

**CITY OF FAIRFIELD, OHIO**

**Single Audit Reports**

**December 31, 2004**





**Auditor of State  
Betty Montgomery**

City Council  
City of Fairfield  
5350 Pleasant Avenue  
Fairfield, Ohio 45014

We have reviewed the *Independent Auditors' Report* of the City of Fairfield, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2004, through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 28, 2006

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# CITY OF FAIRFIELD, OHIO

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**CITY OF FAIRFIELD**

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2004

| <u>Federal Grantor/Program Title</u>                   | <u>Pass Through<br/>Entity<br/>Number</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Receipts</u>     | <u>Expenditures</u> |
|--|---|------------------------------------|---------------------|---------------------|
| <u>U.S. Department of Justice:</u>                     |   |                                    |                     |                     |
| <i>Direct Grant</i>                                    |   |                                    |                     |                     |
| Bulletproof Vest Partnership Program                   | 2001BUBX01006505                          | 16.607                             | \$ 1,433            | \$ 1,433            |
|  | 2003BUBX03016611                          | 16.607                             | <u>3,317</u>        | <u>5,073</u>        |
| Total Bulletproof Vest Partnership Program             |   |                                    | 4,750               | 6,506               |
| Community Oriented Policing Services (COPS) in Schools | 2002SHWX0051                              | 16.710                             | 25,000              | 25,000              |
| Local Law Enforcement Block Grant                      | 2004LBBX1515                              | 10.558                             | <u>-</u>            | <u>9,087</u>        |
| <b>Total U.S. Department of Justice</b>                |   |                                    | <u>29,750</u>       | <u>40,593</u>       |
| <u>U.S. Department of Homeland Security:</u>           |   |                                    |                     |                     |
| <i>Passed Through Ohio Public Safety:</i>              |   |                                    |                     |                     |
| Hazard Mitigation Grant                                | PDMCPJ05OH2003002                         | 97.017                             | 1,496,493           | 1,637,300           |
| Snow Emergency Grant                                   | FEMA 3198EM01725970                       | 97.036                             | <u>-</u>            | <u>106,080</u>      |
| Total U.S. Department of Homeland Security             |   |                                    | <u>1,496,493</u>    | <u>1,743,380</u>    |
| <b>Total Federal Assistance</b>                        |   |                                    | <u>\$ 1,526,243</u> | <u>\$ 1,783,973</u> |

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally- funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

**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 Council  
City of Fairfield, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio (the City) as of and for the year ended December 31, 2004 and have issued our report thereon dated June 12, 2006. 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 Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation 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 the 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 the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

## Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 12, 2006.

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

*Clark, Schaefer, Haskett & Co.*

Middletown, Ohio  
June 12, 2006





**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

City Council  
City of Fairfield, Ohio

Compliance

We have audited the compliance of the City of Fairfield with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The City of Fairfield's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Fairfield's management. Our responsibility is to express an opinion on the City of Fairfield's compliance based on our audit.

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

In our opinion, the City of Fairfield complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

### Internal Control Over Compliance

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

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

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 12, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of the City of Fairfield, Ohio. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Clark, Schaefer, Haskett & Co.*

Middletown, Ohio  
June 12, 2006

**CITY OF FAIRFIELD, OHIO**

Schedule of Findings and Questioned Costs

Year Ended December 31, 2004

**Section I - Summary of Auditors' Results**

**Financial Statements**

|  |             |
|--|-------------|
| Type of report issued on financial statements:                               | unqualified |
| Internal control over financial reporting:                                   |             |
| Material weakness(es) identified?  | yes         |
| Reportable condition(s) identified not considered to be material weaknesses? | none        |
| Noncompliance material to financial statements noted?                        | none        |

**Federal Awards**

|   |             |
|---|-------------|
| Internal Control over major programs:   |             |
| Material weakness(es) identified?   | none        |
| Reportable condition(s) identified not considered to be material weaknesses?                            | none        |
| Type of auditors' report issued on compliance for major programs:                                       | unqualified |
| Any audit findings that are required to be reported in accordance with Circular A-133, Section .510(a)? | no          |
| Identification of major programs:   |             |
| Hazard Mitigation Grant <i>CFDA 97.017</i>  |             |
| Dollar threshold to distinguish between Type A and Type B Programs:                                     | \$300,000   |
| Auditee qualified as low-risk auditee?  | yes         |

## Section II - Financial Statement Findings

### 2004-1 Utilities Department

The following items relate to procedures in the Utilities Department:

#### Segregation of Duties

The Utilities Supervisor was the primary person who opened all of the City's mail, processed the utility payments, designated the amounts to be posted to customer accounts and prepared the daily deposits. She processed and posted adjustments and prepared the monthly adjustment reports. The inadequate segregation of duties weakened the controls over cash collections. We recommend that the City implement procedures to adequately segregate duties in the Utility Division. Separate individuals should open the mail, make the deposits, and post payments/adjustments to the utility billing system. Segregation of duties is a key element of any effective internal control system. One employee involved in all functions of the receipt process increases the likelihood that errors or irregularities may occur and not be detected in a timely manner by management.

#### ***Management Response:***

*Beginning in January 2006, the City implemented a lockbox operation which provides the direct deposit by a public depository of all payments mailed to the Fairfield Utility and Collection Office. After the funds are deposited directly into the City's bank account a data transmission file is sent and uploaded into the City's billing software.*

#### Incoming Mail

During 2004 all incoming mail for the Administration Building was received by the Utilities Supervisor and disbursed to appropriate City departments. In order to better control mail receipts, we recommend that a list be prepared of mail receipts by an employee not otherwise handling cash. Entries on the mail receipt listing should be subsequently traced, on a test basis, to the receipted deposit slips. The tracing should be performed by the person preparing the listing or by someone not otherwise handling or recording cash transactions. Any exceptions found should be reviewed by the finance department.

#### ***Management Response:***

*Beginning in January 2006, the City implemented a lockbox operation which provides the direct deposit by a public depository of all payments mailed to the Fairfield Utility and Collection Office. After the funds are deposited directly into the City's bank account a data transmission file is sent and uploaded into the City's billing software.*

### Timeliness of Deposit of Cash Receipts

During 2004, cash receipts are not being deposited on a timely basis. The Utilities Department accumulated cash receipts for items such as fire permits and sidewalk assessments in a desk drawer and made monthly deposits. Receipts for refundable deposits, bins and waste stickers were deposited twice a month. As a result, not only is there risk of loss from burglary, misplacement, or misappropriation, but the cash is not available for expenditures or investment. Also, although the current policy is for payments on utility bills to be deposited daily, during our audit we noted several instances in which deposits were held for two to three days. We recommend that deposits be made on a daily basis for all types of receipts in the Utilities Department - both to improve cash flow and to reduce the risk of loss.

#### ***Management Response:***

*The City's issued Policy Number 3-18 "Handling of Cash Transactions" on April 1, 2004. Each employee who handles cash is required to acknowledge and sign the policy. This policy also requires the timely deposits of cash receipts on a daily basis.*

### Account Adjustments

The City did not have written procedures for processing adjustments to customer accounts. Utilities Adjustment Forms did not have supporting documentation attached and were not individually reviewed or approved by a supervisor. We recommend that the City develop specific, written procedures for making adjustments to customer utility accounts. Proper documentation supporting the reason for the adjustment should be attached to all Utilities Adjustment Forms. When possible, customers should be required to submit signed, written requests for adjustments to their accounts. Lack of supporting documentation increases the risk that improper adjustments may be used to divert receipts. All individual adjustment sheets should be reviewed and approved by a supervisor.

#### ***Management Response:***

*The City is in the process of developing a specific and detailed written policy which will be incorporated into the City's Procedures and Policy Manual. The current procedure in effect since July of 2005 requires the approval of the Finance Director or the Public Utilities Director's approval for any credit adjustment in excess of \$100.00. Included with the adjustment form is documentation that the adjustment has been made on the account.*

### Use of a Cash Register

Although the Utilities Department has a cash register on-site, during 2004 it was only used to provide receipts to customers who pay their utility bill in cash. The internal tape on the register was broken, making it impossible for the department to perform a daily reconciliation of cash and checks received. We recommend that all non-mail payments received by the department be rung up in the cash register. Cash register tapes should be maintained, with totals for credit card, cash, and check sales, etc. These tapes should be reconciled to the cash and checks on hand, as well as to the utility bill stubs, at the end of each day.

#### ***Management Response:***

*The Utility Billing & Collection Division of the City's Finance Department has implemented the following changes to improve control procedures over the processing of payments: Daily reconciliation of the cash register drawer has been implemented. All payment stub batches are verified daily with the corresponding posting journals. At month end, the deposit receipts for cash and checks are verified with the posting journals and entered onto an Excel Spreadsheet. Visa/MasterCard, BillPayer, Lockbox, and Web are also entered onto the Excel Spreadsheet and reconciled with the corresponding bank statements by the Accounting Division. Further review of the month end report is reviewed for completeness and accuracy by the Finance Director.*

### Personal Check Cashing from Daily Receipts

During our testing of deposits made by the Utilities Department, we noted numerous instances in which a Utility Department employee cashed a personal check using the Department's daily cash receipts. In essence, the Department is using the daily cash collections as a bank for their personal items. We recommend the City prohibit the cashing of personal checks from City cash receipts.

#### ***Management Response:***

*The City's issued Policy Number 3-18 "Handling of Cash Transactions" on April 1, 2004 which strictly prohibits the cashing of checks from daily receipts. Each employee who handles cash is required to acknowledge and sign the policy. This policy also requires the timely deposits of cash receipts on a daily basis.*

### **Section III - Federal Award Findings and Questioned Costs**

None

**CITY OF FAIRFIELD, OHIO**

Schedule of Prior Audit Findings

Year Ended December 31, 2004

The prior audit disclosed no instances of noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with respect to internal controls over compliance with requirements that could have a direct and material effect on a major federal program were reported in the prior year.



City of Fairfield, Ohio

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Comprehensive Annual Financial Report

For The Year Ended December 31, 2004



**CITY OF FAIRFIELD, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

**Prepared By:**  
**DEPARTMENT OF FINANCE**  
**James A. Hanson, Director**

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**INTRODUCTORY  
SECTION**



June 30, 2005

The Honorable Erick Cook, Mayor  
Members of City Council  
City of Fairfield  
5350 Pleasant Avenue  
Fairfield, Ohio 45014

The Comprehensive Annual Financial Report of the City of Fairfield, Ohio for the fiscal year ended December 31, 2004 is submitted herewith. The Department of Finance prepared the report. The responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the City of Fairfield, specifically with the Department of Finance. We believe that the enclosed data is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. We further believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

This Comprehensive Annual Financial Report incorporates GASB Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Statement No. 34 was developed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using governmental financial information. This report represents and reflects upon the City's financial operations and condition to the City's residents, its elected officials, management personnel, financial institutions, City bondholders, rating agencies and all other parties interested in the financial affairs of the City.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the government's organizational chart, list of principal officials and the GFOA Certificate of Achievement. The financial section begins with the Report of the Independent Accountants and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes to Basic Financial Statements that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements. The statistical section includes selected economic data, financial trend and demographic information, generally presented on a multi-year basis.



## **CITY OVERVIEW**

Enjoyable in every sense of the word, the City of Fairfield is strategically positioned for successful residential and commercial development. The City is located in the southwest portion of Ohio in Butler County, approximately 15 miles north of downtown Cincinnati, Ohio. Surrounded by rolling hills, Fairfield is rich in resources that include a population and government dedicated to progress and opportunity.

Incorporated in 1955, the City of Fairfield is served by a City Council/City Manager form of government. The legislative body of Fairfield consists of a mayor and seven council members who are responsible for the legislative affairs of the City. Council also makes appointments to various statutory and advisory boards and appoints the City Manager, Law Director and Clerk of Council. As chief executive officer, the City Manager is responsible for enforcement of all laws and ordinances, the efficient delivery of services, and preparation of capital and operating budgets.

The City provides many of the municipal services normally associated with a municipality, including emergency services, street construction and maintenance, engineering, building and planning services, recreational facilities and activities and economic development.

In addition, water, sanitary sewer and solid waste collection and disposal are provided under an Enterprise Fund concept with user charges set by City Council to ensure adequate coverage of expenses and payments on outstanding debt.

## **ECONOMIC CONDITIONS AND OUTLOOK**

The City of Fairfield's standards for services are considered excellent and its tax rates compare favorably to other area governments. Geographically, the City consists of approximately 20 square miles of residential neighborhoods, commercial and industrial developments. The City of Fairfield is located within minutes of four major interstates, I-75, I-71, I-74 and I-275.

Economic development and growth are the backbone of Fairfield. While many other communities are experiencing the loss of jobs, Fairfield has been fortunate to attract and retain desirable business and industries, which bring jobs into the City.

A number of employers continued on with expansion plans in 2004. Mercy Hospital is currently doubling the size of its Mack Road campus. The \$54.6 million expansion project is expected to add 1,000 jobs and was completed in 2004. In addition, Jungle Jim's International Food Market and Pacific Industries are also making significant expansions at their facilities. During 2004, the Cincinnati Financial Corporation started construction on a parking garage and a third office tower. The 435,000 sq. ft. office tower will bring 550 new jobs to the City of Fairfield.

The City's Income Tax has remained stable over the last few years, and this trend is expected to gradually improve with the development of various commercial and industrial facilities in the City.

## MAJOR INITIATIVES

The following were among the many diverse activities and/or programs to which both the elected officials and staff devoted their energies in 2004:

- 1) The City continued construction on a new \$10 million **Community Arts Center**. The Center is to be located adjacent to Village Green Park, opposite the Lane Public Library; the Community Arts Center will provide Fairfield residents a gathering facility unlike any in the region. The structure will include a 250-seat theatre, multipurpose room, a seniors' activity center, arts and crafts classrooms, an art gallery and a children's activity area. Construction is to be completed in the spring of 2005.
- 2) The City finished the construction of the **Mack/Muhlhauser/Route 4** project. This project consisted of widening Muhlhauser Road to five lanes from Route 4 and Mack Road to State Route 747. As part of the project, a bridge was constructed over the railroad tracks located near Route 4. The total project cost is approximately \$10 million with most of the funding being provided under state and federal grants.
- 3) The City received a \$2.58 million grant from the Federal Emergency Management Agency (FEMA) for the purchase and demolition of up to 23 homes located along Pleasant Run Creek. During 2004, appraisals were made on all the properties where the owner expressed an interest in participating in the voluntary program. During 2004, 18 homes have been acquired and demolished by the City.
- 4) In 2004, the City began seeking reimbursement from insurance companies for paramedic runs. Recognizing that an initial response to a medical need is a legitimate insurance claim already built into premiums paid by residents, the City began to submit a charge to a patient's insurance company for responding to an emergency medical call. It is estimated the City will collect approximately \$800,000 annually in charges for emergency medical services.
- 5) The Fairfield Public Works Department has diligently worked towards earning accreditation by the American Public Works Association (APWA). Accreditation signifies the highest levels of training, professionalism and community involvement. The process began in July of 2003, with a detailed self-evaluation of the department's policies and practices in 31 areas. The department needed to inventory its operations in such areas as organization, communication, equipment, personnel, engineering, emergency management and safety.

## FUTURE PROJECTS

Accomplishments and significant capital projects to look forward to in 2005 include the following:

- 1) In 2004, the firm of MSA finished the design of a new municipal facility for the Police Department and the Municipal Court. The construction of the new **Municipal Court and Police Services Building** is estimated to be \$10.7 million. The population growth and the changing nature of policing activities have outdated the existing facilities. The City will award construction contracts in the spring of 2005 with an estimated completion of construction in the summer of 2006. The basic features of the 49,000 sq. ft building include a tower with stone relief of the elements of the City seal and a raised roofline over the courtroom. The building is a single-story brick structure with stone pieces and brick patterns to add to visual appeal.
- 2) The City along with Butler County, the City of Hamilton and Fairfield Township will initiate engineering of the **Bypass State Route 4** project. This project consists of widening the bypass to five lanes from its southern terminus in the City of Fairfield to its northern terminus in Fairfield Township. Total estimated project cost is approximately \$25 million with half of the funding being provided under state and federal grants.
- 3) The Public Utilities Department will increase its production of raw water with the construction of a new well estimated to cost approximately \$600,000. In addition, the Public Utilities Department is planning a \$3 million in improvements to the wastewater system. These improvements include rebuilding secondary clarifiers to increase hydraulic capacity of the plant, the construction of wet weather relief improvements, the construction of an administration building and the renovation of various lift stations throughout the system.
- 4) The City entered into an agreement with the City of Hamilton to improve the intersection of River Road and St. Clair Avenue by providing turn lanes and a new roadway entrance into Joyce Park. The project is estimated to cost approximately \$2.2 million with the State of Ohio providing a grant of approximately \$1.5 million with the balance of the cost being split equally between the cities. Work is to be completed in 2005.
- 5) The City of Fairfield has received \$759,000 in grant funding from the State of Ohio Department for the streetscape enhancement along State Route 4 on the southern end of the City. This project will consist of decorative pavers, plantings, irrigation, modern lighting and entrance signage in the median along the road. The improvement would provide a gateway definition in accordance with the City's Route 4 corridor design and the City's Year 2010 Master Plan. The total project's cost is estimated at \$1.2 million.

## INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

We believe that the City's internal control structure adequately safeguarded assets and provided reasonable assurance of proper recording of financial transactions. It is further our intention to review these controls in depth on an ongoing basis for continued refinements and improvements.

Budgetary control is maintained at the fund level by the use of encumbrances for purchase order amounts to vendors. Open encumbrances are reported as reservations of the fund balance for the governmental fund types at December 31, 2004.

### CASH MANAGEMENT

Excluding investments held by trustees, cash temporarily idle during the year 2004 was invested in State Treasury Asset Reserves or Repurchase Agreements (collateralized by U.S. Treasury Bills). As of year-end, State Treasury Asset Reserves made up 30.1% of the City's total cash, cash equivalents and investments, U.S. government securities 60.1%, certificates of deposits 2.5%, repurchase agreements .2%, money market accounts 2% and deposits 5.1%. Yields on these investment instruments ranged from 1.27% to 3.20% the amount of interest earned during the year was \$543,041 as compared to \$843,596 earned in 2003.

### DEBT ADMINISTRATION

The ratio of net debt to assessed valuation and net debt per capita is useful indications of the City of Fairfield's debt position to all interested parties. The data for the City of Fairfield as of December 31, 2004 was as follows:

|   |                             |
|---|-----------------------------|
| <b>2004 Population (Estimated)</b>                  | <b><u>41,981</u></b>        |
| <b>Assessed Valuation</b>                           | <b><u>\$974,151,983</u></b> |
| <b>Total General Obligation (G.O.) Debt</b>         | <b>\$18,680,000</b>         |
| <b>Less Amount Available in Debt Service Fund</b>   | <b><u>412,196</u></b>       |
| <b>Net General Obligation Debt</b>                  | <b><u>\$18,267,804</u></b>  |
| <b>Ratio of Net G.O. Debt to Assessed Valuation</b> | <b>1.84%</b>                |
| <b>Debt per Capita</b>                              | <b><u>\$444.96</u></b>      |

The City's total debt at the close of 2004 included the above mentioned \$18,267,804 in net General Obligation debt, \$50,000 in special assessment bonded debt and \$14,398,222 in enterprise debt. The City's General Obligation bonds continue to have an excellent rating, which they have carried for the past several years. In 2003, Moody's Investor's Service upgraded the City's bonds to carry an "Aa2" credit rating.

## CITY INCOME TAX

The 1.5% locally levied tax applies to gross salaries, wages and other personal service compensation earned by residents, both in and out of the City and upon earnings of non-residents earned in the City. It also applies to net income of business organizations derived from business activities conducted in the City. In 2003, the citizens approved an income tax allocation designed to increase the City's fiscal flexibility. The tax rate remains unchanged at 1.5%, the new allocation credits 1.1% of the tax revenues into the General Fund, .2% into the Street Improvement Fund and .2% into the Capital Improvement Fund. The new allocation of income tax revenues was effective January 1, 2004.

