year	287,113	287,113	287,113	-
Prior year encumbrances appropriated	31,022	31,022	31,022	-
Fund balance at end of year	\$ 308,614	\$ 308,614	\$ 346,789	\$ 38,175

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Fire Operating Levy Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property and other taxes	\$ 317,600	\$ 317,600	\$ 274,711	\$ (42,889)
Intergovernmental	88,500	88,500	37,538	(50,962)
Total revenue	406,100	406,100	312,249	(93,851)
<u>Expenditures:</u>				
Current:				
Security of persons and property	303,000	303,000	306,379	(3,379)
Excess of revenues over (under) expenditures	103,100	103,100	5,870	(97,230)
<u>Other financing sources (uses):</u>				
Advances - out	-	-	(5,300)	(5,300)
Transfers - in	200,000	200,000	-	(200,000)
Total other financing sources (uses)	200,000	200,000	(5,300)	(205,300)
Net change in fund balance	303,100	303,100	570	(302,530)
Fund balance at beginning of year	44	44	44	-
Fund balance at end of year	\$ 303,144	\$ 303,144	\$ 614	\$ (302,530)

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Federal Grants Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	1,455	1,455	1,455	-
Fund balance at end of year	\$ 1,455	\$ 1,455	\$ 1,455	\$ -

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**State Grants Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 3,027	\$ 3,027
<u>Expenditures:</u>				
Current:				
Community environment	-	-	661	(661)
Excess of revenues over (under) expenditures	-	-	2,366	2,366
<u>Other financing sources (uses):</u>				
Advances - in	3,900	3,900	-	(3,900)
Advances - out	(3,900)	(3,900)	(3,900)	-
Total other financing sources (uses)	-	-	(3,900)	(3,900)
Net change in fund balance	-	-	(1,534)	(1,534)
Fund balance at beginning of year	70	70	70	-
Fund balance (deficit) at end of year	\$ 70	\$ 70	\$ (1,464)	\$ (1,534)

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Fairview Park Sidewalk Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	4,924	4,924	4,924	-
Fund balance at end of year	\$ 4,924	\$ 4,924	\$ 4,924	\$ -

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Bain Park Restoration Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Other	\$ 5,000	\$ 5,000	\$ 8,741	\$ 3,741
<u>Expenditures:</u>				
Current:				
Leisure time activities	6,000	6,000	2,868	3,132
Net change in fund balance	(1,000)	(1,000)	5,873	6,873
Fund balance at beginning of year	8,750	8,750	8,750	-
Fund balance at end of year	\$ 7,750	\$ 7,750	\$ 14,623	\$ 6,873

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Law Enforcement Trust Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines, licenses, and permits	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
<u>Expenditures:</u>				
Current:				
Security of persons and property	13,000	13,000	528	12,472
Net change in fund balance	(11,500)	(11,500)	(528)	10,972
Fund balance at beginning of year	13,139	13,139	13,139	-
Fund balance at end of year	\$ 1,639	\$ 1,639	\$ 12,611	\$ 10,972

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**DUI Education Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines, licenses, and permits	\$ 3,600	\$ 3,600	\$ 3,718	\$ 118
<u>Expenditures:</u>				
Current:				
Security of persons and property	5,000	5,000	8,913	(3,913)
Net change in fund balance	(1,400)	(1,400)	(5,195)	(3,795)
Fund balance at beginning of year	5,718	5,718	5,718	-
Fund balance at end of year	\$ 4,318	\$ 4,318	\$ 523	\$ (3,795)

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Civil Reimbursement Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 1,400	\$ 1,400	\$ 121	\$ (1,279)
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	1,400	1,400	121	(1,279)
Fund balance at beginning of year	2,403	2,403	2,403	-
Fund balance at end of year	<u>\$ 3,803</u>	<u>\$ 3,803</u>	<u>\$ 2,524</u>	<u>\$ (1,279)</u>

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**P. O. P. A. S. Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 112,000	\$ 112,000	\$ 103,198	\$ (8,802)
<u>Expenditures:</u>				
Current:				
Security of persons and property	118,832	118,832	81,181	37,651
Net change in fund balance	(6,832)	(6,832)	22,017	28,849
Fund balance at beginning of year	4,937	4,937	4,937	-
Prior year encumbrances appropriated	2,232	2,232	2,232	-
Fund balance at end of year	\$ 337	\$ 337	\$ 29,186	\$ 28,849