Receipts from this tax are directly related to employment levels and the general economic conditions in the Cincinnati area. Collections and allocations for the past two years are as follows:

|  | 2004                | 2003                |
|--|---------------------|---------------------|
| Allocated to <b>General Fund</b>                 | \$14,725,397        | \$12,266,102        |
| Allocated to <b>.2% Street Improvement Fund</b>  | 2,751,333           | 3,666,239           |
| Allocated to <b>.2% Capital Improvement Fund</b> | 2,751,333           | 2,525,296           |
| <b>Gross Revenues</b>                            | <u>\$20,228,063</u> | <u>\$18,457,637</u> |

The shift in resource allocation enhances the City's ability to meet the changing needs of its maturing community. Initially, the additional resources in the General Fund will be used to pay the construction of a new Community Arts Center and the construction of the Municipal Court and Police Services Facility, as well as, the operation and maintenance of these buildings.

## RISK MANAGEMENT

By statute and court decisions, Ohio retains only limited tort immunity for local government. In addition to potential tort liabilities, the City is liable for employees' Workers' Compensation claims, plus the risk of casualty loss to real and personal property owned by the City, and must provide faithful performance bonds for certain City officials. The City must also manage the risk of dental expense claims by employees eligible for health care coverage as a fringe benefit.

## INDEPENDENT AUDIT

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The accounting firm of Clark, Schaefer and Hackett has completed an audit of the financial statements. Their opinion on the City's financial statements is included in the financial section of this Comprehensive Annual Financial Report.

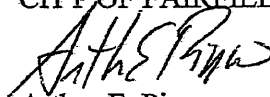
## CERTIFICATE OF ACHIEVEMENT

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 Fairfield for its Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2003. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports 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 our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

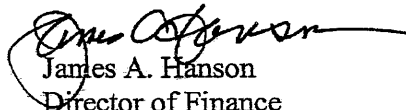
## ACKNOWLEDGEMENTS

Preparation of this report could not have been accomplished without the professional, efficient and dedicated services of the entire staff of the Finance Department and the various department heads and employees who assisted and contributed to its preparation. Further appreciation is extended to the Mayor and City Council for their encouragement, assistance and approval. It is a sincere pleasure to be employed by a group of people who appreciate and respect principles of financial and budgetary restraint as prevails in the City of Fairfield.

Respectfully submitted,  
CITY OF FAIRFIELD



Arthur E. Pizzano  
City Manager



James A. Hanson  
Director of Finance

**CITY OF FAIRFIELD**  
**PUBLIC OFFICIALS**

**MAYOR**

Erick Cook

**COUNCIL MEMBERS**

Vice Mayor – Steve Miller

Jill Kinder  
Marty Judd  
Howard Dirksen

Mark Scharringhausen  
Mitch Rhodus  
Michael Snyder

**APPOINTED OFFICIALS**

City Manager  
Assistant City Manager  
Director of Human Resources  
Director of Finance  
Director of Law  
Director of Public Works  
Director of Parks and Recreation  
Director of Public Utilities  
Director of Development Services  
Chief of Police  
Chief of Fire  
Clerk of Council

Arthur E. Pizzano  
Dennis Stuckey  
Kenneth McFarland  
James A. Hanson  
John H. Clemmons  
David A. Bock  
James Bell  
Dwight Culbertson  
Timothy Bachman  
Michael Dickey  
Donald Bennett  
Dena Morsch

**DEPARTMENT OF FINANCE**

Director

James A. Hanson

**Division of Accounting**

|               |                    |                 |             |
|---------------|--------------------|-----------------|-------------|
| Tina Williams | Karen Broughton    | Diana Davenport | Pat Ragland |
|               | Rosemarie Swartout | Mary Geyer      |             |

**Division of Income Tax**

|             |               |                 |                |
|-------------|---------------|-----------------|----------------|
| Mary Hopton | Teresa Bolser | Deanna Rucinski | Patricia Finan |
|             | Kristi Kinsey | Lisa Wright     |                |

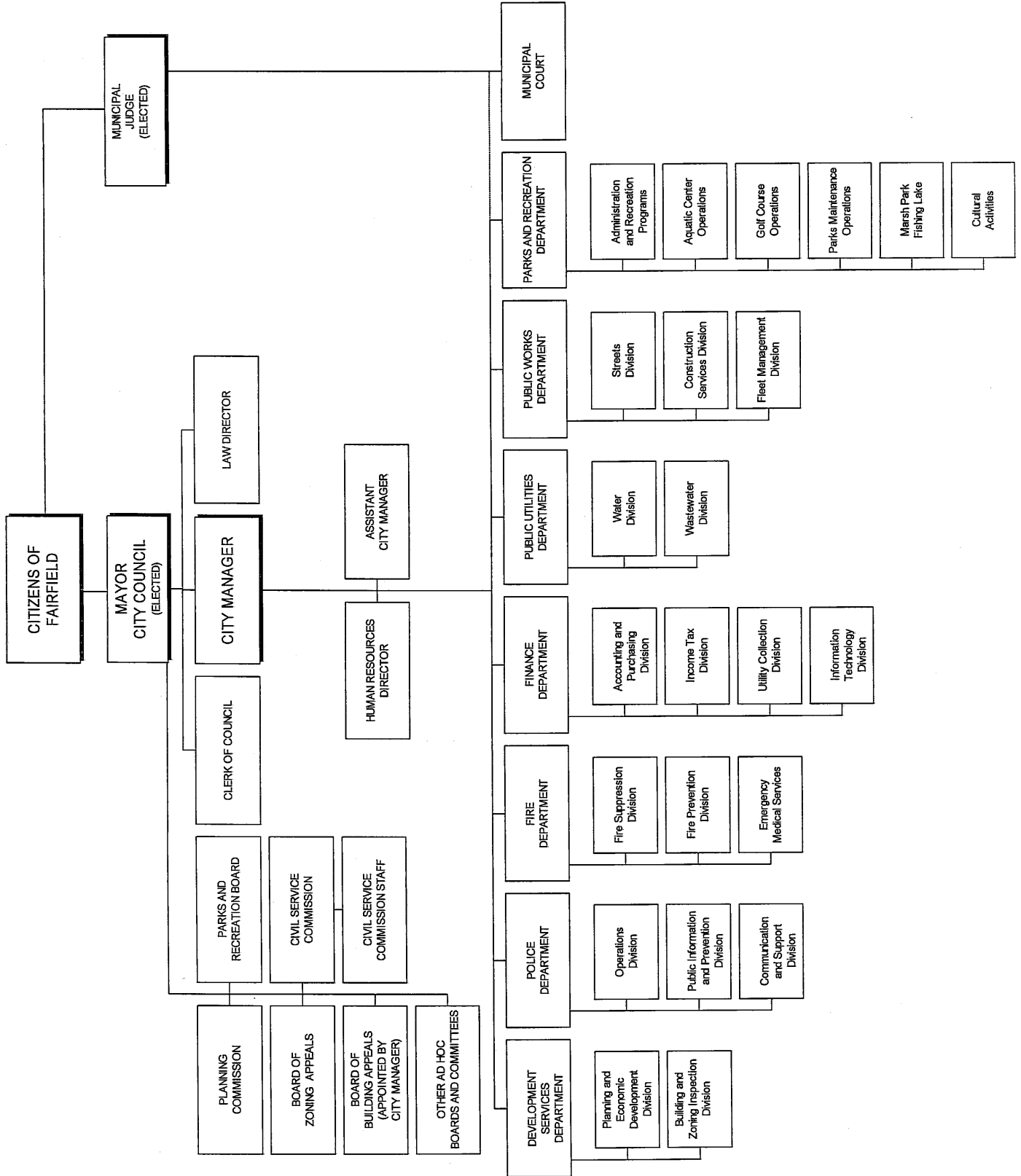
**Division of Utility Billing and Collection**

|             |               |              |              |
|-------------|---------------|--------------|--------------|
| Mary Lawson | Sandra Cotton | Roxanne Leak | Kim Lunsford |
|-------------|---------------|--------------|--------------|

**Division of Information Systems**

|               |              |              |              |
|---------------|--------------|--------------|--------------|
| J. Ben Warner | Tanya Kaiser | Derek Hunter | Yvette Scott |
|---------------|--------------|--------------|--------------|

# CITY OF FAIRFIELD, OHIO, ORGANIZATIONAL CHART





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairfield,  
Ohio

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

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



*Nancy L. Zelle*

President

*Jeffrey R. Emmer*

Executive Director

**FINANCIAL  
SECTION**



Clark, Schaefer, Hackett & Co.  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
City of Fairfield:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 12 and 56 through 60, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairfield, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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.

*Clark, Schaefer, Hackett & Co.*

Middletown, Ohio  
June 12, 2006

# **City of Fairfield**

## **Management's Discussion and Analysis For The Year Ended December 31, 2004**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Fairfield's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2004. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter and the City's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The City's total net assets increased \$4,317,096. Net assets of governmental activities increased \$4,815,042, net assets of business-type activities decreased by \$497,946.
- The general fund reported a fund balance of \$8,033,615.
- Business-type operations reflected operating loss of \$805,858.
- The City issued \$1.5 million in General Obligation Bond Anticipation Notes for improvements to the wastewater treatment plant.
- The City had \$31,051,083 in expenses relating to governmental activities; program revenues offset \$6,903,651 of these expenses. General revenues of \$28,962,474 were also used to provide for these programs.

### **USING THIS ANNUAL FINANCIAL REPORT**

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

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

## **REPORTING THE CITY AS A WHOLE**

### *Statement of Net Assets and the Statement of Activities*

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These reports provide information that will help the reader to determine if the City of Fairfield is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes to those assets. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements need to take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

- **Governmental Activities** - Most of the City's services are reported here including police, fire, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, building permits and interest finance most of these activities.
- **Business-Type Activities** - These services include sewer, water, waste collection utilities and the operation of recreation facilities. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### *Fund Financial Statements*

The analysis of the City's major funds is presented later in the Management's Discussion and Analysis section. Fund financial statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are General, Fire Levy, .2% Street Improvement, .2% Capital Improvement, Downtown Development, Water Utility, Sewer Utility, Solid Waste Management and Recreation Facilities.

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

**Proprietary Funds** - When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Internal service funds are used to report activities that provide services to the City's other funds and departments.

**Fiduciary Funds** - The City is the fiscal agent for the Municipal Court and Warranty Bonds. The City's fiduciary responsibility is reported in the Statement of Fiduciary Net Assets and Statement of Changes in Assets and Liabilities. We exclude these balances from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

## THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2004 compared to 2003.

**Table 1**  
Net Assets

|                            | Governmental<br>Activities |                     | Business-Type<br>Activities |                     | Total                |                      |
|----------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
|                            | 2003 Restated              | 2004                | 2003 Restated               | 2004                | 2003 Restated        | 2004                 |
| <b>Assets</b>              |                            |                     |                             |                     |                      |                      |
| Current And Other Assets   | \$42,972,061               | \$37,464,152        | \$16,925,377                | \$15,685,455        | \$58,897,438         | \$53,149,607         |
| Capital Assets, Net        | <u>62,642,472</u>          | <u>71,107,267</u>   | <u>52,510,732</u>           | <u>51,966,743</u>   | <u>115,153,204</u>   | <u>123,074,010</u>   |
| Total Assets               | <u>105,614,533</u>         | <u>108,571,419</u>  | <u>69,436,109</u>           | <u>67,652,198</u>   | <u>175,050,642</u>   | <u>176,223,617</u>   |
| <b>Liabilities</b>         |                            |                     |                             |                     |                      |                      |
| Long-Term Liabilities      | 17,991,845                 | 17,387,603          | 17,683,159                  | 16,548,222          | 35,675,004           | 33,935,825           |
| Other Liabilities          | <u>8,132,668</u>           | <u>6,878,754</u>    | <u>2,238,504</u>            | <u>1,991,122</u>    | <u>10,371,172</u>    | <u>8,869,876</u>     |
| Total Liabilities          | <u>26,124,513</u>          | <u>24,266,357</u>   | <u>19,921,663</u>           | <u>18,539,344</u>   | <u>46,046,176</u>    | <u>42,805,701</u>    |
| <b>Net Assets</b>          |                            |                     |                             |                     |                      |                      |
| Invested in Capital Assets |                            |                     |                             |                     |                      |                      |
| Net of Debt                | 46,408,409                 | 55,787,920          | 35,166,882                  | 34,493,502          | 81,575,291           | 90,281,422           |
| Restricted                 | 25,095,976                 | 19,587,895          | 1,693,981                   | 1,438,321           | 25,095,976           | 21,026,216           |
| Unrestricted               | <u>7,985,635</u>           | <u>8,929,247</u>    | <u>12,749,937</u>           | <u>13,181,031</u>   | <u>22,429,553</u>    | <u>22,110,278</u>    |
| Total Net Assets           | <u>\$79,490,020</u>        | <u>\$84,305,062</u> | <u>\$49,610,800</u>         | <u>\$49,112,854</u> | <u>\$129,100,820</u> | <u>\$133,417,916</u> |

Total net assets of the City as a whole increased \$4,317,096. Net assets of the City's governmental activities increased \$4,815,042. The net assets of the City's business-type activities decreased \$497,946 from 2003.

Table 2 shows the changes in net assets at year-end and revenue and expense comparisons to 2003.

**Table 2**  
Changes in Net Assets

|   | Governmental<br>Activities |                     | Business-Type<br>Activities |                     | Total                |                      |
|---|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
|   | 2003 Restated              | 2004                | 2003                        | 2004                | 2003 Restated        | 2004                 |
| <b>Revenues</b>   |                            |                     |                             |                     |                      |                      |
| <b>Program Revenues:</b>                                  |                            |                     |                             |                     |                      |                      |
| Charges for Services                                      | \$2,441,793                | \$3,826,154         | \$10,148,727                | \$10,445,675        | \$12,590,520         | \$14,271,829         |
| Operating Grants, Contributions                           | 1,481,204                  | 1,279,580           | 0                           | 273,206             | 1,481,204            | 1,552,786            |
| Capital Grants and Contributions                          | <u>150,233</u>             | <u>1,797,917</u>    | <u>0</u>                    | <u>0</u>            | <u>150,233</u>       | <u>1,797,917</u>     |
| <b>Total Program Revenues</b>                             | <u>4,073,230</u>           | <u>6,903,651</u>    | <u>10,148,727</u>           | <u>10,718,881</u>   | <u>14,221,957</u>    | <u>17,622,532</u>    |
| <b>General Revenues:</b>                                  |                            |                     |                             |                     |                      |                      |
| Income Taxes  | 19,485,823                 | 20,228,063          | 0                           | 0                   | 19,485,823           | 20,228,063           |
| Property Taxes  | 5,407,434                  | 5,958,198           | 0                           | 0                   | 5,407,434            | 5,958,198            |
| Grants and Entitlements                                   | 1,725,249                  | 2,728,213           | 0                           | 0                   | 1,725,249            | 2,728,213            |
| Unrestricted Contributions                                | 33,320                     | 0                   | 0                           | 0                   | 33,320               | 0                    |
| Investment Earnings                                       | 543,188                    | 380,569             | 300,408                     | 162,472             | 843,596              | 543,041              |
| Refunds & Reimbursements                                  | 47,791                     | 0                   | 0                           | 0                   | 47,791               | 0                    |
| Other Revenues  | <u>68,403</u>              | <u>317,431</u>      | <u>37,895</u>               | <u>69,615</u>       | <u>106,298</u>       | <u>387,046</u>       |
| <b>Total General Revenues</b>                             | <u>27,311,208</u>          | <u>29,612,474</u>   | <u>338,303</u>              | <u>232,087</u>      | <u>27,649,511</u>    | <u>29,844,561</u>    |
| <b>Total Revenues</b>                                     | <u>31,384,438</u>          | <u>36,516,125</u>   | <u>10,487,030</u>           | <u>10,950,968</u>   | <u>41,871,468</u>    | <u>47,467,093</u>    |
| <b>Program Expenses:</b>                                  |                            |                     |                             |                     |                      |                      |
| General Government  | 5,569,878                  | 7,274,175           | 0                           | 0                   | 5,569,878            | 7,274,175            |
| Public Safety   | 12,233,671                 | 13,603,790          | 0                           | 0                   | 12,233,671           | 13,603,790           |
| Leisure Time Activities                                   | 1,914,984                  | 2,794,947           | 0                           | 0                   | 1,914,984            | 2,794,947            |
| Community Development                                     | 3,073,536                  | 1,113,666           | 0                           | 0                   | 3,073,536            | 1,113,666            |
| Basic Utility Service                                     | 481,265                    | 509,633             | 0                           | 0                   | 481,265              | 509,633              |
| Transportation & Street Repair                            | 7,719,625                  | 5,052,846           | 0                           | 0                   | 7,719,625            | 5,052,846            |
| Public Health & Welfare                                   | 25,809                     | 25,278              | 0                           | 0                   | 25,809               | 25,278               |
| Interest and Fiscal Charges                               | 615,988                    | 676,748             | 0                           | 0                   | 615,988              | 676,748              |
| Water Utility   | 0                          | 0                   | 3,830,735                   | 3,964,028           | 3,830,735            | 3,964,028            |
| Sewer Utility   | 0                          | 0                   | 4,330,106                   | 4,616,131           | 4,330,106            | 4,616,131            |
| Solid Waste   | 0                          | 0                   | 1,685,265                   | 1,728,745           | 1,685,265            | 1,728,745            |
| Recreation  | <u>0</u>                   | <u>0</u>            | <u>1,735,131</u>            | <u>1,790,010</u>    | <u>1,735,131</u>     | <u>1,790,010</u>     |
| <b>Total Expenses</b>                                     | <u>31,634,756</u>          | <u>31,051,083</u>   | <u>11,581,237</u>           | <u>12,098,914</u>   | <u>43,215,993</u>    | <u>43,149,997</u>    |
| <b>Increase (Decrease) in Net Assets before Transfers</b> | (250,318)                  | 5,465,042           | (1,094,207)                 | (1,147,946)         | (1,344,525)          | 4,317,096            |
| <b>Transfers – Internal Activities</b>                    | <u>(396,000)</u>           | <u>(650,000)</u>    | <u>396,000</u>              | <u>650,000</u>      | <u>0</u>             | <u>0</u>             |
| <b>Change in Net Assets</b>                               | (646,318)                  | 4,815,042           | (698,207)                   | (497,946)           | (1,344,525)          | 4,317,096            |
| <b>Net Assets Beginning of Year</b>                       | <u>80,136,338</u>          | <u>79,490,020</u>   | <u>50,309,007</u>           | <u>49,610,800</u>   | <u>130,445,345</u>   | <u>129,100,820</u>   |
| <b>Net Assets End of Year</b>                             | <u>\$79,490,020</u>        | <u>\$84,305,062</u> | <u>\$49,610,800</u>         | <u>\$49,112,854</u> | <u>\$129,100,820</u> | <u>\$133,417,916</u> |



The City had an increase in Governmental Activities capital grants and contributions of \$1,647,684 from 2003 mainly due to a FEMA grant that they received to purchase and demolish twenty three homes along or near the Pleasant Run Creek (flood area). The City also had an increase in charges for services due to the City enacting an emergency medical services transport charge. Insurance providers will be billed for emergency services transport of residents and non-residents. The City had an increase in general government expense of \$1,704,297 due mainly to the purchase of homes within the FEMA grant explained above.

The business-type activities had an increase in charges for services largely due to increases in rate changes (i.e. sewer rate increase, etc.). The increase in expenses for the business-type activities is mainly due to the purchase (construction) of new capital assets for the City's use in operations.

***Governmental Activities***

Council is active in promoting economic growth in Fairfield in 2004, as this economic growth does increase the earnings tax base as well. Fairfield has continued attracting employers to our city in the year 2004, thereby injecting the local economy with jobs and increasing the City's commercial tax base. The 1.50% income tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent more than 70% of the City's governmental activities general revenues. During 2004, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2004 earnings tax revenues increased approximately 9.6% over 2003 tax revenues.

Governmental activities program expenses for 2004 were as follows:

|                                  |                |
|----------------------------------|----------------|
| General Government               | 23.43%         |
| Public Safety                    | 43.81%         |
| Leisure Time Activities          | 9.00%          |
| Community Development            | 3.59%          |
| Basic Utility Service            | 1.64%          |
| Transportation and Street Repair | 16.27%         |
| Public Utility and Welfare       | 0.08%          |
| Interest and Fiscal Charges      | <u>2.18%</u>   |
| Total                            | <u>100.00%</u> |

General Government includes legislative and executive as well as judicial expenses. The level of services provided to City residents continues to be very high. The City seeks to improve the quality and efficiency of existing services as well as consider additional services. Leaf and brush pickup, storm sewer projects, and aggressive street resurfacing program, amenities in the parks, and police and fire services all culminate into a full service city. Services in the City of Fairfield have increased over the years and this has been accomplished by the City Council and the City's work force.

## **Income Tax**

This tax was originally levied in 1960, at a rate of 0.6%, to provide funds for street improvements, drainage improvements, and garbage collection. A 0.4% increase in 1966 was solely for the installation and operation of storm and sanitary sewers and the sewage disposal plant. A 0.5% increase in 1971, to the current 1.5% rate, was for the purpose of general operations, maintenance, and improvement of services.

The 1.5% locally levied tax applies to gross salaries, wages and other personal service compensation earned by residents, both in and out of the City and upon earnings of non-residents earned in the City. It also applies to net income of business organizations derived from business activities conducted in the City. In November of 1990, the citizens of Fairfield voted to change the distribution of the income taxes that allocated monies to the Sewer Funds. The 1.5% tax rate was subdivided into three components. The first 1.0% is used for operating expenses of the General Fund. Next, 0.3% is used for street construction, improvement and repair. Third, 0.2% of the tax is earmarked for capital improvements of a permanent nature.

In 2001, the City Council decided to begin an initiative to develop and revitalize the downtown area of Fairfield which consisted of constructing two new public buildings, a Community Arts Center and a Municipal Court and Polices Services Facility. In order to fund this major capital investment Council asked the voters to change the allocation of the Income Tax revenues. In November of 2002, the citizens of Fairfield approved the change which, beginning in January of 2004, the current tax rate allocates 1.1% for the operating expenses of the General Fund, 0.2% for street construction, improvement and repair and 0.2% for capital improvements of a permanent nature.

## ***Business-Type Activities***

The City's business-type activities include Water Utility, Sewer Utility, Solid Waste Collection and Recreation Facilities operations.

**Water** – The City of Fairfield has been providing public water services to residents since 1958. The initial plant consisted of an ion exchange plant, with one train that could provide 750,000 gallons of water per day. A second train was constructed in 1965 provided a combined capacity of 1.5 million gallons of water per day.

For the next nearly twenty years, the City operated the ion exchange plant as its primary source of drinking water. But as the City grew, the supply was not sufficient to keep up with demand. As a result, the City entered into an agreement with the City of Hamilton to purchase supplemental water supplies, with more and more supplemental water required each year. In 1984, the City decided to become self-sufficient again for its water supply and initiated an expansion of the City's water plant. The expansion included construction of a separate wing providing treatment by lime/soda ash softening, as opposed to the existing process involving ion exchange treatment. This initial addition of the lime/soda ash plant consisted of a 4.5 MGD expansion. A second addition to the lime/soda ash plant was completed in 1990. Today, the plant has a combined capacity of 10.5 MGD day. This includes 1.5 MGD for the original ion exchange plant, and 4.5 MGD for each of the two phases of the lime/soda ash plant expansion.

The City is currently petitioning the state of Ohio to have the capacity of the lime/soda ash plant re-rated to a high capacity. Traditionally, engineering and design standards have been very conservative, with actual working capacities greatly exceeding design standards. Re-rating is a formal, regulatory process that allows the plant - with a few, low-capital intensive improvements -to be rated for increased capacity. The re-rating initiative was completed in 2003 and should increase the design capacity of the lime/soda ash plant from 9.0 to 13.5 million gallons per day. This should meet all potential demands for the City of Fairfield for the foreseeable future.

Today, the Fairfield Water Department serves nearly 11,400 residential and 900 commercial accounts. This represents a population base of nearly 47,000 people. This includes the operation of the treatment plant; five water elevated water towers and 180 miles of water mains in its distribution system. The City also maintains emergency connections with cities of Hamilton and Cincinnati for providing back-up water supplies in the event of an emergency.

**Wastewater** – The City of Fairfield has been operating a public wastewater collection and treatment system since 1965. The Wastewater Treatment Plant is located on Groh Lane and discharges treated water to the Great Miami River. The Wastewater Treatment Plant consists of conventional activated sludge treatment process, with a treatment capacity of 10.0 million gallons per day (MGD) and a hydraulic capacity of 15.0 MGD. The flows average approximately 4.7 MGD.

As part of the treatment process, water solids-laden sludge is produced. The sludge, called bio-solids, has been stabilized to destroy infectious organisms and is used as a soil conditioner for managed farming operations. The bio-solids improve soil matrixes by adding nutrients and water retention capacities. In addition, they help to add bulking characteristics that help to aerate the soil. The bio-solids disposal program is coordinated with area framers who are able to take advantage of the agronomic enriching characteristics.

In an effort to respond to increased flows induced during period of extended rainfall, the City embarked on an extensive sewer relief project to alleviate surcharging caused by stormwater entering the sanitary sewer system. The relief sewer system captures potential overflows and conveys excess flows to off-line storage facilities at the Wastewater Treatment Plant. The excess flows can then be metered into the Treatment Plant once storm conditions subside.

The sanitary sewer collection system includes nearly 180 miles of sanitary sewer main, and 4,000 manholes. It also includes thirteen (13) lift stations to elevate collected wastewater to a height that it can resume a normal flow by gravity.

**Waste Collection** – The City contract with Rumpke, a private organization, to provide waste removal and recycling services to residential customers in the City of Fairfield. In 2002, Council authorized a three-year contract with two renewable years with Rumpke for Fairfield residents' waste and recycling collection. According to that contract the current rate of \$8.95 per month for curbside service and \$4.90 per month for dumpster service is scheduled for annual increases which will result in the curbside rate to \$9.75 and the dumpster rate to be \$5.50 in the year 2006.

The City charges a portion of the waste collection contract back to the residential customers of the service while the City subsidizes the difference with an operating transfer from the General Fund. In 2002, City Council passed an ordinance that structured user charges at \$7.25 per month for curbside service and \$4.90 per month for dumpster service. Annual increases are scheduled through the year 2007 which will increase the rate to \$8.10 per month for curbside service to \$5.50 per month for dumpster service.

**Recreation Facilities-** The City of Fairfield acquired the Pleasant Run Country Club in 1978, with assistance through the Land and Water Conservation Fund grant program and immediately re-named the facility the Pleasant Run Golf Course. With its acquisition, the City added an 18-hole championship golf course, clubhouse facility and 4-lane/25 meter swimming pool to its recreational inventory

In the late 1980's the City retained the services of Hurdzan Golf Course Architects to provide a master plan for a series of improvements at the Fairfield Golf Course, in order to make the course more playable, enjoyable and safer for the golfer. These improvements were implemented over a five-year period.

In the late 1980's the City acquired approximately 55 acres north of the golf course to construct a flood detention basin. As the community grew, the need for recreational opportunities increased. In an early 1990's recreational needs assessment study, the replacement of the swimming pool was rated as a top priority. The City retained the services of Brandstetter/Carroll Architects to begin the design work on a new aquatic facility for the community. In summer of 1997, the City opened the Fairfield Aquatic Center. The center housed an eight-lane/25 meter competitive pool, diving area, children's wading pool, 90-foot water slide, zero depth entry, three in-water play features, grass beach area, concession building, bath house, sand volleyball courts, grass beach, large sun deck, and two play structures.

As the community struggled with the maintenance of its flood detention projects an idea emerged to construct a 9-hole executive golf course within the detention basin adjacent to the existing 18-hole golf course. After researching the possible alternatives, the City again retained the services of Hurdzan Golf Course Architects to design of the 9-hole executive golf course. Since the City would be operating two golf courses, that were contiguous to each other but separate operations, it was necessary that both courses be easily recognizable but identifiable as separate golf courses. Therefore after careful study, the 18-hole golf course was re-named Fairfield Greens Golf Course/South Trace and the new golf course was named the Fairfield Greens Golf Course/North Trace.

## THE CITY'S FUNDS

Information about the City's major governmental funds is presented in the Fund Financial Statements (see table of contents). These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues and other financing sources of \$38,148,367 and expenditures and other financing uses of \$43,509,522. All governmental funds expenditures exceeded revenues by \$4,648,727; and within the General Fund revenues exceeded expenditures by \$3,149,805. The General Fund had a net change in fund balance of \$1,050,795 for 2004. The increase was mainly due to an increase in the amount of income taxes they received during the year. The increase in income taxes revenue was due to the City changing the allocation to the General Fund from 1.1% to 1.2% of the 1.5% City income tax. The Fire Levy Fund had a net change in fund balance of (\$261,405) for 2004. The decrease that was seen in the Fire Levy Fund was due increasing administration cost within the fund. The .2% Street Improvement Fund had a net change in fund balance of (\$397,800) for 2004. This was also due to the City changing the allocation to the .2% Street Improvement Fund from .3% to .2% of the 1.5% City income tax. The .2% Capital Improvement Fund had a net change in fund balance of (\$51,019) for 2004. The fund had an increase in capital outlay expense, which was used to make capital improvements to throughout the City. The Downtown Development Fund had a net change in fund balance of (\$5,683,968) for 2004. This large decrease in fund balance was due to the City's continued construction of the City's Community Arts Center.

### *General Fund Budgeting Highlights*

The City's General Fund budget is formally adopted at the function level. Financial reports, which compare actual performance with the budget, are prepared monthly and presented to the Council so the Council is able to review the financial status and measure the effectiveness of the budgetary controls.

As the City completed the year, its General Fund balance reported an actual fund balance of \$6,571,828, on a Non-GAAP Budgetary Basis.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

**Table 3**  
Capital Assets

|                           | Governmental<br>Activities |                     | Business-Type<br>Activities |                     | Total                |                      |
|---------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
|                           | 2003 Restated              | 2004                | 2003                        | 2004                | 2003 Restated        | 2004                 |
| Land                      | \$7,963,923                | \$12,003,379        | \$1,191,351                 | \$1,493,851         | \$9,155,274          | \$13,497,230         |
| Construction in Progress  | 1,627,072                  | 7,476,184           | 1,580,408                   | 201,667             | 3,207,480            | 7,677,851            |
| Building and Improvements | 23,005,820                 | 23,745,493          | 45,875,946                  | 45,964,990          | 68,881,766           | 69,710,483           |
| Equipment                 | 9,935,377                  | 11,039,456          | 2,155,039                   | 2,328,658           | 12,090,416           | 13,368,114           |
| Infrastructure            | 73,153,299                 | 73,339,355          | 26,861,939                  | 28,837,203          | 100,015,238          | 102,176,558          |
| Accumulated Depreciation  | (53,043,019)               | (56,496,600)        | (25,153,951)                | (26,859,626)        | (78,196,970)         | (83,356,226)         |
| Totals                    | <u>\$62,642,472</u>        | <u>\$71,107,267</u> | <u>\$52,510,732</u>         | <u>\$51,966,743</u> | <u>\$115,153,204</u> | <u>\$123,074,010</u> |

Increases in Capital Assets were the result of the City continued construction of the Community Arts Center.

**Debt**

At year-end the City had \$15,170,000 in unvoted general obligation and special assessment bonds for Governmental Activities and \$16,053,688 in business-type long-term debt.

**Table 4**  
Outstanding Debt at Year End

|  | <u>2003</u>         | <u>2004</u>         |
|--|---------------------|---------------------|
| Governmental Activities:                 |                     |                     |
| Justice Center Bond                      | \$200,000           | \$150,000           |
| Fire Station Bond                        | 505,000             | 445,000             |
| Community Arts Center Bond               | 7,500,000           | 7,215,000           |
| Various Purpose Special Assessment Bonds | 75,000              | 50,000              |
| Various Purpose General Obligation Bonds | <u>7,725,000</u>    | <u>7,310,000</u>    |
| Total                                    | <u>\$16,005,000</u> | <u>\$15,170,000</u> |
| Business-Type Activities:                |                     |                     |
| OWDA Wastewater Improvement Loan         | \$10,502,496        | \$9,923,688         |
| Various Purpose Recreation Bond          | 2,140,000           | 2,060,000           |
| Water Refunding Mortgage Revenue Bond    | 680,000             | 350,000             |
| Water Refunding Mortgage Revenue Bond    | <u>3,925,000</u>    | <u>3,720,000</u>    |
| Total                                    | <u>\$17,247,496</u> | <u>\$16,053,688</u> |

Special Assessment Street Improvement Bonds will be paid with special assessment revenue.

The unvoted General Obligation Bonds for street improvement will be paid with municipal income tax revenue. The Various Purpose Improvement general obligation bonds and Community Arts Center Bonds will be paid with property tax revenues via transfers from the General Fund.

The City's overall legal debt margin was \$38,870,555 at year-end.

Detailed information relating to capital assets and debt is presented in the notes to the financial statements.

**CONTACTING THE CITY'S FINANCE DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, customers and investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Fairfield, 5350 Pleasant Avenue, Fairfield, Ohio 45014.

City of Fairfield  
Statement of Net Assets  
December 31, 2004

|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>Assets:</b>                                  |                            |                             |                      |
| Equity in Pooled Cash and Investments           | \$25,164,724               | \$13,152,281                | \$38,317,005         |
| Restricted Cash and Investments                 | 0                          | 1,438,321                   | 1,438,321            |
| <b>Receivables:</b>                             |                            |                             |                      |
| Taxes   | 10,392,312                 | 0                           | 10,392,312           |
| Accounts  | 37,581                     | 839,409                     | 876,990              |
| Interest  | 80,357                     | 37,054                      | 117,411              |
| Intergovernmental                               | 1,733,459                  | 0                           | 1,733,459            |
| Special Assessments                             | 55,719                     | 0                           | 55,719               |
| Deferred Bond Issuance Costs                    | 0                          | 80,447                      | 80,447               |
| Inventory                                       | 0                          | 137,943                     | 137,943              |
| Nondepreciable Capital Assets                   | 19,479,563                 | 1,695,518                   | 21,175,081           |
| Depreciable Capital Assets, Net                 | 51,627,704                 | 50,271,225                  | 101,898,929          |
| <b>Total Assets</b>                             | <b>108,571,419</b>         | <b>67,652,198</b>           | <b>176,223,617</b>   |
| <b>Liabilities:</b>                             |                            |                             |                      |
| Accounts Payable                                | 697,333                    | 170,644                     | 867,977              |
| Accrued Wages and Benefits                      | 849,775                    | 133,257                     | 983,032              |
| Accrued Interest Payable                        | 0                          | 28,818                      | 28,818               |
| Unearned Revenue                                | 5,320,427                  | 0                           | 5,320,427            |
| Other Liabilities                               | 0                          | 116,700                     | 116,700              |
| Claims Payable                                  | 11,219                     | 0                           | 11,219               |
| Due to Other Governments                        | 0                          | 41,703                      | 41,703               |
| General Obligation Notes Payable                | 0                          | 1,500,000                   | 1,500,000            |
| <b>Long-Term Liabilities:</b>                   |                            |                             |                      |
| Due Within One Year                             | 975,741                    | 1,262,591                   | 2,238,332            |
| Due In More Than One Year                       | 16,411,862                 | 15,285,631                  | 31,697,493           |
| <b>Total Liabilities</b>                        | <b>24,266,357</b>          | <b>18,539,344</b>           | <b>42,805,701</b>    |
| <b>Net Assets:</b>                              |                            |                             |                      |
| Invested in Capital Assets, Net of Related Debt | 55,787,920                 | 34,493,502                  | 90,281,422           |
| <b>Restricted for:</b>                          |                            |                             |                      |
| Special Revenue                                 | 2,796,399                  | 0                           | 2,796,399            |
| Debt Service                                    | 1,642,268                  | 0                           | 1,642,268            |
| Capital Projects                                | 15,149,228                 | 0                           | 15,149,228           |
| Other Purposes                                  | 0                          | 1,438,321                   | 1,438,321            |
| Unrestricted                                    | 8,929,247                  | 13,181,031                  | 22,110,278           |
| <b>Total Net Assets</b>                         | <b>\$84,305,062</b>        | <b>\$49,112,854</b>         | <b>\$133,417,916</b> |

See accompanying notes to the basic financial statements.

City of Fairfield  
Statement of Activities  
For the Fiscal Year Ended December 31, 2004

|                                       | Expenses            | Program Revenues               |                                    |                                  |
|---------------------------------------|---------------------|--------------------------------|------------------------------------|----------------------------------|
|                                       |                     | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Governmental Activities:</b>       |                     |                                |                                    |                                  |
| General Government                    | \$7,274,175         | \$2,905,819                    | \$0                                | \$0                              |
| Public Safety                         | 13,603,790          | 17,073                         | 165,449                            | 0                                |
| Leisure Time Activities               | 2,794,947           | 63,257                         | 0                                  | 0                                |
| Community Development                 | 1,113,666           | 394,855                        | 0                                  | 1,578,453                        |
| Basic Utility Service                 | 509,633             | 445,150                        | 0                                  | 197,889                          |
| Transportation and Street Repair      | 5,052,846           | 0                              | 1,114,131                          | 21,575                           |
| Public Health and Welfare             | 25,278              | 0                              | 0                                  | 0                                |
| Interest and Fiscal Charges           | 676,748             | 0                              | 0                                  | 0                                |
| <b>Total Governmental Activities</b>  | <b>31,051,083</b>   | <b>3,826,154</b>               | <b>1,279,580</b>                   | <b>1,797,917</b>                 |
| <b>Business-Type Activities:</b>      |                     |                                |                                    |                                  |
| Water Utility                         | 3,964,028           | 3,382,911                      | 150,000                            | 0                                |
| Sewer Utility                         | 4,616,131           | 4,234,392                      | 123,206                            | 0                                |
| Solid Waste                           | 1,728,745           | 1,410,475                      | 0                                  | 0                                |
| Recreation                            | 1,790,010           | 1,417,897                      | 0                                  | 0                                |
| <b>Total Business-Type Activities</b> | <b>12,098,914</b>   | <b>10,445,675</b>              | <b>273,206</b>                     | <b>0</b>                         |
| <b>Totals</b>                         | <b>\$43,149,997</b> | <b>\$14,271,829</b>            | <b>\$1,552,786</b>                 | <b>\$1,797,917</b>               |

General Revenues:  
Income Taxes  
Property Taxes Levied for:  
    General Purposes  
    Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Other Revenues  
Transfers-Internal Activities

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements.



| Net (Expense) Revenue<br>and Changes in Net Assets |                             |                       |
|--|-----------------------------|-----------------------|
| Governmental<br>Activities                         | Business-Type<br>Activities | Total                 |
| (\$4,368,356)                                      | \$0                         | (\$4,368,356)         |
| (13,421,268)                                       | 0                           | (13,421,268)          |
| (2,731,690)  | 0                           | (2,731,690)           |
| 859,642  | 0                           | 859,642               |
| 133,406  | 0                           | 133,406               |
| (3,917,140)  | 0                           | (3,917,140)           |
| (25,278)   | 0                           | (25,278)              |
| (676,748)  | 0                           | (676,748)             |
| <u>(24,147,432)</u>                                | <u>0</u>                    | <u>(24,147,432)</u>   |
| 0  | (431,117)                   | (431,117)             |
| 0  | (258,533)                   | (258,533)             |
| 0  | (318,270)                   | (318,270)             |
| 0  | (372,113)                   | (372,113)             |
| <u>0</u>   | <u>(1,380,033)</u>          | <u>(1,380,033)</u>    |
| <u>(\$24,147,432)</u>                              | <u>(\$1,380,033)</u>        | <u>(\$25,527,465)</u> |
| 20,228,063   | 0                           | 20,228,063            |
| 5,958,198  | 0                           | 5,958,198             |
| 2,728,213  | 0                           | 2,728,213             |
| 380,569  | 162,472                     | 543,041               |
| 317,431  | 69,615                      | 387,046               |
| (650,000)  | 650,000                     | 0                     |
| <u>28,962,474</u>                                  | <u>882,087</u>              | <u>29,844,561</u>     |
| 4,815,042  | (497,946)                   | 4,317,096             |
| <u>79,490,020</u>                                  | <u>49,610,800</u>           | <u>129,100,820</u>    |
| <u>\$84,305,062</u>                                | <u>\$49,112,854</u>         | <u>\$133,417,916</u>  |