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**New Levy/Project Account Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	1	1	1	-
Fund balance at end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Cable TV Franchise Fee Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines, licenses, and permits	\$ 84,939	\$ 84,939	\$ 91,584	\$ 6,645
Investment income	5,061	5,061	5,061	-
Total revenue	90,000	90,000	96,645	6,645
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	90,000	90,000	96,645	6,645
<u>Other financing sources (uses):</u>				
Transfers - out	(90,000)	(90,000)	(90,000)	-
Net change in fund balance	-	-	6,645	6,645
Fund balance at beginning of year	240,549	240,549	240,549	-
Fund balance at end of year	\$ 240,549	\$ 240,549	\$ 247,194	\$ 6,645

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**DARE Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 41,000	\$ 41,000	\$ 20,934	\$ (20,066)
<u>Expenditures:</u>				
Current:				
Security of persons and property	21,000	21,000	20,221	779
Net change in fund balance	20,000	20,000	713	(19,287)
Fund balance at beginning of year	20,605	20,605	20,605	-
Fund balance at end of year	\$ 40,605	\$ 40,605	\$ 21,318	\$ (19,287)

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Emergency Medical System Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 430,000	\$ 430,000	\$ 276,288	\$ (153,712)
<u>Expenditures:</u>				
Current:				
Security of persons and property	296,707	296,707	275,505	21,202
Excess of revenues over (under) expenditures	133,293	133,293	783	(132,510)
<u>Other financing sources (uses):</u>				
Advances - out	-	-	(4,200)	(4,200)
Net change in fund balance	133,293	133,293	(3,417)	(136,710)
Fund balance at beginning of year	1,046	1,046	1,046	-
Prior year encumbrances appropriated	2,619	2,619	2,619	-
Fund balance at end of year	<u>\$ 136,958</u>	<u>\$ 136,958</u>	<u>\$ 248</u>	<u>\$ (136,710)</u>

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Recreation/Community Center Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Income tax	\$ -	\$ 35,000	\$ 987,174	\$ 952,174
Charges for services	-	-	1,100	1,100
Investment income	-	-	102,181	102,181
Total revenue	-	35,000	1,090,455	1,055,455
<u>Expenditures:</u>				
Current:				
Leisure time activities	35,000	35,000	31,676	3,324
Excess of revenues over (under) expenditures	(35,000)	-	1,058,779	1,058,779
<u>Other financing sources (uses):</u>				
Advances - out	-	-	(123,000)	(123,000)
Net change in fund balance	(35,000)	-	935,779	935,779
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ (35,000)	\$ -	\$ 935,779	\$ 935,779

**City of Fairview Park, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Permanent Improvement Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property and other taxes	\$ 291,000	\$ 291,000	\$ 301,178	\$ 10,178
Intergovernmental	42,000	42,000	42,332	332
Investment income	-	-	5,610	5,610
Other	-	-	2,240	2,240
Total revenue	<u>333,000</u>	<u>333,000</u>	<u>351,360</u>	<u>18,360</u>
<u>Expenditures:</u>				
Current:				
General government	8,600	8,600	9,771	(1,171)
Capital outlay	131,754	131,754	204,141	(72,387)
Debt service:				
Principal retirement	204,217	204,217	90,100	114,117
Interest and fiscal charges	105,429	105,429	54,619	50,810
Total expenditures	<u>450,000</u>	<u>450,000</u>	<u>358,631</u>	<u>91,369</u>
Net change in fund balance	(117,000)	(117,000)	(7,271)	109,729
Fund balance at beginning of year	145,400	145,400	145,400	-
Fund balance at end of year	<u>\$ 28,400</u>	<u>\$ 28,400</u>	<u>\$ 138,129</u>	<u>\$ 109,729</u>