City of Fairfield  
Balance Sheet  
Governmental Funds  
December 31, 2004

|   | General             | Fire Levy          | .2% Street Improvement | .2% Capital Improvement | Downtown Development | Other Governmental Funds |
|---|---------------------|--------------------|------------------------|-------------------------|----------------------|--------------------------|
| <b>Assets:</b>                                |                     |                    |                        |                         |                      |                          |
| Equity in Pooled Cash and Investments         | \$7,146,034         | \$8,470            | \$6,898,067            | \$2,796,646             | \$4,248,879          | \$4,004,232              |
| <b>Receivables:</b>                           |                     |                    |                        |                         |                      |                          |
| Taxes   | 4,832,459           | 4,300,363          | 629,745                | 629,745                 | 0                    | 0                        |
| Accounts                                      | 37,581              | 0                  | 0                      | 0                       | 0                    | 0                        |
| Interest                                      | 26,761              | 0                  | 16,814                 | 13,831                  | 21,629               | 1,322                    |
| Intergovernmental                             | 594,827             | 201,811            | 0                      | 0                       | 0                    | 936,821                  |
| Special Assessments                           | 0                   | 0                  | 0                      | 0                       | 0                    | 55,719                   |
| <b>Total Assets</b>                           | <b>12,637,662</b>   | <b>4,510,644</b>   | <b>7,544,626</b>       | <b>3,440,222</b>        | <b>4,270,508</b>     | <b>4,998,094</b>         |
| <b>Liabilities and Fund Balances:</b>         |                     |                    |                        |                         |                      |                          |
| <b>Liabilities:</b>                           |                     |                    |                        |                         |                      |                          |
| Accounts Payable                              | 83,794              | 13,707             | 66,887                 | 22,898                  | 487,234              | 21,351                   |
| Accrued Wages and Benefits                    | 605,268             | 180,222            | 0                      | 0                       | 0                    | 49,106                   |
| Deferred Revenue                              | 3,914,985           | 4,502,174          | 360,458                | 359,948                 | 0                    | 870,118                  |
| <b>Total Liabilities</b>                      | <b>4,604,047</b>    | <b>4,696,103</b>   | <b>427,345</b>         | <b>382,846</b>          | <b>487,234</b>       | <b>940,575</b>           |
| <b>Fund Balances:</b>                         |                     |                    |                        |                         |                      |                          |
| Reserved for Encumbrances                     | 121,876             | 0                  | 1,050,543              | 701,776                 | 2,792,821            | 1,963,204                |
| Reserved for Debt Service                     | 0                   | 0                  | 0                      | 0                       | 0                    | 3,800                    |
| <b>Unreserved, Undesignated, Reported in:</b> |                     |                    |                        |                         |                      |                          |
| General Fund                                  | 7,911,739           | 0                  | 0                      | 0                       | 0                    | 0                        |
| Special Revenue Funds                         | 0                   | (185,459)          | 0                      | 0                       | 0                    | 1,549,504                |
| Debt Service Funds                            | 0                   | 0                  | 0                      | 0                       | 0                    | 1,582,749                |
| Capital Projects Funds                        | 0                   | 0                  | 6,066,738              | 2,355,600               | 990,453              | (1,041,738)              |
| <b>Total Fund Balances</b>                    | <b>8,033,615</b>    | <b>(185,459)</b>   | <b>7,117,281</b>       | <b>3,057,376</b>        | <b>3,783,274</b>     | <b>4,057,519</b>         |
| <b>Total Liabilities and Fund Balances</b>    | <b>\$12,637,662</b> | <b>\$4,510,644</b> | <b>\$7,544,626</b>     | <b>\$3,440,222</b>      | <b>\$4,270,508</b>   | <b>\$4,998,094</b>       |

See accompanying notes to the basic financial statements.

Total  
Governmental  
Funds

\$25,102,328

10,392,312

37,581

80,357

1,733,459

55,719

37,401,756

695,871

834,596

10,007,683

11,538,150

6,630,220

3,800

7,911,739

1,364,045

1,582,749

8,371,053

25,863,606

\$37,401,756

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City of Fairfield  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 December 31, 2004

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Total Governmental Fund Balance \$25,863,606

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 the funds. 71,107,267

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

|                           |           |           |
|---------------------------|-----------|-----------|
| Income Taxes              | 2,762,608 |           |
| Delinquent Property Taxes | 575,897   |           |
| Interest                  | 3,014     |           |
| Intergovernmental         | 1,290,018 |           |
| Other                     | 55,719    |           |
|                           |           | 4,687,256 |

An internal service fund is used by management to charge  
 back costs to individual funds. The assets and  
 liabilities of the internal service fund are included in  
 governmental activities in the statement of net assets. (34,923)

Some liabilities reported in the statement of net assets do not  
 require the use of current financial resources and therefore  
 are not reported as liabilities in governmental funds.

|                      |             |             |
|----------------------|-------------|-------------|
| Compensated Absences | (1,998,797) |             |
|                      |             | (1,998,797) |

Long-term liabilities, are not due and payable in the current  
 period and therefore are not reported in the funds. (15,319,347)

Net Assets of Governmental Activities \$84,305,062

See accompanying notes to the basic financial statements.

City of Fairfield  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2004

|   | General            | Fire Levy          | .2% Street<br>Improvement | .2% Capital<br>Improvement | Downtown<br>Development | Other<br>Governmental<br>Funds |
|---|--------------------|--------------------|---------------------------|----------------------------|-------------------------|--------------------------------|
| <b>Revenues:</b>                                    |                    |                    |                           |                            |                         |                                |
| Taxes   | \$15,882,719       | \$3,666,437        | \$2,751,333               | \$2,751,333                | \$0                     | \$1,168,249                    |
| Fines, Licenses & Permits                           | 1,325,512          | 5,400              | 0                         | 0                          | 0                       | 1,527,323                      |
| Charges for Services                                | 538,933            | 312,848            | 0                         | 0                          | 0                       | 0                              |
| Investment Earnings                                 | 86,854             | 2,953              | 73,356                    | 51,333                     | 96,250                  | 68,863                         |
| Intergovernmental                                   | 2,174,045          | 437,990            | 0                         | 500                        | 81,960                  | 1,810,058                      |
| Special Assessments                                 | 22,855             | 0                  | 0                         | 0                          | 0                       | 40,794                         |
| Other Revenues                                      | 195,401            | 15,780             | 35,270                    | 0                          | 1,629                   | 26,214                         |
| <b>Total Revenues</b>                               | <b>20,226,319</b>  | <b>4,441,408</b>   | <b>2,859,959</b>          | <b>2,803,166</b>           | <b>179,839</b>          | <b>4,641,501</b>               |
| <b>Expenditures:</b>                                |                    |                    |                           |                            |                         |                                |
| <b>Current:</b>                                     |                    |                    |                           |                            |                         |                                |
| General Government                                  | 5,901,654          | 0                  | 0                         | 0                          | 0                       | 134,668                        |
| Public Safety                                       | 7,572,843          | 4,772,033          | 0                         | 0                          | 0                       | 0                              |
| Leisure Time Activities                             | 1,314,111          | 0                  | 0                         | 0                          | 0                       | 0                              |
| Community Development                               | 1,033,798          | 0                  | 0                         | 0                          | 0                       | 0                              |
| Basic Utility Service                               | 509,030            | 0                  | 0                         | 0                          | 0                       | 0                              |
| Transportation and Street Repair                    | 0                  | 0                  | 51,477                    | 65,732                     | 0                       | 2,411,402                      |
| Public Health and Welfare                           | 25,278             | 0                  | 0                         | 0                          | 0                       | 0                              |
| Capital Outlay                                      | 630,531            | 6,505              | 2,539,787                 | 1,962,052                  | 6,568,807               | 2,709,747                      |
| <b>Debt Service:</b>                                |                    |                    |                           |                            |                         |                                |
| Principal Retirement                                | 79,716             | 0                  | 0                         | 0                          | 0                       | 835,000                        |
| Interest and Fiscal Charges                         | 9,553              | 0                  | 0                         | 0                          | 0                       | 667,195                        |
| <b>Total Expenditures</b>                           | <b>17,076,514</b>  | <b>4,778,538</b>   | <b>2,591,264</b>          | <b>2,027,784</b>           | <b>6,568,807</b>        | <b>6,758,012</b>               |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>3,149,805</b>   | <b>(337,130)</b>   | <b>268,695</b>            | <b>775,382</b>             | <b>(6,388,968)</b>      | <b>(2,116,511)</b>             |
| <b>Other Financing Sources (Uses):</b>              |                    |                    |                           |                            |                         |                                |
| Proceeds from Sale of Capital Assets                | 990                | 725                | 0                         | 35,707                     | 0                       | 150                            |
| Transfers In  | 0                  | 75,000             | 0                         | 0                          | 705,000                 | 2,178,603                      |
| Transfers (Out)                                     | (2,100,000)        | 0                  | (666,495)                 | (862,108)                  | 0                       | (80,000)                       |
| <b>Total Other Financing Sources (Uses)</b>         | <b>(2,099,010)</b> | <b>75,725</b>      | <b>(666,495)</b>          | <b>(826,401)</b>           | <b>705,000</b>          | <b>2,098,753</b>               |
| <b>Net Change in Fund Balance</b>                   | <b>1,050,795</b>   | <b>(261,405)</b>   | <b>(397,800)</b>          | <b>(51,019)</b>            | <b>(5,683,968)</b>      | <b>(17,758)</b>                |
| <b>Fund Balance Beginning of Year</b>               | <b>6,982,820</b>   | <b>75,946</b>      | <b>7,515,081</b>          | <b>3,108,395</b>           | <b>9,467,242</b>        | <b>4,075,277</b>               |
| <b>Fund Balance End of Year</b>                     | <b>\$8,033,615</b> | <b>(\$185,459)</b> | <b>\$7,117,281</b>        | <b>\$3,057,376</b>         | <b>\$3,783,274</b>      | <b>\$4,057,519</b>             |

See accompanying notes to the basic financial statements.

Total  
Governmental  
Funds

\$26,220,071  
2,858,235  
851,781  
379,609  
4,504,553  
63,649  
274,294

35,152,192

6,036,322  
12,344,876  
1,314,111  
1,033,798  
509,030  
2,528,611  
25,278  
14,417,429

914,716  
676,748

39,800,919

(4,648,727)

37,572  
2,958,603  
(3,708,603)

(712,428)

(5,361,155)

31,224,761

\$25,863,606

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

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Net Change in Fund Balance - Total Governmental Funds (\$5,361,155)

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

Governmental funds report capital asset additions as expenditures.  
 However, in the statement of activities, the cost of those assets is  
 allocated over their estimated useful lives as depreciation  
 expense. This is the amount of the difference between capital  
 asset additions and depreciation in the current period.

|  |                    |           |
|--|--------------------|-----------|
| Capital assets used in governmental activities | 10,386,682         |           |
| Depreciation Expense                           | <u>(3,823,059)</u> | 6,563,623 |

Governmental funds only report the disposal of assets to the  
 extent proceeds are received from the sale. In the statement  
 of activities, a gain or loss is reported for each disposal. The  
 amount of the proceeds must be removed and the gain or loss  
 on the disposal of capital assets must be recognized. This is the  
 amount of the difference between the proceeds and the gain or loss.

(33,115)

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

|                   |                 |           |
|-------------------|-----------------|-----------|
| Income Taxes      | 87,717          |           |
| Interest          | 960             |           |
| Intergovernmental | 1,290,018       |           |
| Other             | <u>(30,719)</u> | 1,347,976 |

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

914,716

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

|                      |                  |           |
|----------------------|------------------|-----------|
| Compensated Absences | <u>(406,426)</u> | (406,426) |
|----------------------|------------------|-----------|

The internal service fund used by management to charge back costs  
 to individual funds is not reported in the district-wide statement of  
 activities. Governmental fund expenditures and the related internal  
 service fund revenues are eliminated. The net revenue (expense) of  
 the internal service fund is allocated among the governmental activities.

(144,864)

Change in Net Assets of Governmental Activities \$2,880,755

See accompanying notes to the basic financial statements.

City of Fairfield  
Statement of Net Assets  
Proprietary Funds  
December 31, 2004

|   | Business-Type Activities -Enterprise Funds |                     |                           |                          |                                      | Governmental<br>Activities-<br>Internal Service<br>Fund |
|---|--|---------------------|---------------------------|--------------------------|--------------------------------------|---|
|   | Water<br>Utility                           | Sewer<br>Utility    | Solid Waste<br>Management | Recreation<br>Facilities | Total<br>Business-Type<br>Activities |   |
| <b>Assets:</b>                                  |  |                     |                           |                          |                                      |   |
| Equity in Pooled Cash and Investments           | \$8,531,790                                | \$4,500,222         | \$20,152                  | \$100,117                | \$13,152,281                         | \$62,396  |
| Restricted Cash and Investments                 | 1,438,321                                  | 0                   | 0                         | 0                        | 1,438,321                            | 0   |
| <b>Receivables:</b>                             |  |                     |                           |                          |                                      |   |
| Accounts  | 266,641                                    | 485,055             | 87,713                    | 0                        | 839,409                              | 0   |
| Interest  | 26,883                                     | 10,171              | 0                         | 0                        | 37,054                               | 0   |
| Deferred Bond Issuance Costs                    | 80,447                                     | 0                   | 0                         | 0                        | 80,447                               | 0   |
| Inventory                                       | 89,074                                     | 0                   | 0                         | 48,869                   | 137,943                              | 0   |
| <b>Total Current Assets</b>                     | <b>10,433,156</b>                          | <b>4,995,448</b>    | <b>107,865</b>            | <b>148,986</b>           | <b>15,685,455</b>                    | <b>62,396</b>   |
| Nondepreciable Capital Assets                   | 701,605                                    | 486,913             | 0                         | 507,000                  | 1,695,518                            | 0   |
| Depreciable Capital Assets, Net                 | 16,789,638                                 | 29,070,499          | 0                         | 4,411,088                | 50,271,225                           | 0   |
| <b>Total Assets</b>                             | <b>27,924,399</b>                          | <b>34,552,860</b>   | <b>107,865</b>            | <b>5,067,074</b>         | <b>67,652,198</b>                    | <b>62,396</b>   |
| <b>Liabilities:</b>                             |  |                     |                           |                          |                                      |   |
| <b>Current Liabilities:</b>                     |  |                     |                           |                          |                                      |   |
| Accounts Payable                                | 12,444                                     | 156,820             | 0                         | 1,380                    | 170,644                              | 1,462   |
| Accrued Wages and Benefits                      | 49,317                                     | 58,439              | 621                       | 24,880                   | 133,257                              | 15,179  |
| Compensated Absences                            | 0  | 10,185              | 0                         | 0                        | 10,185                               | 0   |
| Accrued Interest Payable                        | 16,622                                     | 4,900               | 0                         | 7,296                    | 28,818                               | 0   |
| Other Liabilities                               | 116,700                                    | 0                   | 0                         | 0                        | 116,700                              | 0   |
| Claims Payable                                  | 0  | 0                   | 0                         | 0                        | 0                                    | 11,219  |
| Due to Other Governments                        | 0  | 41,703              | 0                         | 0                        | 41,703                               | 0   |
| General Obligation Notes Payable                | 0  | 1,500,000           | 0                         | 0                        | 1,500,000                            | 0   |
| Long-Term Liabilities Due Within One Year       | 565,000                                    | 602,406             | 0                         | 85,000                   | 1,252,406                            | 0   |
| <b>Total Current Liabilities</b>                | <b>760,083</b>                             | <b>2,374,453</b>    | <b>621</b>                | <b>118,556</b>           | <b>3,253,713</b>                     | <b>27,860</b>   |
| <b>Long-Term Liabilities:</b>                   |  |                     |                           |                          |                                      |   |
| Compensated Absences                            | 242,696                                    | 135,643             | 9,323                     | 96,687                   | 484,349                              | 69,459  |
| Bonds, Notes & Loans Payable                    | 3,505,000                                  | 9,321,282           | 0                         | 1,975,000                | 14,801,282                           | 0   |
| <b>Total Liabilities</b>                        | <b>4,507,779</b>                           | <b>11,831,378</b>   | <b>9,944</b>              | <b>2,190,243</b>         | <b>18,539,344</b>                    | <b>97,319</b>   |
| <b>Net Assets:</b>                              |  |                     |                           |                          |                                      |   |
| Invested in Capital Assets, Net of Related Debt | 13,501,690                                 | 18,133,724          | 0                         | 2,858,088                | 34,493,502                           | 0   |
| <b>Restricted for:</b>                          |  |                     |                           |                          |                                      |   |
| Other Purposes                                  | 1,438,321                                  | 0                   | 0                         | 0                        | 1,438,321                            | 0   |
| Unrestricted                                    | 8,476,609                                  | 4,587,758           | 97,921                    | 18,743                   | 13,181,031                           | (34,923)  |
| <b>Total Net Assets</b>                         | <b>\$23,416,620</b>                        | <b>\$22,721,482</b> | <b>\$97,921</b>           | <b>\$2,876,831</b>       | <b>\$49,112,854</b>                  | <b>(\$34,923)</b>                                       |

See accompanying notes to the basic financial stat

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

|  | Business-Type Activities -Enterprise Funds |                  |                           |                          |                                      | Governmental<br>Activities-<br>Internal Service<br>Fund |
|--|--|------------------|---------------------------|--------------------------|--------------------------------------|---|
|  | Water<br>Utility                           | Sewer<br>Utility | Solid Waste<br>Management | Recreation<br>Facilities | Total<br>Business-Type<br>Activities |   |
| Operating Revenues:                              |  |                  |                           |                          |                                      |   |
| Fines, Licenses & Permits                        | \$104,936                                  | \$218,202        | \$0                       | \$0                      | \$323,138                            | \$0   |
| Charges for Services                             | 3,277,975                                  | 4,016,190        | 1,410,475                 | 1,417,897                | 10,122,537                           | 3,004,954   |
| Other Revenues                                   | 63,317                                     | 399              | 1,160                     | 4,739                    | 69,615                               | 1,304   |
| <b>Total Operating Revenues</b>                  | <b>3,446,228</b>                           | <b>4,234,791</b> | <b>1,411,635</b>          | <b>1,422,636</b>         | <b>10,515,290</b>                    | <b>3,006,258</b>  |
| Operating Expenses:                              |  |                  |                           |                          |                                      |   |
| Personal Services                                | 1,542,857                                  | 1,831,821        | 12,632                    | 849,977                  | 4,237,287                            | 390,856   |
| Contactual Services                              | 1,013,954                                  | 892,293          | 1,715,895                 | 386,948                  | 4,009,090                            | 2,587,870   |
| Materials and Supplies                           | 621,256                                    | 442,511          | 218                       | 267,647                  | 1,331,632                            | 273,570   |
| Depreciation                                     | 541,420                                    | 1,010,166        | 0                         | 191,553                  | 1,743,139                            | 0   |
| <b>Total Operating Expenses</b>                  | <b>3,719,487</b>                           | <b>4,176,791</b> | <b>1,728,745</b>          | <b>1,696,125</b>         | <b>11,321,148</b>                    | <b>3,252,296</b>  |
| Operating Income (Loss)                          | (273,259)                                  | 58,000           | (317,110)                 | (273,489)                | (805,858)                            | (246,038)   |
| Non-Operating Revenues (Expenses):               |  |                  |                           |                          |                                      |   |
| Investment Earnings                              | 110,183                                    | 51,653           | 0                         | 636                      | 162,472                              | 1,174   |
| Interest (Expense)                               | (244,541)                                  | (439,340)        | 0                         | (93,885)                 | (777,766)                            | 0   |
| Operating Grants                                 | 150,000                                    | 123,206          | 0                         | 0                        | 273,206                              | 0   |
| <b>Total Non-Operating Revenues (Expenses)</b>   | <b>15,642</b>                              | <b>(264,481)</b> | <b>0</b>                  | <b>(93,249)</b>          | <b>(342,088)</b>                     | <b>1,174</b>  |
| Income (Loss) Before Contributions and Transfers | (257,617)                                  | (206,481)        | (317,110)                 | (366,738)                | (1,147,946)                          | (244,864)   |
| Transfers In                                     | 0  | 0                | 350,000                   | 300,000                  | 650,000                              | 100,000   |
| Change in Net Assets                             | (257,617)                                  | (206,481)        | 32,890                    | (66,738)                 | (497,946)                            | (144,864)   |
| Net Assets Beginning of Year                     | 23,674,237                                 | 22,927,963       | 65,031                    | 2,943,569                | 49,610,800                           | 109,941   |
| Net Assets End of Year                           | \$23,416,620                               | \$22,721,482     | \$97,921                  | \$2,876,831              | \$49,112,854                         | (\$34,923)  |

See accompanying notes to the basic financial statements.

City of Fairfield  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2004

|  | Business-Type Activities -Enterprise Funds |                    |                           |                          |                                      | Governmental<br>Activities-<br>Internal Service<br>Fund |
|--|--|--------------------|---------------------------|--------------------------|--------------------------------------|---|
|  | Water<br>Utility                           | Sewer<br>Utility   | Solid Waste<br>Management | Recreation<br>Facilities | Total<br>Business-Type<br>Activities |   |
| <b>Cash Flows from Operating Activities:</b>   |  |                    |                           |                          |                                      |   |
| Cash Received from Customers   | \$3,388,811                                | \$4,034,946        | \$1,404,127               | \$1,408,814              | \$10,236,698                         | \$2,993,973   |
| Cash Payments to Employees   | (1,540,455)                                | (1,862,225)        | (12,447)                  | (834,996)                | (4,250,123)                          | (394,114)   |
| Cash Payments to Suppliers   | (1,583,831)                                | (1,209,556)        | (1,723,352)               | (640,500)                | (5,157,239)                          | (2,850,282)   |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>264,525</b>                             | <b>963,165</b>     | <b>(331,672)</b>          | <b>(66,682)</b>          | <b>829,336</b>                       | <b>(250,423)</b>  |
| <b>Cash Flows from Noncapital Financing Activities:</b>  |  |                    |                           |                          |                                      |   |
| Operating Grants Received  | 150,000                                    | 123,206            | 0                         | 0                        | 273,206                              | 0   |
| Payments from Other Funds  | 0  | 0                  | 350,000                   | 300,000                  | 650,000                              | 100,000   |
| <b>Net Cash Provided (Used) by Noncapital Financing Activities</b>                                       | <b>150,000</b>                             | <b>123,206</b>     | <b>350,000</b>            | <b>300,000</b>           | <b>923,206</b>                       | <b>100,000</b>  |
| <b>Cash Flows from Capital and Related Financing Activities:</b>   |  |                    |                           |                          |                                      |   |
| Payments for Capital Acquisitions  | (446,646)                                  | (709,834)          | 0                         | (42,670)                 | (1,199,150)                          | 0   |
| Debt Principal Payments  | (535,000)                                  | (578,808)          | 0                         | (80,000)                 | (1,193,808)                          | 0   |
| Debt Interest Payments   | (230,765)                                  | (437,528)          | 0                         | (94,168)                 | (762,461)                            | 0   |
| <b>Net Cash Provided (Used) by Capital and<br/>Related Financing Activities</b>                          | <b>(1,212,411)</b>                         | <b>(1,726,170)</b> | <b>0</b>                  | <b>(216,838)</b>         | <b>(3,155,419)</b>                   | <b>0</b>  |
| <b>Cash Flows from Investing Activities:</b>   |  |                    |                           |                          |                                      |   |
| Earnings on Investments  | 134,055                                    | 58,194             | 0                         | 636                      | 192,885                              | 1,174   |
| <b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>                                  | <b>134,055</b>                             | <b>58,194</b>      | <b>0</b>                  | <b>636</b>               | <b>192,885</b>                       | <b>1,174</b>  |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>(663,831)</b>                           | <b>(581,605)</b>   | <b>18,328</b>             | <b>17,116</b>            | <b>(1,209,992)</b>                   | <b>(149,249)</b>  |
| Cash and Cash Equivalents Beginning of Year  | 10,633,942                                 | 5,081,827          | 1,824                     | 83,001                   | 15,800,594                           | 211,645   |
| Cash and Cash Equivalents End of Year  | 9,970,111                                  | 4,500,222          | 20,152                    | 100,117                  | 14,590,602                           | 62,396  |
| <b>Reconciliation of Operating Income (Loss) to<br/>Net Cash Provided (Used) by Operating Activities</b> |  |                    |                           |                          |                                      |   |
| Operating Income (Loss)  | (273,259)                                  | 58,000             | (317,110)                 | (273,489)                | (805,858)                            | (246,038)   |
| <b>Adjustments:</b>  |  |                    |                           |                          |                                      |   |
| Depreciation   | 541,420                                    | 1,010,166          | 0                         | 191,553                  | 1,743,139                            | 0   |
| <b>Changes in Assets &amp; Liabilities:</b>  |  |                    |                           |                          |                                      |   |
| (Increase) Decrease in Receivables   | 20,346                                     | (15,438)           | (7,508)                   | 0                        | (2,600)                              | 0   |
| (Increase) Decrease in Inventory   | 66,138                                     | 0                  | 0                         | 16,426                   | 82,564                               | 0   |
| Increase (Decrease) in Payables  | (97,147)                                   | (59,159)           | (7,239)                   | (16,153)                 | (179,698)                            | (1,127)   |
| Increase (Decrease) in Accrued Liabilities   | 7,027                                      | (30,404)           | 185                       | 14,981                   | (8,211)                              | (3,258)   |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>\$264,525</b>                           | <b>\$963,165</b>   | <b>(\$331,672)</b>        | <b>(\$66,682)</b>        | <b>\$829,336</b>                     | <b>(\$250,423)</b>                                      |

See accompanying notes to the basic financial statements.

City of Fairfield  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
December 31, 2004

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|                                       | <u>Agency</u>   |
|---------------------------------------|-----------------|
| Assets:                               |                 |
| Equity in Pooled Cash and Investments | <u>\$55,247</u> |
| Total Assets                          | <u>\$55,247</u> |
| Liabilities:                          |                 |
| Other Liabilities                     | <u>55,247</u>   |
| Total Liabilities                     | <u>\$55,247</u> |
| Net Assets:                           |                 |

See accompanying notes to the basic financial statements.

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## **City of Fairfield**

Notes to the Basic Financial Statements  
For The Year Ended December 31, 2004

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **Reporting Entity**

The City of Fairfield, Ohio (the "City") operates as a Home Rule City in accordance with Article XVIII of the Ohio Constitution under a City Manager-Council form of government.

Among the activities and services as authorized by the City of Fairfield's charter are public safety/municipal court, recreation, sanitation, health and social services, public improvements, planning and zoning, highway and streets and general administrative services. Each of these services is under direct control of the City Manager-Council form of government, which appropriates for and finances the operation of service. Each is, therefore, included as part of the financial reporting entity.

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

#### **Basis of Presentation**

The City's basic financial statements consist of government-wide 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 services provided and used of the internal service fund are 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 business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each 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. Non-major 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. The City’s only fiduciary funds are agency funds.

## **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.



## Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements 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 funds 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 increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

## **Fund Accounting**

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

### Governmental Funds

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

General Fund - The general fund accounts for 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 charter of the City and/or the general laws of Ohio.

Fire Levy Special Revenue Fund – This special revenue fund accounts for expenditures of property tax revenues and other resources in the operation of the City's Fire Department.

.2% Street Improvement Capital Projects Fund - This capital projects fund accounts for the construction and repair of the City's streets. Financing has been derived from three-tenths of the City's income tax.

.2% Capital Improvement Capital Projects Fund – This capital projects fund accounts for the acquisition, construction, or the debt service thereupon, of assets with a useful life of five (5) years or more. Financing has been derived from two-tenths of the City's income tax.

Downtown Development Capital Projects Fund - This capital projects fund accounts for expenditures of resources to construct major improvements to the City's downtown area.

The other governmental funds of the City account for grants and other resources that are generally restricted to use for a particular purpose.

### Proprietary Funds

Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

Water Utility Fund - The water fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer Utility Fund - The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Solid Waste Management Fund - This fund accounts for the waste collection operations.

Recreation Facilities Fund – This fund accounts for operations of the City's golf course, swimming pool and other recreational facilities, revenues from which come from customers, based on a rate authorized by the Parks Commission.

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds reports on a self-insured health care operations and for the cost of maintaining the City's equipment and automotive fleet.

### Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds and private-purpose trust funds. The City's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's two agency funds are warranty bonds (used to account for warranty bonds collected) and Municipal Courts (used to account for funds collected by the court until such time as the funds can be distributed to individuals, private organizations, other governmental units and/or other funds). Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City currently has no trust funds.

## **Basis of Accounting**

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

### Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On 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 thirty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange 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, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, grants and fees.

### Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of the current year-end, but which were levied to finance future operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

### Expenses/Expenditures

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

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

### **Cash and Cash Equivalents**

To improve cash management the City's cash and investments are pooled. Monies for all funds, except cash and investments held in segregated accounts, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost. For investments in open-end mutual funds, fair value is determined by the fund's share price.

For purposes of the statement of cash flows and for presentation on the statement of net assets/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during the fiscal year. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for at fiscal year end.

Following the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during 2004 amounted to \$543,041.

### **Inventory**

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of the proprietary funds are expensed when used.

## 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 proprietary funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. 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. The City will capitalize capital assets with a cost of \$1,000 or more, depending on the Asset Class.

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

| <u>Description</u>         | <u>Governmental<br/>Activities<br/>Estimated Lives</u> | <u>Business-Type<br/>Activities<br/>Estimated Lives</u> |
|----------------------------|--|---|
| Buildings and Improvements | 20-50 years  | 20-50 years   |
| Equipment                  | 5-10 years   | 5-10 years  |
| Infrastructure             | 10-50 years  | 10-50 years   |

## Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

## **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 on the proprietary fund financial statements.

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

## **Fund Balance Reserves**

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances and amounts reserved for debt service are recorded as a reservation of fund balance.

## **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any 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 laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

## **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

## **Interfund Activity**

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

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

### **Estimates**

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

### **Restricted Assets**

Restricted assets are those assets required by the bond agreements and trust indentures to be used for payment of revenue bond principal and interest and additional funds provided by management for future bond requirements.

## **2. DEPOSITS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

Statutes require the classification of funds held by the City into three categories.

Category 1 consists of "active" funds – those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds – those funds not required for use within the current two-year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds – those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of 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 day;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository with which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Deposits collateralized by investment pools are classified as Category 3 deposits per GASB Statement No. 3.

The GASB has established risk categories for deposits and investments as follows:

*Deposits:*

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



*Investments:*

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

**A. Deposits**

At year end, the carrying amount of the City's deposits was \$3,008,742 and the bank balance was \$4,723,818. Federal Depository Insurance covered \$300,000 of the deposits and bank balance. All remaining deposits were classified as Category 3.

**B. Investments**

The City's investments at year end are summarized below:

| <u>Categorized Investments</u> | <u>Category 1</u>   | <u>Category 2</u> | <u>Category 3</u> | <u>Carrying Value/<br/>Fair Value</u> |
|--------------------------------|---------------------|-------------------|-------------------|---------------------------------------|
| U.S. Government Securities     | \$23,928,532        | \$ 0              | \$ 0              | \$23,928,532                          |
| STAROhio (1)                   | 0                   | 0                 | 0                 | 12,000,000                            |
| Money Market (1)               | 0                   | 0                 | 0                 | 775,219                               |
| Repurchase Agreements          | <u>0</u>            | <u>0</u>          | <u>98,080</u>     | <u>98,080</u>                         |
|                                | <u>\$23,928,532</u> | <u>\$ 0</u>       | <u>\$98,080</u>   | <u>\$36,801,831</u>                   |

(1) Investment is not categorized because it is not evidenced by securities that exist in physical or book entry form.

**3. RECEIVABLES**

Receivables at year end, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, accounts and loans receivable.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amounts to approximately \$55,719 in the Special Assessment Fund.

## Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) is for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes were levied after October 1, 2003, on the value as of December 31, 2003. Collections were made in 2004. Tangible personal property assessments are 25 percent of true value.

The assessed values of real and tangible personal property upon which current year property tax receipts were based are as follows:

|                            |                      |
|----------------------------|----------------------|
| Real Property              | \$855,233,590        |
| Public Utility             | 26,640,650           |
| Tangible Personal Property | <u>92,277,743</u>    |
| Total Valuation            | <u>\$974,151,983</u> |

Real property taxes are payable annually or semi-annually. The first payment is due January 20 with the remainder payable by June 20.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of year end for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at year end, nor were they levied to finance current year operations. The receivable is therefore offset by deferred revenue.

## Income Taxes

The City levies a 1.5% income tax on substantially all income earned within the City. If an individual pays income taxes to another municipality, a credit of up to one-half percent is allowed. Additional increases in the income tax rate require voter approval.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

## 4. RISK MANAGEMENT

### Description

The City carries insurance to cover general liability risks, fire protection, police professional liability, automotive fleet and errors and omissions for public officials. The City has established an Employees Benefit Fund to account for the cost of the City's self-insured dental care claims and the payment of insurance premiums for medical benefits. A third party administrator who furnishes claims review and processing administers the program. City Funds are charged a premium based on the number of employees participating in the Dental and Health Benefits Plan. The "premium" payments are accounted for as an expenditure in the paying fund and as a revenue in an internal service fund.

For insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### Claim Liabilities

The City records an estimated liability for health claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported on historical experience.

### Unpaid Claim Liabilities

The following figures represent the changes in medical and dental claims liabilities for the City from January 1, 2003 to December 31, 2004:

|                                    |                    |
|------------------------------------|--------------------|
| Claims Liability, 1/1/03           | \$2,507            |
| Claims net of changes in estimates | 2,073,701          |
| Payments                           | <u>(2,074,685)</u> |
| Claims Liability, 12/31/03         | 1,523              |
| Claims net of changes in estimates | 2,565,854          |
| Payments                           | <u>(2,556,158)</u> |
| Claims Liability, 12/31/04         | <u>\$11,219</u>    |

## 5. CAPITAL ASSETS

Capital asset activity for the current year end was as follows:

|   | Restated<br>Beginning<br><u>Balance</u> | <u>Additions</u>   | <u>Deductions</u>    | Ending<br><u>Balance</u> |
|---|---|--------------------|----------------------|--------------------------|
| <b>Governmental Activities</b>                  |   |                    |                      |                          |
| Capital Assets, not being depreciated:          |   |                    |                      |                          |
| Land  | \$7,963,923                             | \$4,039,456        | \$0                  | \$12,003,379             |
| Construction in Progress                        | 1,627,072                               | 6,297,567          | (448,455)            | 7,476,184                |
| Capital Assets, being depreciated:              |   |                    |                      |                          |
| Buildings and Improvements                      | 23,005,820                              | 739,673            | 0                    | 23,745,493               |
| Equipment                                       | 9,935,377                               | 1,506,672          | (402,593)            | 11,039,456               |
| Infrastructure                                  | <u>73,153,299</u>                       | <u>186,056</u>     | <u>0</u>             | <u>73,339,355</u>        |
| Total Capital Assets, being depreciated         | <u>115,685,491</u>                      | <u>12,769,424</u>  | <u>(851,048)</u>     | <u>127,603,867</u>       |
| Less Accumulated Depreciation:                  |   |                    |                      |                          |
| Buildings and Improvements                      | (10,322,132)                            | (629,002)          | 0                    | (10,951,134)             |
| Equipment                                       | (6,703,155)                             | (1,197,759)        | 369,478              | (7,531,436)              |
| Infrastructure                                  | <u>(36,017,732)</u>                     | <u>(1,996,298)</u> | <u>0</u>             | <u>(38,014,030)</u>      |
| Total Accumulated Depreciation                  | <u>(53,043,019)</u>                     | <u>(3,823,059)</u> | <u>369,478</u>       | <u>(56,496,600)</u>      |
| Governmental Activities Capital<br>Assets, net  | <u>\$62,642,472</u>                     | <u>\$8,946,365</u> | <u>(\$481,570)</u>   | <u>\$71,107,267</u>      |
| <b>Business-Type Activities</b>                 |   |                    |                      |                          |
| Capital Assets, not being depreciated:          |   |                    |                      |                          |
| Land  | \$1,191,351                             | \$302,500          | \$0                  | \$1,493,851              |
| Construction in Progress                        | 1,580,408                               | 401,817            | (1,780,558)          | 201,667                  |
| Capital Assets, being depreciated:              |   |                    |                      |                          |
| Buildings and Improvements                      | 45,875,946                              | 89,044             | 0                    | 45,964,990               |
| Equipment                                       | 2,155,039                               | 214,305            | (40,686)             | 2,328,658                |
| Infrastructure                                  | <u>26,861,939</u>                       | <u>1,975,264</u>   | <u>0</u>             | <u>28,837,203</u>        |
| Total Capital Assets, being depreciated         | <u>77,664,683</u>                       | <u>2,982,930</u>   | <u>(1,821,244)</u>   | <u>78,826,369</u>        |
| Less Accumulated Depreciation:                  |   |                    |                      |                          |
| Buildings and Improvements                      | (14,414,943)                            | (960,592)          | 0                    | (15,375,535)             |
| Equipment                                       | (1,520,865)                             | (194,354)          | 37,464               | (1,677,755)              |
| Infrastructure                                  | <u>(9,218,143)</u>                      | <u>(588,193)</u>   | <u>0</u>             | <u>(9,806,336)</u>       |
| Total Accumulated Depreciation                  | <u>(25,153,951)</u>                     | <u>(1,743,139)</u> | <u>37,464</u>        | <u>(26,859,626)</u>      |
| Business-Type Activities Capital<br>Assets, Net | <u>\$52,510,732</u>                     | <u>\$1,239,791</u> | <u>(\$1,783,780)</u> | <u>\$51,966,743</u>      |

Depreciation expense was charged to governmental functions as follows:

|                                  |                    |
|----------------------------------|--------------------|
| General Government               | \$369,249          |
| Public Safety                    | 714,987            |
| Leisure Time Activities          | 287,248            |
| Community Development            | 44,490             |
| Transportation and Street Repair | <u>2,407,085</u>   |
|                                  | <u>\$3,823,059</u> |

## 6. COMPENSATED ABSENCES

### Accumulated Unpaid Vacation

Vacation is accumulated based upon length of service at rates from 3.1 hours to 7.7 hours bi-weekly (80 hours) pay period for full time City employees. Vacation accumulation may not exceed three years. Any excess is eliminated from the employee's accumulated balance. In the case of death, termination, or retirement an employee (or his estate) is paid for his unused vacation to a maximum of the three year accrual.

### Accumulated Unpaid Sick Leave

All full time City employees are credited with 96 sick hours at the beginning of each year. Sick leave accumulation may not exceed 960 hours. An excess over the 960 maximum is paid to the employee. In the case of death, termination, or retirement an employee, depending on length of service with the City, is paid for his unused sick leave up to a maximum of 960 hours.

## 7. NOTES PAYABLE

A summary of the note transactions for the current year end are as follows:

|                       | <u>Beginning<br/>Balance</u> | <u>Issued</u>      | <u>Retired</u>       | <u>Ending<br/>Balance</u> |
|-----------------------|------------------------------|--------------------|----------------------|---------------------------|
| Enterprise Fund:      |                              |                    |                      |                           |
| 1.30% Sewer Expansion | \$1,500,000                  | \$0                | (\$1,500,000)        | \$0                       |
| 2.10% Sewer Expansion | <u>0</u>                     | <u>1,500,000</u>   | <u>0</u>             | <u>1,500,000</u>          |
| Total Enterprise Fund | <u>\$1,500,000</u>           | <u>\$1,500,000</u> | <u>(\$1,500,000)</u> | <u>\$1,500,000</u>        |

All of the notes are bond anticipation notes, are backed by the full faith and credit of the City, and mature within one year. The note liability is reflected in the fund which received the proceeds.