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Lorain Road Revitalization Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Investment income	\$ -	\$ -	\$ 1,915	\$ 1,915
<u>Expenditures:</u>				
Current:				
Transportation	36,600	36,600	39,699	(3,099)
Debt service:				
Interest and fiscal charges	22,400	22,400	36,600	(14,200)
Total expenditures	59,000	59,000	76,299	(17,299)
Excess of revenues over (under) expenditures	(59,000)	(59,000)	(74,384)	(15,384)
<u>Other financing sources (uses):</u>				
Transfers - in	450,000	450,000	90,000	(360,000)
Net change in fund balance	391,000	391,000	15,616	(375,384)
Fund balance at beginning of year	79	79	79	-
Fund balance at end of year	\$ 391,079	\$ 391,079	\$ 15,695	\$ (375,384)

***City of Fairview Park, Ohio***  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Senior Center Construction Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	10,858	10,858	10,858	-
Fund balance at end of year	\$ 10,858	\$ 10,858	\$ 10,858	\$ -

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## STATISTICAL SECTION



**CITY OF FAIRVIEW PARK, OHIO**  
**Net Assets by Component (1)**  
**Last Three Years (\$000 omitted)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>Governmental Activities</u></b>			
Invested in capital assets, net of related debt	\$ 37,934	\$ 36,989	\$ 16,189
Restricted	1,899	2,305	22,135
Unrestricted	<u>1,844</u>	<u>1,216</u>	<u>836</u>
Total governmental activities net assets	<u>\$ 41,677</u>	<u>\$ 40,510</u>	<u>\$ 39,160</u>
<b><u>Business-Type Activities</u></b>			
Invested in capital assets, net of related debt	\$ 11,521	\$ 11,713	\$ 12,390
Unrestricted	<u>6,213</u>	<u>5,698</u>	<u>3,742</u>
Total business-type activities net assets	<u>\$ 17,734</u>	<u>\$ 17,411</u>	<u>\$ 16,132</u>
<b><u>Primary Government</u></b>			
Invested in capital assets, net of related debt	\$ 49,455	\$ 48,702	\$ 28,579
Restricted	1,899	2,305	22,135
Unrestricted	<u>8,057</u>	<u>6,914</u>	<u>4,578</u>
Total primary government net assets	<u>\$ 59,411</u>	<u>\$ 57,921</u>	<u>\$ 55,292</u>

(1) accrual basis of accounting.

**CITY OF FAIRVIEW PARK, OHIO**  
**Changes in Net Assets (1)**  
**Last Three Years (\$000 omitted)**

<b>Expenses</b>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:			
General government	\$ 2,633	\$ 2,597	\$ 2,279
Security of persons and property	6,004	6,093	6,698
Public health and welfare	49	57	72
Transportation	1,980	3,171	3,644
Community environment	1,761	1,755	1,878
Leisure time activities	693	864	985
Other	-	3	-
Interest and fiscal charges	276	269	780
Total governmental activities expenses	<u>13,396</u>	<u>14,809</u>	<u>16,336</u>
Business-Type Activities:			
Sewer	1,780	2,429	2,335
Gilles-Sweet	8	2	-
Total business-type activities	<u>1,788</u>	<u>2,431</u>	<u>2,335</u>
Total primary government expenses	<u>\$ 15,184</u>	<u>\$ 17,240</u>	<u>\$ 18,671</u>
<b>Program Revenues</b>			
Governmental Activities:			
Charges for services	\$ 1,254	\$ 1,206	\$ 1,225
Operating grants, contributions and interest	538	1,408	912
Capital grants and contributions	-	-	75
Total governmental activities program revenues	<u>1,792</u>	<u>2,614</u>	<u>2,212</u>
Business-Type Activities:			
Charges for services	1,831	1,824	1,721
Capital grants and contributions	-	423	-
Total business-type activities program revenues	<u>1,831</u>	<u>2,247</u>	<u>1,721</u>
Total primary government program revenues	<u>\$ 3,623</u>	<u>\$ 4,861</u>	<u>\$ 3,933</u>
<b>Net (expense)/revenue</b>			
Governmental activities	\$ 11,604	\$ 12,195	\$ 14,124
Business-type activities	(43)	184	614
Total primary government net expense	<u>\$ 11,561</u>	<u>\$ 12,379</u>	<u>\$ 14,738</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities:			
Property taxes levied for:			
General purposes	\$ 2,784	\$ 2,865	\$ 3,435
Capital improvements	309	295	309
Special purposes	774	812	831
Income tax levied for:			
General purposes	4,366	3,625	3,510
Capital improvements	1,456	1,215	2,301
Grants and entitlements not restricted to specific programs	2,597	1,992	1,705
Investment earnings	63	76	527
Other	196	127	156
Total governmental activities	<u>12,545</u>	<u>11,007</u>	<u>12,774</u>
Business-Type Activities:			
Investment earnings	14	10	10
Total business-type activities	<u>14</u>	<u>10</u>	<u>10</u>
Total primary government	<u>\$ 12,559</u>	<u>\$ 11,017</u>	<u>\$ 12,784</u>
<b>Change in net assets</b>			
Governmental activities	\$ 941	\$ (1,188)	\$ (1,350)
Business-type activities	57	(174)	(604)
Total primary government	<u>\$ 998</u>	<u>\$ (1,362)</u>	<u>\$ (1,954)</u>