## 8. LONG-TERM DEBT

A schedule of changes in bonds and other long-term obligations of the City during the current year, follows:

|   | Restated<br>Beginning<br>Balance | Additions        | Deletions            | Ending<br>Balance   | Due Within<br>One Year |
|---|----------------------------------|------------------|----------------------|---------------------|------------------------|
| <b>Governmental Activities</b>            |                                  |                  |                      |                     |                        |
| <u>General Obligation Bonds</u>           |                                  |                  |                      |                     |                        |
| 7.00% Justice Center                      | \$200,000                        | \$0              | (\$50,000)           | \$150,000           | \$50,000               |
| 6.90% Fire Station                        | 505,000                          | 0                | (60,000)             | 445,000             | 65,000                 |
| 4.40% Various Purpose - 1999              | 3,700,000                        | 0                | (175,000)            | 3,525,000           | 185,000                |
| 4.34% Various Purpose - 2002              | 4,025,000                        | 0                | (240,000)            | 3,785,000           | 255,000                |
| 2.00-4.20% Community Arts<br>Center       | <u>7,500,000</u>                 | <u>0</u>         | <u>(285,000)</u>     | <u>7,215,000</u>    | <u>290,000</u>         |
| Total General Obligation Bonds            | <u>15,930,000</u>                | <u>0</u>         | <u>(810,000)</u>     | <u>15,120,000</u>   | <u>845,000</u>         |
| <u>Special Assessment Bonds</u>           |                                  |                  |                      |                     |                        |
| 7.625% Woodridge Road                     | <u>75,000</u>                    | <u>0</u>         | <u>(25,000)</u>      | <u>50,000</u>       | <u>25,000</u>          |
| Capital Leases                            | <u>229,063</u>                   | <u>0</u>         | <u>(79,716)</u>      | <u>149,347</u>      | <u>83,756</u>          |
| Long Term Liabilities                     | 16,234,063                       | 0                | (914,716)            | 15,319,347          | 953,756                |
| Compensated Absences                      | <u>1,757,782</u>                 | <u>330,481</u>   | <u>(20,007)</u>      | <u>2,068,256</u>    | <u>21,985</u>          |
| Total Governmental Activities             | <u>\$17,991,845</u>              | <u>\$330,481</u> | <u>(\$934,723)</u>   | <u>\$17,387,603</u> | <u>\$975,741</u>       |
| <b>Business-Type Activities</b>           |                                  |                  |                      |                     |                        |
| <u>Loans</u>                              |                                  |                  |                      |                     |                        |
| 3.79-4.12% OWDA Wastewater<br>Improvement | <u>\$10,502,496</u>              | <u>0</u>         | <u>(\$578,808)</u>   | <u>\$9,923,688</u>  | <u>\$602,406</u>       |
| <u>General Obligation Bonds</u>           |                                  |                  |                      |                     |                        |
| 4.34% Various Purpose<br>Recreation       | <u>2,140,000</u>                 | <u>0</u>         | <u>(80,000)</u>      | <u>2,060,000</u>    | <u>85,000</u>          |
| <u>Mortgage Revenue Bonds</u>             |                                  |                  |                      |                     |                        |
| 3.00-6.20% Water Refunding                | 680,000                          | 0                | (330,000)            | 350,000             | 350,000                |
| 3.76-5.05% Water Refunding                | <u>3,925,000</u>                 | <u>0</u>         | <u>(205,000)</u>     | <u>3,720,000</u>    | <u>215,000</u>         |
| Total Mortgage Revenue Bonds              | <u>4,605,000</u>                 | <u>0</u>         | <u>(535,000)</u>     | <u>4,070,000</u>    | <u>565,000</u>         |
| Compensated Absences                      | <u>435,663</u>                   | <u>77,431</u>    | <u>(18,560)</u>      | <u>494,534</u>      | <u>10,185</u>          |
| Total Business-Type Activities            | <u>\$17,683,159</u>              | <u>\$77,431</u>  | <u>(\$1,212,368)</u> | <u>\$16,548,222</u> | <u>\$1,262,591</u>     |

Principal and interest requirements to retire the City's long-term obligations outstanding at year end are as follows:

| <u>Year Ending</u><br><u>December 31</u> | <b>General<br/>Obligation Bonds</b> |                    | <b>Special<br/>Assessment Bonds</b> |                 |
|--|-------------------------------------|--------------------|-------------------------------------|-----------------|
|  | <u>Principal</u>                    | <u>Interest</u>    | <u>Principal</u>                    | <u>Interest</u> |
| 2005                                     | \$930,000                           | \$698,756          | \$25,000                            | \$3,813         |
| 2006                                     | 945,000                             | 663,046            | 25,000                              | 1,906           |
| 2007                                     | 980,000                             | 626,811            | 0                                   | 0               |
| 2008                                     | 965,000                             | 589,081            | 0                                   | 0               |
| 2009                                     | 1,000,000                           | 552,746            | 0                                   | 0               |
| 2010-2014                                | 5,285,000                           | 2,154,082          | 0                                   | 0               |
| 2015-2019                                | 4,800,000                           | 1,044,726          | 0                                   | 0               |
| 2020-2023                                | <u>2,275,000</u>                    | <u>214,550</u>     | <u>0</u>                            | <u>0</u>        |
| Total                                    | <u>\$17,180,000</u>                 | <u>\$6,543,798</u> | <u>\$50,000</u>                     | <u>\$5,719</u>  |

| <u>Year Ending</u><br><u>December 31</u> | <b>Mortgage<br/>Revenue Bonds</b> |                    | <b>Loans</b>       |                    |
|--|-----------------------------------|--------------------|--------------------|--------------------|
|  | <u>Principal</u>                  | <u>Interest</u>    | <u>Principal</u>   | <u>Interest</u>    |
| 2005                                     | \$565,000                         | \$200,663          | \$602,405          | \$394,314          |
| 2006                                     | 225,000                           | 169,610            | 626,967            | 369,753            |
| 2007                                     | 235,000                           | 159,598            | 652,529            | 344,191            |
| 2008                                     | 245,000                           | 149,022            | 679,134            | 317,585            |
| 2009                                     | 255,000                           | 137,874            | 706,823            | 289,894            |
| 2010-2014                                | 1,475,000                         | 496,392            | 3,990,659          | 992,938            |
| 2015-2019                                | <u>1,070,000</u>                  | <u>109,839</u>     | <u>2,665,171</u>   | <u>190,412</u>     |
| Total                                    | <u>\$4,070,000</u>                | <u>\$1,422,998</u> | <u>\$9,923,688</u> | <u>\$2,899,087</u> |

The special assessment bonds are backed by the full faith and credit of the City and are repaid from the resources of the debt service fund. The City levies an assessment against the effected property owners.

## 9. DEFEASANCE OF BONDS

### Mortgage Revenue Bonds

In prior years, the City defeased certain Mortgage Revenue Bonds by the deposit of Treasury Bonds and Notes with Trustees in an amount sufficient to meet principal and interest payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On December 31, 2004, \$375,000 of the outstanding Mortgage Revenue Bonds is considered defeased.

### Special Assessment Bonds

The Special Assessment Fund purchased special assessment sidewalk bonds issued by the City. The value of the bonds at December 31, 2004 was \$83,645. The transaction has been eliminated for the financial statement purposes by removing any proceeds from the issuance of debt from the operating statement and the investment.

## 10. INDUSTRIAL AND ECONOMIC DEVELOPMENT REVENUE BONDS

The City issued \$55,712,748 in industrial and economic development revenue bonds for various projects between the years 1973 through 1990. In February of 2000, the City issued \$6,625,000 in industrial development revenue bonds. As of December 31, 2004 \$3,750,000 was outstanding. The bonds are not a liability nor are the proceeds of the issues assets of the City and, accordingly, they are not reflected on the City's financial records. Debt service on these issues is payable solely from the revenues of the Company and/or individual for whom the debt was issued.

## 11. LEASES

### A. Capital Leases

During 2001, the City entered into a capital lease for telephone equipment.

The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and have been recorded on the government-wide statements. The leased assets have been capitalized for the amount of the present value of the minimum lease payments at the inception of the lease. The following is a schedule of the future long-term minimum lease payments required under the capital lease, and the present value of the minimum lease payments is as follows:

|   |                  |
|---|------------------|
| Year Ending                             |                  |
| <u>December 31</u>                      |                  |
| 2005                                    | \$89,270         |
| 2006                                    | <u>66,952</u>    |
| Total minimum lease payments            | 156,222          |
| Less: Amount representing interest      | <u>(6,875)</u>   |
| Present value of minimum lease payments | <u>\$149,347</u> |

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements. These expenditures are reflected as program expenditures on a budgetary basis.

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No.13 are as follows:

|           |           |
|-----------|-----------|
| Equipment | \$446,348 |
|-----------|-----------|



## 12. SERVICE AGREEMENTS

The City has entered into a service agreement for paramedic services.

Minimum future payments as of December 31, 2004 are:

| <u>Years</u> | <u>Paramedic<br/>Services</u> |
|--------------|-------------------------------|
| 2005         | \$1,205,737                   |
| 2006         | <u>565,317</u>                |
| Totals       | <u>\$1,771,054</u>            |

## 13. PENSION PLANS

### Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Members have a choice of three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan in which member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustment to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits.

Plan members are required to contribute 8.5% of their annual covered salary to fund pension obligations. The current year employer contribution rate was 13.55% of covered payroll; 9.55% was the portion paid for pension. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2004, 2003 and 2002 were \$1,345,013, \$1,256,006, and \$1,187,230, respectively. The full amount has been contributed for 2003 and 2002 and the full amount has been contributed for 2004.

## **Ohio Police and Fire Pension Fund**

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. 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 by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10% of their annual covered salary to fund pension obligations and the City is required to contribute 19.5% for police and 24% for firefighters. Contributions are authorized by State statute. The City's required contributions to the OP&F for the years ending December 31, 2004, 2003 and 2002 were \$742,092 for police \$348,558 for fire, \$720,971 for police \$325,599 for fire, and \$952,086, respectively. The full amount has been contributed for 2003 and 2002 and 73% for police and 73% for fire has been contributed for 2004.

## **14. POSTEMPLOYMENT BENEFITS**

### **Public Employees Retirement System**

The Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 4.00 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rates plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond) healthcare costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

At year-end 2003, the number of active contributing participants in the Traditional and Combined Plans totaled 369,885. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$397,048. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

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

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

### **Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (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 school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. 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, of which 7.75 percent of covered payroll was applied to the postemployment health care program during the current year. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for the current year that were used to fund postemployment benefits were \$296,199 for police and \$112,584 for fire. The OP&F's total health care expenses for the year ended December 31, 2003, (the latest information available) were \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

## 15. CONSTRUCTION COMMITMENTS

The City had the following outstanding commitments at year end:

| <u>Projects</u>                                 | <u>Spent-to-date</u> | <u>Commitment<br/>Remaining</u> |
|---|----------------------|---------------------------------|
| Community Arts Center                           | \$6,850,214          | \$2,524,020                     |
| Mack/Muhlhauser & Route 4 Project               | 1,494,190            | 439,730                         |
| Municipal Court & Police Services – Master Plan | 438,474              | 361,526                         |
| Traffic Signal Upgrades                         | 0                    | 319,961                         |
| Route 4 & W. Crescentville Intersection         | <u>0</u>             | <u>271,211</u>                  |
| Totals  | <u>\$8,782,878</u>   | <u>\$3,916,448</u>              |

## 16. INTERFUND TRANSFERS

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

|   | <u>Transfers In</u> | <u>Transfers Out</u> |
|---|---------------------|----------------------|
| Major Funds:                                |                     |                      |
| General                                     | \$0                 | \$2,100,000          |
| Fire Levy                                   | 75,000              | 0                    |
| .2% Street Improvement                      | 0                   | 666,495              |
| .2% Capital Improvement                     | 0                   | 862,108              |
| Downtown Development                        | 705,000             | 0                    |
| Recreation                                  | 300,000             | 0                    |
| Nonmajor Funds:                             |                     |                      |
| Street Construction, Repair and Maintenance | 650,000             | 0                    |
| General Bond Retirement                     | 1,528,603           | 80,000               |
| Solid Waste Management                      | 350,000             | 0                    |
| Municipal Garage                            | <u>100,000</u>      | <u>0</u>             |
| Total Nonmajor Funds                        | <u>2,628,603</u>    | <u>80,000</u>        |
| Total All Funds                             | <u>\$3,708,603</u>  | <u>\$3,708,603</u>   |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

## 17. PRIOR PERIOD ADJUSTMENT

The beginning Net Assets of the Governmental Activities have been adjusted to reflect corrections to the City's Capital Asset records, Income Tax Revenue and Capital Leases as follows:

|   | Governmental<br><u>Activities</u> |
|---|-----------------------------------|
| Balance previously stated,<br>December 31, 2003 | \$74,852,943                      |
| Capital Assets, Net                             | 3,615,385                         |
| Income Tax Revenue                              | 1,028,186                         |
| Capital Lease                                   | <u>(6,494)</u>                    |
| As restated, January 1, 2004                    | <u>\$79,490,020</u>               |

## 18. SUBSEQUENT EVENT

The City issued \$9,000,000 of Bond Anticipation Notes in anticipation of the issuance of bonds. The proceeds of the notes will be used to finance the construction of the new Municipal Court and Police Services Building. Notes are dated May 5, 2005 with an interest rate of 2.58% per annum, payable at maturity, and maturing on February 2, 2006.

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

City of Fairfield  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2004

|   | General<br>Fund    |                    |                    |                               |
|---|--------------------|--------------------|--------------------|-------------------------------|
|   | Original<br>Budget | Final<br>Budget    | Actual             | Variance from<br>Final Budget |
| <b>Revenues:</b>  |                    |                    |                    |                               |
| Taxes   | \$15,481,500       | \$15,481,500       | \$16,096,336       | \$614,836                     |
| Licenses & Permits  | 376,150            | 376,150            | 367,525            | (8,625)                       |
| Intergovernmental   | 2,503,019          | 2,503,019          | 2,171,498          | (331,521)                     |
| Charges for Services  | 650,450            | 650,450            | 538,933            | (111,517)                     |
| Fines and Forfeitures   | 808,600            | 808,600            | 950,761            | 142,161                       |
| Special Assessments   | 22,400             | 22,400             | 22,855             | 455                           |
| Investment Earnings   | 300,000            | 300,000            | 123,210            | (176,790)                     |
| Other Revenues  | 502,000            | 502,000            | 326,865            | (175,135)                     |
| <b>Total Revenues</b>   | <b>20,644,119</b>  | <b>20,644,119</b>  | <b>20,597,983</b>  | <b>(46,136)</b>               |
| <b>Expenditures:</b>  |                    |                    |                    |                               |
| <b>Current:</b>   |                    |                    |                    |                               |
| General Government  | 7,160,688          | 7,216,457          | 6,706,733          | 509,724                       |
| Public Safety   | 8,563,315          | 8,563,291          | 7,673,289          | 890,002                       |
| Leisure Time Activities   | 1,359,252          | 1,393,877          | 1,332,178          | 61,699                        |
| Community Development   | 1,166,049          | 1,166,049          | 1,067,866          | 98,183                        |
| Basic Utility Service   | 493,000            | 507,950            | 507,807            | 143                           |
| Public Health & Welfare Services  | 30,000             | 30,000             | 25,278             | 4,722                         |
| Capital Outlay  | 85,218             | 762,947            | 698,949            | 63,998                        |
| <b>Total Expenditures</b>   | <b>18,857,522</b>  | <b>19,640,571</b>  | <b>18,012,100</b>  | <b>1,628,471</b>              |
| <b>Excess of Revenues Over (Under) Expenditures</b>                                   | <b>1,786,597</b>   | <b>1,003,548</b>   | <b>2,585,883</b>   | <b>1,582,335</b>              |
| <b>Other financing sources (uses):</b>  |                    |                    |                    |                               |
| Proceeds from Sale of Capital Assets  | 10,000             | 10,000             | 990                | (9,010)                       |
| Transfers In  | 0                  | 0                  | 2,486              | 2,486                         |
| Transfers (Out)   | (2,000,000)        | (2,100,000)        | (2,100,000)        | 0                             |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(1,990,000)</b> | <b>(2,090,000)</b> | <b>(2,096,524)</b> | <b>(6,524)</b>                |
| <b>Net Change in Fund Balance</b>   | <b>(203,403)</b>   | <b>(1,086,452)</b> | <b>489,359</b>     | <b>1,575,811</b>              |
| <b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b> | <b>6,082,469</b>   | <b>6,082,469</b>   | <b>6,082,469</b>   | <b>0</b>                      |
| <b>Fund Balance End of Year</b>   | <b>\$5,879,066</b> | <b>\$4,996,017</b> | <b>\$6,571,828</b> | <b>\$1,575,811</b>            |

See accompanying notes to the required supplementary information.



City of Fairfield  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2004

|   | Fire Levy Fund    |                  |                  |                            |
|---|-------------------|------------------|------------------|----------------------------|
|   | Original Budget   | Final Budget     | Actual           | Variance from Final Budget |
| <b>Revenues:</b>  |                   |                  |                  |                            |
| Taxes   | \$3,750,000       | \$3,750,000      | \$3,666,437      | (\$83,563)                 |
| Licenses & Permits  | 5,000             | 5,000            | 5,400            | 400                        |
| Intergovernmental   | 418,850           | 418,850          | 437,990          | 19,140                     |
| Charges for Services  | 0                 | 500,000          | 312,848          | (187,152)                  |
| Investment Earnings   | 5,000             | 5,000            | 2,953            | (2,047)                    |
| Other Revenues  | 2,500             | 2,500            | 15,780           | 13,280                     |
| <b>Total Revenues</b>   | <b>4,181,350</b>  | <b>4,681,350</b> | <b>4,441,408</b> | <b>(239,942)</b>           |
| <b>Expenditures:</b>  |                   |                  |                  |                            |
| <b>Current:</b>   |                   |                  |                  |                            |
| Public Safety   | 4,426,641         | 4,768,500        | 4,767,497        | 1,003                      |
| Capital Outlay  | 57,000            | 25,141           | 24,135           | 1,006                      |
| <b>Total Expenditures</b>   | <b>4,483,641</b>  | <b>4,793,641</b> | <b>4,791,632</b> | <b>2,009</b>               |
| <b>Excess of Revenues Over (Under) Expenditures</b>                                   | <b>(302,291)</b>  | <b>(112,291)</b> | <b>(350,224)</b> | <b>(237,933)</b>           |
| <b>Other financing sources (uses):</b>  |                   |                  |                  |                            |
| Proceeds from Sale of Capital Assets  | 500               | 500              | 725              | 225                        |
| Transfers In  | 0                 | 0                | 75,000           | 75,000                     |
| <b>Total Other Financing Sources (Uses)</b>   | <b>500</b>        | <b>500</b>       | <b>75,725</b>    | <b>75,225</b>              |
| <b>Net Change in Fund Balance</b>   | <b>(301,791)</b>  | <b>(111,791)</b> | <b>(274,499)</b> | <b>(162,708)</b>           |
| <b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b> | <b>277,861</b>    | <b>277,861</b>   | <b>277,861</b>   | <b>0</b>                   |
| <b>Fund Balance End of Year</b>   | <b>(\$23,930)</b> | <b>\$166,070</b> | <b>\$3,362</b>   | <b>(\$162,708)</b>         |

See accompanying notes to the required supplementary information.

## 1. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level for all funds. The Finance Director, with the approval of the City Manager and respective Department Heads, has been authorized to allocate appropriations to the function and object level within each fund. Council must approve any revisions that alter total fund appropriations.

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

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

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and fire levy fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and fire levy fund.