(1) accrual basis of accounting.

**CITY OF FAIRVIEW PARK, OHIO**  
**Fund Balances, Governmental Funds (1)**  
**Last Three Years (\$000 omitted)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund			
Reserved	\$ 464	\$ 464	\$ 525
Unreserved	<u>2,304</u>	<u>1,648</u>	<u>1,011</u>
Total general fund	<u>\$ 2,768</u>	<u>\$ 2,112</u>	<u>\$ 1,536</u>
All Other Governmental Funds			
Reserved	\$ 887	\$ 359	\$ 263
Unreserved, reported in:			
Special revenue funds	715	729	510
Capital projects funds	(10)	683	20,476
Debt service funds	<u>(92)</u>	<u>(92)</u>	<u>105</u>
Total all other governmental funds	<u>\$ 1,500</u>	<u>\$ 1,679</u>	<u>\$ 21,354</u>

(1) modified accrual basis of accounting.

**CITY OF FAIRVIEW PARK, OHIO**  
**Changes in Fund Balance, Governmental Funds**  
**Last Ten Years (\$000 omitted)**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>REVENUES</u></b>										
Taxes	\$ 6,752	\$ 7,225	\$ 7,624	\$ 7,966	\$ 7,574	\$ 8,539	\$ 8,699	\$ 8,817	\$ 8,667	\$ 10,266
Charges for services	260	288	201	297	245	216	454	541	504	568
Fines, licenses and permits	202	288	709	620	597	458	486	422	383	373
Intergovernmental revenues	2,235	2,356	2,542	2,025	4,147	3,485	2,428	3,164	3,404	2,417
Special assessments	203	201	208	225	226	223	230	231	231	248
Investment income	80	102	145	306	409	250	96	63	76	534
Rentals	-	-	-	11	12	11	10	-	-	14
Other	18	164	253	27	257	71	52	196	151	160
Total revenues	<u>9,750</u>	<u>10,624</u>	<u>11,682</u>	<u>11,477</u>	<u>13,467</u>	<u>13,253</u>	<u>12,455</u>	<u>13,434</u>	<u>13,416</u>	<u>14,580</u>
<b><u>EXPENDITURES</u></b>										
General government	1,529	1,509	1,606	1,639	1,914	1,612	1,843	1,872	1,847	1,571
Security of persons and property	4,261	4,293	4,879	5,062	5,566	5,485	5,574	5,761	5,989	6,424
Public health and welfare	46	49	55	52	53	61	58	49	57	73
Transportation	822	855	802	888	853	973	764	933	931	2,395
Community environment	1,069	1,015	1,293	1,203	1,393	1,495	1,594	1,593	1,607	1,718
Leisure time activities	497	661	815	908	2,122	1,527	738	714	839	967
Capital outlay	1,030	818	1,029	2,044	4,065	2,659	1,893	2,065	1,982	3,422
Debt service:										
Principal retirement	60	650	530	660	230	245	1,793	230	1,721	431
Interest and fiscal charges	25	195	165	178	180	322	297	274	263	612
Bond issuance costs	-	-	-	-	-	-	-	-	-	278
Total expenditures	<u>9,339</u>	<u>10,045</u>	<u>11,174</u>	<u>12,634</u>	<u>16,376</u>	<u>14,379</u>	<u>14,554</u>	<u>13,491</u>	<u>15,236</u>	<u>17,891</u>
Excess of revenues over (under) expenditures	<u>411</u>	<u>579</u>	<u>508</u>	<u>(1,157)</u>	<u>(2,909)</u>	<u>(1,126)</u>	<u>(2,099)</u>	<u>(57)</u>	<u>(1,820)</u>	<u>(3,311)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>										
Proceeds of bonds	-	-	-	4,325	-	-	-	-	-	21,800
Proceeds of notes	-	-	-	-	1,941	-	1,400	-	1,200	-
Inception of capital lease	-	-	-	257	-	-	-	505	162	-
Premium on debt issued	-	-	-	-	-	-	-	-	-	915
Issuance of refunding bonds	-	-	-	-	-	-	-	-	-	2,380
Sale of capital assets	-	-	-	-	-	-	420	-	-	2
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(2,373)
Transfers in	-	-	-	624	1,086	758	2,897	1,082	2,734	707
Transfer out	-	-	-	(712)	(1,086)	(758)	(2,897)	(1,082)	(2,734)	(707)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,494</u>	<u>1,941</u>	<u>-</u>	<u>1,820</u>	<u>505</u>	<u>1,362</u>	<u>22,724</u>
Net change in fund balance	<u>\$ 411</u>	<u>\$ 579</u>	<u>\$ 508</u>	<u>\$ 3,337</u>	<u>\$ (968)</u>	<u>\$ (1,126)</u>	<u>\$ (279)</u>	<u>\$ 448</u>	<u>\$ (458)</u>	<u>\$ 19,413</u>
Debt service as a percentage of noncapital expenditures	1.0%	9.2%	6.9%	7.9%	3.3%	4.8%	16.5%	4.4%	15.0%	9.1%