Net Change in Fund Balance

|   | <u>General</u>   | <u>Fire Levy</u>   |
|---|------------------|--------------------|
| GAAP Basis                              | \$1,050,795      | (\$261,405)        |
| Net Adjustment for Revenue Accruals     | 374,150          | 0                  |
| Net Adjustment for Expenditure Accruals | (729,916)        | (7,986)            |
| Encumbrances                            | <u>(205,670)</u> | <u>(5,108)</u>     |
| Budget Basis                            | <u>\$489,359</u> | <u>(\$274,499)</u> |

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**COMBINING STATEMENTS  
AND INDIVIDUAL  
FUND SCHEDULES**

## ***NONMAJOR FUNDS***

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

***Street, Construction, Maintenance and Repair*** – To account for 92.5% of the City's share of state gasoline taxes and motor vehicle license fees. State law requires that such monies be spent on street construction and maintenance.

***State Highway Improvement*** - To account for the remaining 7.5% of the City's share of state gasoline taxes and motor vehicle license fees. State law requires that such monies be spent on state highways construction and improvements.

***County Motor Vehicle Registration*** - To account for the City's share of motor vehicle registration fees. State law requires that such monies be spent on street construction and maintenance of certain specified roads.

***Tax Recreation*** - To account for monies received from residential building permits specifically collected for the purpose of providing funds for recreational activities and facilities.

***Law Enforcement*** - To account for monies received from the proceeds of the City's law enforcement activities, which participate with federal agencies in the arrest, and seizure of assets.

***Municipal Motor Vehicle Registration*** - To account for the City's share of motor vehicle registration fees authorized by the City. State law requires that such monies be spent on street construction, operation and maintenance of City roads.

***Law Enforcement and Education*** - To account for monies received from court fines imposed for drivers convicted of driving under the influence of drugs and alcohol. Monies generated under this fund shall be used for enforcement and education of the public of such dangers.

***Drug and Alcohol Treatment*** - To account for monies received from court fines imposed for drivers convicted of driving under the influence of drugs and alcohol. Monies generated under this fund shall be used for treatment of chemically dependent drivers..

***Local Law Enforcement*** - To account for monies received from the federal government under the Community Development Block Grant program for the renovation of public facilities.

***Probation Services*** - To account for monies received from court fines. Monies generated under this fund shall be used for probation services provided by the Court.

***Court Computer*** - To account for monies received from court fines. Monies generated under this fund shall be used for computer related expenses of the Court.

Special Projects - To account for monies received from court fines. Monies generated under this fund shall be used for special projects of the Court system.

Mediation Services - To account for monies received from court fines. Monies generated under this fund shall be used for mediation services of the Court system.

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

General Bond Retirement - To accumulate monies for the payment of long-term and short-term debt issued without a vote of the people. Transfers from the .2% Capital Improvements and .3% Street Improvement Funds support this fund.

Special Assessment - To account for payment of bonds issued for improvements deemed to benefit specific properties against which assessments are levied.

**Capital Projects Funds:** The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Flood Protection - To account for the construction of a flood protection project, which provides protection from stormwater runoff. Financing is derived from grants from the federal government, the state government and the issuance of notes.

State Issue II - To account for projects financed through the State of Ohio Public Works Commission. Financing is derived from grants from the state government and local share participation.

**Internal Service Funds:** The Internal Service Funds are established to account for goods and services furnished by a designated agency to other departments within the same government unit on a cost reimbursement basis.

Employees' Benefits - To account for the cost of the City's self-insured health care operations.

Municipal Garage - To account for the cost of maintaining the City's equipment and automotive fleet.

City of Fairfield  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2004

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Funds | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|--------------------------------------|--|--|
| <b>Assets:</b>                                |   |                                      |  |  |
| Equity in Pooled Cash and Investments         | \$1,946,895                             | \$1,585,227                          | \$472,110                                | \$4,004,232                                |
| <b>Receivables:</b>                           |   |                                      |  |  |
| Interest                                      | 0                                       | 1,322                                | 0  | 1,322                                      |
| Intergovernmental                             | 796,014                                 | 0                                    | 140,807                                  | 936,821                                    |
| Special Assessments                           | 0                                       | 55,719                               | 0  | 55,719                                     |
| <b>Total Assets</b>                           | <b>2,742,909</b>                        | <b>1,642,268</b>                     | <b>612,917</b>                           | <b>4,998,094</b>                           |
| <b>Liabilities and Fund Balances:</b>         |   |                                      |  |  |
| <b>Liabilities:</b>                           |   |                                      |  |  |
| Accounts Payable                              | 20,132                                  | 0                                    | 1,219                                    | 21,351                                     |
| Accrued Wages and Benefits                    | 49,106                                  | 0                                    | 0  | 49,106                                     |
| Deferred Revenue                              | 673,592                                 | 55,719                               | 140,807                                  | 870,118                                    |
| <b>Total Liabilities</b>                      | <b>742,830</b>                          | <b>55,719</b>                        | <b>142,026</b>                           | <b>940,575</b>                             |
| <b>Fund Balances:</b>                         |   |                                      |  |  |
| Reserved for Encumbrances                     | 450,575                                 | 0                                    | 1,512,629                                | 1,963,204                                  |
| Reserved for Debt Service                     | 0                                       | 3,800                                | 0  | 3,800                                      |
| <b>Unreserved, Undesignated, Reported in:</b> |   |                                      |  |  |
| Special Revenue Funds                         | 1,549,504                               | 0                                    | 0  | 1,549,504                                  |
| Debt Service Funds                            | 0                                       | 1,582,749                            | 0  | 1,582,749                                  |
| Capital Projects Funds                        | 0                                       | 0                                    | (1,041,738)                              | (1,041,738)                                |
| <b>Total Fund Balances</b>                    | <b>2,000,079</b>                        | <b>1,586,549</b>                     | <b>470,891</b>                           | <b>4,057,519</b>                           |
| <b>Total Liabilities and Fund Balances</b>    | <b>\$2,742,909</b>                      | <b>\$1,642,268</b>                   | <b>\$612,917</b>                         | <b>\$4,998,094</b>                         |



City of Fairfield  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 For the Fiscal Year Ended December 31, 2004

|   | Nonmajor<br>Special<br>Revenue<br>Funds | Nonmajor<br>Debt<br>Service<br>Funds | Nonmajor<br>Capital<br>Projects<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|---|--------------------------------------|--|--|
| <b>Revenues:</b>                                    |   |                                      |  |  |
| Taxes   | \$1,168,249                             | \$0                                  | \$0                                      | \$1,168,249                                |
| Fines, Licenses & Permits                           | 1,527,323                               | 0                                    | 0  | 1,527,323                                  |
| Investment Earnings                                 | 12,834                                  | 44,250                               | 11,779                                   | 68,863                                     |
| Intergovernmental                                   | 115,676                                 | 0                                    | 1,694,382                                | 1,810,058                                  |
| Special Assessments                                 | 0                                       | 40,794                               | 0  | 40,794                                     |
| Other Revenues                                      | 5,321                                   | 0                                    | 20,893                                   | 26,214                                     |
| <b>Total Revenues</b>                               | <b>2,829,403</b>                        | <b>85,044</b>                        | <b>1,727,054</b>                         | <b>4,641,501</b>                           |
| <b>Expenditures:</b>                                |   |                                      |  |  |
| <b>Current:</b>                                     |   |                                      |  |  |
| General Government                                  | 134,668                                 | 0                                    | 0  | 134,668                                    |
| Transportation and Street Repair                    | 2,411,402                               | 0                                    | 0  | 2,411,402                                  |
| Capital Outlay                                      | 126,825                                 | 0                                    | 2,582,922                                | 2,709,747                                  |
| <b>Debt Service:</b>                                |   |                                      |  |  |
| Principal Retirement                                | 0                                       | 835,000                              | 0  | 835,000                                    |
| Interest and Fiscal Charges                         | 0                                       | 667,195                              | 0  | 667,195                                    |
| <b>Total Expenditures</b>                           | <b>2,672,895</b>                        | <b>1,502,195</b>                     | <b>2,582,922</b>                         | <b>6,758,012</b>                           |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>156,508</b>                          | <b>(1,417,151)</b>                   | <b>(855,868)</b>                         | <b>(2,116,511)</b>                         |
| <b>Other Financing Sources (Uses):</b>              |   |                                      |  |  |
| Proceeds from Sale of Capital Assets                | 150                                     | 0                                    | 0  | 150  |
| Transfers In  | 650,000                                 | 1,528,603                            | 0  | 2,178,603                                  |
| Transfers (Out)                                     | 0                                       | (80,000)                             | 0  | (80,000)                                   |
| <b>Total Other Financing Sources (Uses)</b>         | <b>650,150</b>                          | <b>1,448,603</b>                     | <b>0</b>                                 | <b>2,098,753</b>                           |
| <b>Net Change in Fund Balance</b>                   | <b>806,658</b>                          | <b>31,452</b>                        | <b>(855,868)</b>                         | <b>(17,758)</b>                            |
| <b>Fund Balance Beginning of Year</b>               | <b>1,193,421</b>                        | <b>1,555,097</b>                     | <b>1,326,759</b>                         | <b>4,075,277</b>                           |
| <b>Fund Balance End of Year</b>                     | <b>\$2,000,079</b>                      | <b>\$1,586,549</b>                   | <b>\$470,891</b>                         | <b>\$4,057,519</b>                         |

City of Fairfield  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2004

|   | Street Construction.<br>Maintenance<br>and Repair | State<br>Highway<br>Improvement | County Motor<br>Vehicle Registration | Tax<br>Recreation | Law<br>Enforcement | Municipal<br>Motor Vehicle<br>Registration | Law Enforcement<br>and Education |
|---|---|---------------------------------|--------------------------------------|-------------------|--------------------|--|----------------------------------|
| <b>Assets:</b>  |   |                                 |                                      |                   |                    |  |                                  |
| Equity in Pooled Cash and Investments                           | \$69,155  | \$10,563                        | \$517,936                            | \$241,849         | \$4,701            | \$774                                      | \$88,761                         |
| Receivables:  |   |                                 |                                      |                   |                    |  |                                  |
| Intergovernmental   | 590,156   | 47,851                          | 0                                    | 0                 | 0                  | 148,920                                    | 0                                |
| <b>Total Assets</b>   | <b>659,311</b>                                    | <b>58,414</b>                   | <b>517,936</b>                       | <b>241,849</b>    | <b>4,701</b>       | <b>149,694</b>                             | <b>88,761</b>                    |
| <b>Liabilities and Fund Balances:</b>                           |   |                                 |                                      |                   |                    |  |                                  |
| <b>Liabilities:</b>   |   |                                 |                                      |                   |                    |  |                                  |
| Accounts Payable  | 12,916  | 0                               | 0                                    | 0                 | 0                  | 0  | 0                                |
| Accrued Wages and Benefits                                      | 45,877  | 0                               | 0                                    | 0                 | 0                  | 0  | 0                                |
| Deferred Revenue  | 508,433   | 39,982                          | 0                                    | 0                 | 0                  | 125,177                                    | 0                                |
| <b>Total Liabilities</b>  | <b>567,226</b>                                    | <b>39,982</b>                   | <b>0</b>                             | <b>0</b>          | <b>0</b>           | <b>125,177</b>                             | <b>0</b>                         |
| <b>Fund Balances:</b>   |   |                                 |                                      |                   |                    |  |                                  |
| Reserved for Encumbrances                                       | 32,703  | 0                               | 319,961                              | 6,600             | 0                  | 0  | 0                                |
| Unreserved, Undesignated, Reported in:<br>Special Revenue Funds | 59,382  | 18,432                          | 197,975                              | 235,249           | 4,701              | 24,517                                     | 88,761                           |
| <b>Total Fund Balances</b>                                      | <b>92,085</b>                                     | <b>18,432</b>                   | <b>517,936</b>                       | <b>241,849</b>    | <b>4,701</b>       | <b>24,517</b>                              | <b>88,761</b>                    |
| <b>Total Liabilities and Fund Balances</b>                      | <b>\$659,311</b>                                  | <b>\$58,414</b>                 | <b>\$517,936</b>                     | <b>\$241,849</b>  | <b>\$4,701</b>     | <b>\$149,694</b>                           | <b>\$88,761</b>                  |

| Drug and Alcohol Treatment | Local Law Enforcement | Probation Services | Court Computer | Special Projects | Mediation Services | Total Nonmajor Special Revenue Funds |
|----------------------------|-----------------------|--------------------|----------------|------------------|--------------------|--------------------------------------|
| \$84,835                   | \$6,155               | \$427,828          | \$222,493      | \$151,826        | \$120,019          | \$1,946,895                          |
| 0                          | 9,087                 | 0                  | 0              | 0                | 0                  | 796,014                              |
| 84,835                     | 15,242                | 427,828            | 222,493        | 151,826          | 120,019            | 2,742,909                            |
| 0                          | 0                     | 0                  | 0              | 0                | 7,216              | 20,132                               |
| 0                          | 0                     | 3,229              | 0              | 0                | 0                  | 49,106                               |
| 0                          | 0                     | 0                  | 0              | 0                | 0                  | 673,592                              |
| 0                          | 0                     | 3,229              | 0              | 0                | 7,216              | 742,830                              |
| 0                          | 2,726                 | 0                  | 0              | 0                | 88,585             | 450,575                              |
| 84,835                     | 12,516                | 424,599            | 222,493        | 151,826          | 24,218             | 1,549,504                            |
| 84,835                     | 15,242                | 424,599            | 222,493        | 151,826          | 112,803            | 2,000,079                            |
| \$84,835                   | \$15,242              | \$427,828          | \$222,493      | \$151,826        | \$120,019          | \$2,742,909                          |

City of Fairfield  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Special Revenue Funds  
 For the Fiscal Year Ended December 31, 2004

|   | Street Construction.<br>Maintenance<br>and Repair | State<br>Highway<br>Improvement | County Motor<br>Vehicle Registration | Tax<br>Recreation | Law<br>Enforcement | Municipal<br>Motor Vehicle<br>Registration |
|---|---|---------------------------------|--------------------------------------|-------------------|--------------------|--|
| <b>Revenues:</b>                                    |   |                                 |                                      |                   |                    |  |
| Taxes   | \$1,080,630                                       | \$87,619                        | \$0                                  | \$0               | \$0                | \$0  |
| Fines, Licenses & Permits                           | 274,692   | 29,018                          | 351,957                              | 16,825            | 4,240              | 290,325                                    |
| Investment Earnings                                 | 0   | 0                               | 2,735                                | 2,637             | 0                  | 0  |
| Intergovernmental                                   | 81,723  | 1,123                           | 0                                    | 0                 | 0                  | 23,743                                     |
| Other Revenues                                      | 5,321   | 0                               | 0                                    | 0                 | 0                  | 0  |
| <b>Total Revenues</b>                               | <b>1,442,366</b>                                  | <b>117,760</b>                  | <b>354,692</b>                       | <b>19,462</b>     | <b>4,240</b>       | <b>314,068</b>                             |
| <b>Expenditures:</b>                                |   |                                 |                                      |                   |                    |  |
| <b>Current:</b>                                     |   |                                 |                                      |                   |                    |  |
| General Government                                  | 0   | 0                               | 0                                    | 0                 | 0                  | 0  |
| Transportation and Street Repair                    | 1,990,437   | 107,105                         | 0                                    | 0                 | 0                  | 313,860                                    |
| Capital Outlay                                      | 26,841  | 0                               | 0                                    | 0                 | 0                  | 0  |
| <b>Total Expenditures</b>                           | <b>2,017,278</b>                                  | <b>107,105</b>                  | <b>0</b>                             | <b>0</b>          | <b>0</b>           | <b>313,860</b>                             |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>(574,912)</b>                                  | <b>10,655</b>                   | <b>354,692</b>                       | <b>19,462</b>     | <b>4,240</b>       | <b>208</b>                                 |
| <b>Other Financing Sources (Uses):</b>              |   |                                 |                                      |                   |                    |  |
| Proceeds from Sale of Capital Assets                | 150   | 0                               | 0                                    | 0                 | 0                  | 0  |
| Transfers In  | 650,000   | 0                               | 0                                    | 0                 | 0                  | 0  |
| <b>Total Other Financing Sources (Uses)</b>         | <b>650,150</b>                                    | <b>0</b>                        | <b>0</b>                             | <b>0</b>          | <b>0</b>           | <b>0</b>                                   |
| <b>Net Change in Fund Balance</b>                   | <b>75,238</b>                                     | <b>10,655</b>                   | <b>354,692</b>                       | <b>19,462</b>     | <b>4,240</b>       | <b>208</b>                                 |
| <b>Fund Balance Beginning of Year</b>               | <b>16,847</b>                                     | <b>7,777</b>                    | <b>163,244</b>                       | <b>222,387</b>    | <b>461</b>         | <b>24,309</b>                              |
| <b>Fund Balance End of Year</b>                     | <b>\$92,085</b>                                   | <b>\$18,432</b>                 | <b>\$517,936</b>                     | <b>\$241,849</b>  | <b>\$4,701</b>     | <b>\$24,517</b>                            |

| Law Enforcement<br>and Education | Drug and<br>Alcohol<br>Treatment | Local Law<br>Enforcement | Probation<br>Services | Court<br>Computer | Special<br>Projects | Mediation<br>Services | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|----------------------------------|----------------------------------|--------------------------|-----------------------|-------------------|---------------------|-----------------------|---|
| \$0                              | \$0                              | \$0                      | \$0                   | \$0               | \$0                 | \$0                   | \$1,168,249                                   |
| 79,692                           | 20,424                           | 0                        | 272,947               | 71,637            | 49,521              | 66,045                | 1,527,323                                     |
| 0                                | 636                              | 269                      | 2,909                 | 1,739             | 1,591               | 318                   | 12,834  |
| 0                                | 0                                | 9,087                    | 0                     | 0                 | 0                   | 0                     | 115,676                                       |
| 0                                | 0                                | 0                        | 0                     | 0                 | 0                   | 0                     | 5,321   |
| <u>79,692</u>                    | <u>21,060</u>                    | <u>9,356</u>             | <u>275,856</u>        | <u>73,376</u>     | <u>51,112</u>       | <u>66,363</u>         | <u>2,829,403</u>                              |
| 12,920                           | 5,964                            | 0                        | 87,875                | 14,560            | 4,262               | 9,087                 | 134,668                                       |
| 0                                | 0                                | 0                        | 0                     | 0                 | 0                   | 0                     | 2,411,402                                     |
| 0                                | 0                                | 38,559                   | 0                     | 0                 | 52,571              | 8,854                 | 126,825                                       |
| <u>12,920</u>                    | <u>5,964</u>                     | <u>38,559</u>            | <u>87,875</u>         | <u>14,560</u>     | <u>56,833</u>       | <u>17,941</u>         | <u>2,672,895</u>                              |
| <u>66,772</u>                    | <u>15,096</u>                    | <u>(29,203)</u>          | <u>187,981</u>        | <u>58,816</u>     | <u>(5,721)</u>      | <u>48,422</u>         | <u>156,508</u>                                |
| 0                                | 0                                | 0                        | 0                     | 0                 | 0                   | 0                     | 150   |
| 0                                | 0                                | 0                        | 0                     | 0                 | 0                   | 0                     | 650,000                                       |
| <u>0</u>                         | <u>0</u>                         | <u>0</u>                 | <u>0</u>              | <u>0</u>          | <u>0</u>            | <u>0</u>              | <u>650,150</u>                                |
| <u>66,772</u>                    | <u>15,096</u>                    | <u>(29,203)</u>          | <u>187,981</u>        | <u>58,816</u>     | <u>(5,721)</u>      | <u>48,422</u>         | <u>806,658</u>                                |
| <u>21,989</u>                    | <u>69,739</u>                    | <u>44,445</u>            | <u>236,618</u>        | <u>163,677</u>    | <u>157,547</u>      | <u>64,381</u>         | <u>1,193,421</u>                              |
| <u>\$88,761</u>                  | <u>\$84,835</u>                  | <u>\$15,242</u>          | <u>\$424,599</u>      | <u>\$222,493</u>  | <u>\$151,826</u>    | <u>\$112,803</u>      | <u>\$2,000,079</u>                            |