**CITY OF FAIRVIEW PARK, OHIO**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Collection Years**

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2005	\$ 381,563	\$ 1,090,180	\$ 6,432	\$ 7,309	\$ 7,058	\$ 28,232	\$ 395,053	\$ 1,125,721
2004	379,251	1,083,574	6,317	7,178	8,737	34,948	394,305	1,125,701
2003	356,530	1,018,657	6,691	7,603	11,237	44,948	374,458	1,071,209
2002	359,239	1,026,397	6,685	7,597	12,416	49,664	378,340	1,083,658
2001	360,993	1,031,409	9,122	10,366	12,604	50,416	382,719	1,092,190
2000	324,605	927,443	9,611	10,922	11,895	47,580	346,111	985,944
1999	320,707	916,306	9,441	10,728	11,702	46,808	341,850	973,842
1998	317,905	908,300	9,385	10,665	11,820	47,280	339,110	966,245
1997	293,690	839,114	9,589	10,897	11,394	45,576	314,673	895,587
1996	288,260	823,600	9,793	11,128	11,327	45,308	309,380	880,036

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Source: Cuyahoga County Auditor

(1) Real estate value is assessed at 35% of appraised market value.

(2) Public utility real property is assessed at 88% of true value.

(3) Tangible personal property is assessed at 25%.

**CITY OF FAIRVIEW PARK, OHIO**  
**Property Tax Levies and Collections**  
**Last Ten Calendar Years (\$000 omitted)**

<u>Year</u>	<u>Current Tax Levy</u>	<u>(1) Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Outstanding Delinquent Taxes to Current Tax Levy</u>	<u>Total Direct Tax Rate</u>
2005	\$ 4,980	\$ 4,678	93.94%	\$ 124	2.49%	272.10
2004	4,465	4,265	95.52%	152	3.40%	261.70
2003	4,760	4,593	96.49%	179	3.76%	261.70
2002	4,255	4,132	97.11%	160	3.76%	241.50
2001	4,304	4,141	96.21%	167	3.88%	245.80
2000	3,923	3,822	97.43%	129	3.29%	239.60
1999	3,879	3,798	97.91%	104	2.68%	229.80
1998	4,007	3,750	93.59%	109	2.72%	232.60
1997	3,702	3,522	95.14%	144	3.89%	229.40
1996	3,318	2,992	90.17%	124	3.74%	224.80

Source: Cuyahoga County Auditor

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

**CITY OF FAIRVIEW PARK, OHIO**  
**Property Tax Rates - Direct and Overlapping Governments**  
**(Per \$1,000 of Assessed Valuation)**  
**Last Ten Calendar Years**

Collection Year	City Direct Rates						Overlapping Rates					Total Levy
	General Fund	Recreation Purposes	Permanent Improvement	Police Pension	Fire Pension	Fire Levy	County Levy	Fairview Park School District	Berea School District	Rocky River School District	Polaris JVSD	
2005	8.33	1.00	0.87	0.30	0.30	1.00	20.30	90.90	69.70	77.00	2.40	272.10
2004	8.33	1.00	0.87	0.30	0.30	1.00	19.40	86.30	69.80	72.00	2.40	261.70
2003	8.33	1.00	0.87	0.30	0.30	1.00	19.40	86.30	69.80	72.00	2.40	261.70
2002	8.33	1.00	0.87	0.30	0.30	1.00	17.60	78.40	63.80	67.50	2.40	241.50
2001	8.33	1.00	0.87	0.30	0.30	1.00	17.60	82.20	63.80	68.00	2.40	245.80
2000	8.33	1.00	0.87	0.30	0.30	1.00	16.70	76.20	63.90	68.60	2.40	239.60
1999	8.33	1.00	0.87	0.30	0.30	1.00	16.70	76.20	58.00	64.40	2.40	229.50
1998	8.33	1.00	0.87	0.30	0.30	1.00	18.00	78.10	57.90	64.40	2.40	232.60
1997	8.33	1.00	0.87	0.30	0.30	1.00	18.00	78.40	57.90	60.90	2.40	229.40
1996	8.33	0.60	0.87	0.30	0.30	-	18.00	78.60	57.00	58.40	2.40	224.80

Source: Cuyahoga County Auditor

**CITY OF FAIRVIEW PARK, OHIO**

**Schedules of Principal Taxpayers - Real Property (\$000 omitted)**

**2005 and 2000**

	2000			2005		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed Value
	Value			Value		
<b><u>Taxpayer</u></b>						
Z & Sons Limited Partnership	\$ 7,019	2	2.03%	\$ 6,370	1	1.84%
Westgate Mall, Inc.	-		0.00%	6,072	2	1.75%
Fairview Shopping Center Corp.	3,937	3	1.14%	4,016	3	1.16%
Lawn Village Inc.	2,355	7	0.68%	2,355	4	0.68%
Cleveland Electric Illuminating Co.	3,068	4	0.89%	2,062	5	0.60%
Cleveland Metro Park District	-		0.00%	2,018	6	0.58%
200 West Apartments	1,942	9	0.56%	1,855	7	0.54%
Ohio Bell Telephone Co.	2,167	8	0.63%	1,581	8	0.46%
North Solon Office	-		0.00%	919	9	0.27%
Fairview Realty Invest Ltd.	-		0.00%	910	10	0.26%
Westgate Joint Venture	13,922	1	4.02%	-		0.00%
Higbee Co./Dillard's	2,459	6	0.71%	-		0.00%
East Ohio Gas	1,842	10	0.53%	-		0.00%
Westgate Joint Venture	2,798	5	0.81%	-		0.00%
Total of above	<u>\$ 41,509</u>		<u>11.99%</u>	<u>\$ 28,158</u>		<u>7.13%</u>
Total City	<u>\$346,111</u>			<u>\$ 395,053</u>		

**CITY OF FAIRVIEW PARK, OHIO**

**Schedules of Principal Taxpayers - Personal Property (\$000 omitted)**

**2005 and 1999**

	1999			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b><u>Taxpayer</u></b>						
Higbee Co./Dillard's	\$ 816	1	0.24%	\$ 1,423	1	0.36%
Kohl's Department Stores, Inc.	-		0.00%	543	2	0.14%
Tops Markets LLC	-		0.00%	533	3	0.13%
Maverick C&P Inc.	-		0.00%	320	4	0.08%
West Valley Regional PET	-		0.00%	222	5	0.06%
Cox Cable Cleveland	119	7	0.03%	179	6	0.05%
Quadax Inc	223	3	0.07%	161	7	0.04%
Citi Corp Vendor Finance, Inc.	-		0.00%	129	8	0.03%
Wideopenwest Cleveland LLC	-		0.00%	124	9	0.03%
Gap, Inc.	166	4	0.05%	124	10	0.03%
Reserves Network Inc.	132	6	0.04%	-		0.00%
First National Supermarkets	796	2	0.23%	-		0.00%
RE May, Inc.	147	5	0.04%	-		0.00%
Schreibman Jewelry, Inc.	104	8	0.03%	-		0.00%
Musicland Group, Inc.	87	9	0.03%	-		0.00%
Fairview Photo Service, Inc.	68	10	0.02%	-		0.00%
Total of above	<u>\$ 2,658</u>		<u>0.78%</u>	<u>\$ 3,758</u>		<u>0.95%</u>
Total City	<u>\$341,850</u>			<u>\$ 395,053</u>		

**CITY OF FAIRVIEW PARK, OHIO**

**Schedules of Principal Taxpayers - Public Utility (\$000 omitted)**

**2005**

	2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b><u>Taxpayer</u></b>			
Cleveland Electric Illum	\$ 2,255	1	0.57%
Ohio Bell Telephone Co.	1,863	2	0.47%
East Ohio Gas Co.	653	3	0.17%
Alltel Ohio Limited	282	4	0.07%
American Transmission	252	5	0.06%
New Cingular Wireless PCS	128	6	0.03%
Sprintcom, Inc.	60	7	0.02%
Qwest Communications	59	8	0.01%
Cleveland PCS LLC	21	9	0.01%
Nextel West Corporation	21	10	0.01%
Total of above	<u>\$ 5,594</u>		<u>1.42%</u>
 Total City	 <u>\$ 395,053</u>		

**CITY OF FAIRVIEW PARK, OHIO**  
**Ratios of Outstanding Debt by Type**  
**Last Eight Years (\$000 omitted)**

Fiscal Year	Governmental Activities (1)			Business-Type Activities (1)			Total Primary Government
	General Obligation Bonds	Long Term Notes	Capital Leases	General Obligation Bonds	OPWC Loans	Capital Charges Agreement	
2005	\$ 25,862	\$ 1,524	\$ 489	\$ 115	\$ 317	\$ 628	\$ 28,935
2004	3,240	1,546	717	230	371	716	6,820
2003	3,450	1,767	645	345	407	74	6,688
2002	3,655	1,767	165	460	443	116	6,606
2001	3,850	1,940	190	575	479	251	7,285
2000	4,095	1,940	226	690	497	-	7,448
1999	4,325	-	-	805	542	-	5,672
1998	-	660	-	925	45	-	1,630

(1) Details regarding the City's outstanding debt can be found in Note 11 in the current financial statements.

**CITY OF FAIRVIEW PARK, OHIO**  
**Ratios of General Bonded Debt Outstanding**  
**Last Eight Years (\$000 omitted, except per capita)**

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2005	\$ 25,977	6.58%	\$ 1,478
2004	3,470	0.88%	197
2003	3,795	1.01%	216
2002	4,115	1.09%	234
2001	4,425	1.16%	252
2000	4,785	1.38%	272
1999	5,130	1.50%	285
1998	925	0.27%	51

(1) Details regarding the City's outstanding debt can be found in Note 11 in the current financial statements.

*CITY OF FAIRVIEW PARK, OHIO*

**Direct and Overlapping Governmental Activities Debt (\$000 omitted)**

**December 31, 2005**

<b>Governmental Unit</b>	<u>Debt Outstanding</u>	<u>Percentage applicable to City (1)</u>	<u>Amount applicable to City</u>
Fairview Park City School District	\$ 9,865	94.43%	\$ 9,316
Rocky River City School District	23,575	5.51%	1,299
Berea City School District	11,187	6.00%	671
Cuyahoga County	231,363	1.25%	2,892
Greater Cleveland Regional Transit Authority	139,790	1.25%	<u>1,747</u>
Subtotal, overlapping debt			15,925
<b>City of Fairview Park governmental activities direct debt</b>			<u>27,875</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 43,800</u></u>

(1) Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF FAIRVIEW PARK, OHIO**  
**Legal Debt Margin Information**  
**Last Seven Years (\$000 omitted)**

***Legal Debt Margin Calculation for  
Year Ending December 31, 2005***

	<u>Unvoted</u>	<u>Overall</u>
Total assessed valuation	\$ 395,053	395,053
Debt limitation - 5.5% of assessed valuation	<u>21,728</u>	
Debt limitation - 10.5% of assessed valuation		<u>41,481</u>
Debt applicable to limitation:		
Gross indebtedness	3,073	28,935
Exempt debt:		
Sewer improvement bonds	(115)	(115)
OPWC loans	(317)	(317)
Capital charge agreements	(628)	(628)
Amount available in debt service fund	<u>(105)</u>	<u>(105)</u>
Total debt applicable to limitation	<u>1,908</u>	<u>27,770</u>
Legal debt margin	<u>\$ 19,820</u>	<u>13,711</u>

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit	\$ 35,894	\$ 36,342	\$ 40,185	\$ 39,726	\$ 39,318	\$ 41,402	\$ 41,481
Total net debt applicable to limit	4,325	6,061	5,776	5,422	5,654	5,596	27,770
Legal debt margin	\$ 31,569	\$ 30,281	\$ 34,409	\$ 34,304	\$ 33,664	\$ 35,806	\$ 13,711
Total net debt applicable to limit as a percentage of debt limit	12.05%	16.68%	14.37%	13.65%	14.38%	13.52%	66.95%

**CITY OF FAIRVIEW PARK, OHIO**  
**Schedules of Ratio of Annual Debt Service Expenditures for General Bonded Debt**  
**to Total General Governmental Expenditures**  
**Last Ten Years (\$000 omitted)**

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b><u>GENERAL BONDED DEBT</u></b>										
Debt service	\$ 120	120	120	120	345	360	310	320	325	2,535
General governmental expenditures	\$ 9,339	10,045	11,175	12,634	16,373	14,380	14,555	13,467	15,235	17,891
Ratio of debt service to general governmental expenditures	1.28	1.19	1.07	0.95	2.11	2.50	2.13	2.38	2.13	14.17

Note: All years presented are reported on a GAAP basis.

**CITY OF FAIRVIEW PARK, OHIO**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<u>Year</u>	<u>Population</u>	<u>School Enrollment</u>	<u>County Unemployment Rate</u>
2005	17,572	1,822	6.1%
2004	17,572	1,822	5.7%
2003	17,572	1,831	6.8%
2002	17,572	1,870	6.2%
2001	17,572	1,899	6.0%
2000	17,572	1,903	4.6%
1999	18,028	1,974	4.5%
1998	18,028	2,076	4.5%
1997	18,028	2,091	4.8%
1996	18,028	2,052	5.2%

**MISCELLANEOUS STATISTICS**

Date of incorporation	1910
Form of government	Mayor-Council
Area (square miles)	4.77
Number of parks	5
Miles of Streets	52.9
Number of street lights	1,262
Fire Protection	
Number of stations	1
Number of firemen	28
Police Protection	
Number of stations	1
Number of full-time officers	28
Employees	
Full-time (classified)	118
Part-time	55

**CITY OF FAIRVIEW PARK, OHIO**  
**Schedules of Principal Employers**  
**Last Two Years**

<u>Employer</u>	2005 <u>Rank</u>	2004 <u>Rank</u>
US Department of Interior	1	-
Fairview Park City School District	2	2
Quadax, Inc.	3	4
Analex Corp.	4	-
Zin Technologies Inc.	5	6
QSS Group, Inc.	6	9
Cleveland Metroparks System	7	-
Cuyahoga County Auditor	8	-
Quadax, Inc.	9	-
West Side Cardiology Associate	10	8
NASA Marshall Space Flight Center	-	1
McGowan & Company, Inc.	-	3
Dillard's Department Stores	-	5
Defense Finance Acct Services	-	7
Louis P. Caravella Jr. MD, Inc.	-	10





**Mary Taylor, CPA**  
Auditor of State

**CITY OF FAIRVIEW PARK**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 3, 2007**