City of Fairfield  
 Combining Balance Sheet  
 Nonmajor Debt Service Funds  
 December 31, 2004

|  | General<br>Bond Retirement | Special<br>Assessment | Total<br>Nonmajor<br>Debt Service<br>Funds |
|--|----------------------------|-----------------------|--|
| <b>Assets:</b>   |                            |                       |  |
| Equity in Pooled Cash and Investments                        | \$412,196                  | \$1,173,031           | \$1,585,227                                |
| <b>Receivables:</b>  |                            |                       |  |
| Interest   | 0                          | 1,322                 | 1,322                                      |
| Special Assessments  | 0                          | 55,719                | 55,719                                     |
| <b>Total Assets</b>  | <b>412,196</b>             | <b>1,230,072</b>      | <b>1,642,268</b>                           |
| <b>Liabilities and Fund Balances:</b>                        |                            |                       |  |
| <b>Liabilities:</b>  |                            |                       |  |
| Deferred Revenue   | 0                          | 55,719                | 55,719                                     |
| <b>Total Liabilities</b>                                     | <b>0</b>                   | <b>55,719</b>         | <b>55,719</b>                              |
| <b>Fund Balances:</b>  |                            |                       |  |
| Reserved for Debt Service                                    | 1,900                      | 1,900                 | 3,800                                      |
| Unreserved, Undesignated, Reported in:<br>Debt Service Funds | 410,296                    | 1,172,453             | 1,582,749                                  |
| <b>Total Fund Balances</b>                                   | <b>412,196</b>             | <b>1,174,353</b>      | <b>1,586,549</b>                           |
| <b>Total Liabilities and Fund Balances</b>                   | <b>\$412,196</b>           | <b>\$1,230,072</b>    | <b>\$1,642,268</b>                         |

City of Fairfield  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Debt Service Funds  
 For the Fiscal Year Ended December 31, 2004

|  | General<br>Bond Retirement | Special<br>Assessment | Total<br>Nonmajor<br>Debt Service<br>Funds |
|--|----------------------------|-----------------------|--|
| Revenues:                                    |                            |                       |  |
| Investment Earnings                          | \$5,091                    | \$39,159              | \$44,250                                   |
| Special Assessments                          | 0                          | 40,794                | 40,794                                     |
| Total Revenues                               | <u>5,091</u>               | <u>79,953</u>         | <u>85,044</u>                              |
| Expenditures:                                |                            |                       |  |
| Current:                                     |                            |                       |  |
| Debt Service:                                |                            |                       |  |
| Principal Retirement                         | 810,000                    | 25,000                | 835,000                                    |
| Interest and Fiscal Charges                  | 648,560                    | 18,635                | 667,195                                    |
| Total Expenditures                           | <u>1,458,560</u>           | <u>43,635</u>         | <u>1,502,195</u>                           |
| Excess of Revenues Over (Under) Expenditures | <u>(1,453,469)</u>         | <u>36,318</u>         | <u>(1,417,151)</u>                         |
| Other Financing Sources (Uses):              |                            |                       |  |
| Transfers In                                 | 1,528,603                  | 0                     | 1,528,603                                  |
| Transfers (Out)                              | (80,000)                   | 0                     | (80,000)                                   |
| Total Other Financing Sources (Uses)         | <u>1,448,603</u>           | <u>0</u>              | <u>1,448,603</u>                           |
| Net Change in Fund Balance                   | (4,866)                    | 36,318                | 31,452                                     |
| Fund Balance Beginning of Year               | 417,062                    | 1,138,035             | 1,555,097                                  |
| Fund Balance End of Year                     | <u>\$412,196</u>           | <u>\$1,174,353</u>    | <u>\$1,586,549</u>                         |

City of Fairfield  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 December 31, 2004

|  | Flood<br>Protection | State<br>Issue II | Total<br>Nonmajor<br>Capital Projects<br>Funds |
|--|---------------------|-------------------|--|
| <b>Assets:</b>   |                     |                   |  |
| Equity in Pooled Cash and Investments                            | \$472,110           | \$0               | \$472,110                                      |
| <b>Receivables:</b>  |                     |                   |  |
| Intergovernmental  | 140,807             | 0                 | 140,807  |
| <b>Total Assets</b>  | <b>612,917</b>      | <b>0</b>          | <b>612,917</b>                                 |
| <b>Liabilities and Fund Balances:</b>                            |                     |                   |  |
| <b>Liabilities:</b>  |                     |                   |  |
| Accounts Payable   | 1,219               | 0                 | 1,219  |
| Deferred Revenue   | 140,807             | 0                 | 140,807  |
| <b>Total Liabilities</b>   | <b>142,026</b>      | <b>0</b>          | <b>142,026</b>                                 |
| <b>Fund Balances:</b>  |                     |                   |  |
| Reserved for Encumbrances  | 1,264,975           | 247,654           | 1,512,629                                      |
| Unreserved, Undesignated, Reported in:<br>Capital Projects Funds | (794,084)           | (247,654)         | (1,041,738)                                    |
| <b>Total Fund Balances</b>                                       | <b>470,891</b>      | <b>0</b>          | <b>470,891</b>                                 |
| <b>Total Liabilities and Fund Balances</b>                       | <b>\$612,917</b>    | <b>\$0</b>        | <b>\$612,917</b>                               |



City of Fairfield  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Capital Projects Funds  
 For the Fiscal Year Ended December 31, 2004

|                                | Flood<br>Protection | State<br>Issue II | Total<br>Nonmajor<br>Capital Projects<br>Funds |
|--------------------------------|---------------------|-------------------|--|
| Revenues:                      |                     |                   |  |
| Investment Earnings            | \$11,779            | \$0               | \$11,779                                       |
| Intergovernmental              | 1,496,493           | 197,889           | 1,694,382                                      |
| Other Revenues                 | 20,893              | 0                 | 20,893   |
| Total Revenues                 | <u>1,529,165</u>    | <u>197,889</u>    | <u>1,727,054</u>                               |
| Expenditures:                  |                     |                   |  |
| Current:                       |                     |                   |  |
| Capital Outlay                 | <u>2,385,033</u>    | <u>197,889</u>    | <u>2,582,922</u>                               |
| Total Expenditures             | <u>2,385,033</u>    | <u>197,889</u>    | <u>2,582,922</u>                               |
| Net Change in Fund Balance     | (855,868)           | 0                 | (855,868)                                      |
| Fund Balance Beginning of Year | <u>1,326,759</u>    | <u>0</u>          | <u>1,326,759</u>                               |
| Fund Balance End of Year       | <u>\$470,891</u>    | <u>\$0</u>        | <u>\$470,891</u>                               |

City of Fairfield  
 Combining Statement of Net Assets  
 Nonmajor Internal Service Funds  
 December 31, 2004

|                                       | Employees'<br>Benefits | Municipal<br>Garage | Total<br>Internal Service<br>Funds |
|---------------------------------------|------------------------|---------------------|------------------------------------|
| <b>Assets:</b>                        |                        |                     |                                    |
| Equity in Pooled Cash and Investments | \$57,953               | \$4,443             | \$62,396                           |
| <b>Total Assets</b>                   | <b>57,953</b>          | <b>4,443</b>        | <b>62,396</b>                      |
| <b>Liabilities:</b>                   |                        |                     |                                    |
| <b>Current Liabilities:</b>           |                        |                     |                                    |
| Accounts Payable                      | 0                      | 1,462               | 1,462                              |
| Accrued Wages and Benefits            | 0                      | 15,179              | 15,179                             |
| Claims Payable                        | 11,219                 | 0                   | 11,219                             |
| <b>Total Current Liabilities</b>      | <b>11,219</b>          | <b>16,641</b>       | <b>27,860</b>                      |
| <b>Long-Term Liabilities:</b>         |                        |                     |                                    |
| Compensated Absences                  | 0                      | 69,459              | 69,459                             |
| <b>Total Liabilities</b>              | <b>11,219</b>          | <b>86,100</b>       | <b>97,319</b>                      |
| <b>Net Assets:</b>                    |                        |                     |                                    |
| Unrestricted                          | 46,734                 | (81,657)            | (34,923)                           |
| <b>Total Net Assets</b>               | <b>\$46,734</b>        | <b>(\$81,657)</b>   | <b>(\$34,923)</b>                  |

City of Fairfield  
 Combining Statement of Revenues, Expenses  
 and Changes in Fund Net Assets  
 Nonmajor Internal Service Funds  
 For the Fiscal Year Ended December 31, 2004

|  | Employees'<br>Benefits | Municipal<br>Garage | Total<br>Internal Service<br>Funds |
|--|------------------------|---------------------|------------------------------------|
| Operating Revenues:                              |                        |                     |                                    |
| Charges for Services                             | \$2,438,385            | \$566,569           | \$3,004,954                        |
| Other Revenues                                   | 0                      | 1,304               | 1,304                              |
| Total Operating Revenues                         | 2,438,385              | 567,873             | 3,006,258                          |
| Operating Expenses:                              |                        |                     |                                    |
| Personal Services                                | 0                      | 390,856             | 390,856                            |
| Contactual Services                              | 2,575,550              | 12,320              | 2,587,870                          |
| Materials and Supplies                           | 0                      | 273,570             | 273,570                            |
| Total Operating Expenses                         | 2,575,550              | 676,746             | 3,252,296                          |
| Operating Income (Loss)                          | (137,165)              | (108,873)           | (246,038)                          |
| Non-Operating Revenues (Expenses):               |                        |                     |                                    |
| Investment Earnings                              | 1,174                  | 0                   | 1,174                              |
| Total Non-Operating Revenues (Expenses)          | 1,174                  | 0                   | 1,174                              |
| Income (Loss) Before Contributions and Transfers | (135,991)              | (108,873)           | (244,864)                          |
| Transfers In                                     | 0                      | 100,000             | 100,000                            |
| Change in Net Assets                             | (135,991)              | (8,873)             | (144,864)                          |
| Net Assets Beginning of Year                     | 182,725                | (72,784)            | 109,941                            |
| Net Assets End of Year                           | \$46,734               | (\$81,657)          | (\$34,923)                         |

City of Fairfield  
Combining Statement of Cash Flows  
Nonmajor Internal Service Funds  
For the Fiscal Year Ended December 31, 2004

|  | Employees'<br>Benefits | Municipal<br>Garage | Total<br>Internal Service<br>Funds |
|--|------------------------|---------------------|------------------------------------|
| <b>Cash Flows from Operating Activities:</b>   |                        |                     |                                    |
| Cash Received from Customers   | \$2,438,385            | \$555,588           | \$2,993,973                        |
| Cash Payments to Employees   | 0                      | (394,114)           | (394,114)                          |
| Cash Payments to Suppliers   | (2,565,854)            | (284,428)           | (2,850,282)                        |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>(127,469)</b>       | <b>(122,954)</b>    | <b>(250,423)</b>                   |
| <b>Cash Flows from Noncapital Financing Activities:</b>  |                        |                     |                                    |
| Payments from Other Funds  | 0                      | 100,000             | 100,000                            |
| <b>Net Cash Provided (Used) by Noncapital Financing Activities</b>                                       | <b>0</b>               | <b>100,000</b>      | <b>100,000</b>                     |
| <b>Cash Flows from Investing Activities:</b>   |                        |                     |                                    |
| Earnings on Investments  | 1,174                  | 0                   | 1,174                              |
| <b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>                                  | <b>1,174</b>           | <b>0</b>            | <b>1,174</b>                       |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>(126,295)</b>       | <b>(22,954)</b>     | <b>(149,249)</b>                   |
| Cash and Cash Equivalents Beginning of Year  | 184,248                | 27,397              | 211,645                            |
| Cash and Cash Equivalents End of Year  | 57,953                 | 4,443               | 62,396                             |
| <b>Reconciliation of Operating Income (Loss) to<br/>Net Cash Provided (Used) by Operating Activities</b> |                        |                     |                                    |
| Operating Income (Loss)  | (137,165)              | (108,873)           | (246,038)                          |
| <b>Changes in Assets &amp; Liabilities:</b>  |                        |                     |                                    |
| Increase (Decrease) in Payables  | 9,696                  | (10,823)            | (1,127)                            |
| Increase (Decrease) in Accrued Liabilities   | 0                      | (3,258)             | (3,258)                            |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>(\$127,469)</b>     | <b>(\$122,954)</b>  | <b>(\$250,423)</b>                 |

City of Fairfield  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2004

|                                       | Municipal Court   |           |               | Ending Balance |
|---------------------------------------|-------------------|-----------|---------------|----------------|
|                                       | Beginning Balance | Additions | Deductions    |                |
| Assets:                               |                   |           |               |                |
| Equity in Pooled Cash and Investments | \$53,053          | \$0       | \$20,359      | \$32,694       |
| Total Assets                          | <u>53,053</u>     | <u>0</u>  | <u>20,359</u> | <u>32,694</u>  |

|                          |                 |            |                 |                 |
|--------------------------|-----------------|------------|-----------------|-----------------|
| Liabilities:             |                 |            |                 |                 |
| Due to Other Governments | 53,053          | 0          | 20,359          | 32,694          |
| Total Liabilities        | <u>\$53,053</u> | <u>\$0</u> | <u>\$20,359</u> | <u>\$32,694</u> |

|                                       | Warranty Bonds    |           |            | Ending Balance |
|---------------------------------------|-------------------|-----------|------------|----------------|
|                                       | Beginning Balance | Additions | Deductions |                |
| Assets:                               |                   |           |            |                |
| Equity in Pooled Cash and Investments | \$22,540          | \$13      | \$0        | \$22,553       |
| Total Assets                          | <u>22,540</u>     | <u>13</u> | <u>0</u>   | <u>22,553</u>  |

|                   |                 |             |            |                 |
|-------------------|-----------------|-------------|------------|-----------------|
| Liabilities:      |                 |             |            |                 |
| Due to Others     | 22,540          | 13          | 0          | 22,553          |
| Total Liabilities | <u>\$22,540</u> | <u>\$13</u> | <u>\$0</u> | <u>\$22,553</u> |

|                                       | Total All Agency Funds |           |               | Ending Balance |
|---------------------------------------|------------------------|-----------|---------------|----------------|
|                                       | Beginning Balance      | Additions | Deductions    |                |
| Assets:                               |                        |           |               |                |
| Equity in Pooled Cash and Investments | \$75,593               | \$13      | \$20,359      | \$55,247       |
| Total Assets                          | <u>75,593</u>          | <u>13</u> | <u>20,359</u> | <u>55,247</u>  |

|                   |                 |             |                 |                 |
|-------------------|-----------------|-------------|-----------------|-----------------|
| Liabilities:      |                 |             |                 |                 |
| Other Liabilities | 75,593          | 13          | 20,359          | 55,247          |
| Total Liabilities | <u>\$75,593</u> | <u>\$13</u> | <u>\$20,359</u> | <u>\$55,247</u> |

City of Fairfield  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2004

|   | Street Construction,<br>Maintenance<br>and Repair<br>Fund |                  |                  |                               |
|---|---|------------------|------------------|-------------------------------|
|   | Original<br>Budget  | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |   |                  |                  |                               |
| Intergovernmental   | \$1,300,000   | \$1,335,000      | \$1,438,519      | \$103,519                     |
| Investment Earnings   | 2,000   | 2,000            | 0                | (2,000)                       |
| Other Revenues  | 2,100   | 2,100            | 5,321            | 3,221                         |
| <b>Total Revenues</b>   | <b>1,304,100</b>  | <b>1,339,100</b> | <b>1,443,840</b> | <b>104,740</b>                |
| Expenditures:   |   |                  |                  |                               |
| Current:  |   |                  |                  |                               |
| Transportation & Street Repair  | 2,095,046   | 2,144,736        | 2,054,538        | 90,198                        |
| Capital Outlay  | 4,348   | 28,848           | 26,841           | 2,007                         |
| <b>Total Expenditures</b>   | <b>2,099,394</b>  | <b>2,173,584</b> | <b>2,081,379</b> | <b>92,205</b>                 |
| Excess of Revenues Over (Under) Expenditures                                      | (795,294)   | (834,484)        | (637,539)        | 196,945                       |
| Other financing sources (uses):   |   |                  |                  |                               |
| Proceeds from Sale of Capital Assets  | 0   | 0                | 150              | 150                           |
| Transfers In  | 650,000   | 835,000          | 650,000          | (185,000)                     |
| <b>Total Other Financing Sources (Uses)</b>                                       | <b>650,000</b>  | <b>835,000</b>   | <b>650,150</b>   | <b>(184,850)</b>              |
| <b>Net Change in Fund Balance</b>   | <b>(145,294)</b>  | <b>516</b>       | <b>12,611</b>    | <b>12,095</b>                 |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 10,925  | 10,925           | 10,925           | 0                             |
| <b>Fund Balance End of Year</b>   | <b>(\$134,369)</b>  | <b>\$11,441</b>  | <b>\$23,536</b>  | <b>\$12,095</b>               |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | State<br>Highway<br>Improvement<br>Fund |                 |                 |                               |
|---|---|-----------------|-----------------|-------------------------------|
|   | Original<br>Budget                      | Final<br>Budget | Actual          | Variance from<br>Final Budget |
| Revenues:   |   |                 |                 |                               |
| Intergovernmental   | \$112,000                               | \$114,500       | \$116,636       | \$2,136                       |
| Investment Earnings   | 500                                     | 500             | 0               | (500)                         |
| <b>Total Revenues</b>   | <b>112,500</b>                          | <b>115,000</b>  | <b>116,636</b>  | <b>1,636</b>                  |
| Expenditures:   |   |                 |                 |                               |
| Current:  |   |                 |                 |                               |
| Transportation & Street Repair  | 115,000                                 | 115,000         | 107,105         | 7,895                         |
| <b>Total Expenditures</b>   | <b>115,000</b>                          | <b>115,000</b>  | <b>107,105</b>  | <b>7,895</b>                  |
| <b>Net Change in Fund Balance</b>   | <b>(2,500)</b>                          | <b>0</b>        | <b>9,531</b>    | <b>9,531</b>                  |
| <b>Fund Balance Beginning of Year (includes<br/>prior year encumbrances appropriated)</b> | <b>1,031</b>                            | <b>1,031</b>    | <b>1,031</b>    | <b>0</b>                      |
| <b>Fund Balance End of Year</b>   | <b>(\$1,469)</b>                        | <b>\$1,031</b>  | <b>\$10,562</b> | <b>\$9,531</b>                |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | County Motor<br>Vehicle Registration<br>Fund |                  |                  |                               |
|---|--|------------------|------------------|-------------------------------|
|   | Original<br>Budget                           | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |  |                  |                  |                               |
| Intergovernmental   | \$200,000                                    | \$200,000        | \$351,957        | \$151,957                     |
| Investment Earnings   | 2,500  | 2,500            | 2,735            | 235                           |
| <b>Total Revenues</b>   | <b>202,500</b>                               | <b>202,500</b>   | <b>354,692</b>   | <b>152,192</b>                |
| Expenditures:   |  |                  |                  |                               |
| Current:  |  |                  |                  |                               |
| Transportation & Street Repair  | 1,000  | 1,000            | 0                | 1,000                         |
| Capital Outlay  | 0  | 351,957          | 319,961          | 31,996                        |
| <b>Total Expenditures</b>   | <b>1,000</b>                                 | <b>352,957</b>   | <b>319,961</b>   | <b>32,996</b>                 |
| <b>Net Change in Fund Balance</b>   | <b>201,500</b>                               | <b>(150,457)</b> | <b>34,731</b>    | <b>185,188</b>                |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 163,244                                      | 163,244          | 163,244          | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$364,744</b>                             | <b>\$12,787</b>  | <b>\$197,975</b> | <b>\$185,188</b>              |



City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | Tax<br>Recreation<br>Fund |                  |                  |                               |
|---|---------------------------|------------------|------------------|-------------------------------|
|   | Original<br>Budget        | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |                           |                  |                  |                               |
| Licenses & Permits  | \$15,000                  | \$15,000         | \$16,825         | \$1,825                       |
| Investment Earnings   | 5,000                     | 5,000            | 2,637            | (2,363)                       |
| <b>Total Revenues</b>   | <b>20,000</b>             | <b>20,000</b>    | <b>19,462</b>    | <b>(538)</b>                  |
| Expenditures:   |                           |                  |                  |                               |
| Capital Outlay  | 1,000                     | 7,600            | 6,600            | 1,000                         |
| <b>Total Expenditures</b>   | <b>1,000</b>              | <b>7,600</b>     | <b>6,600</b>     | <b>1,000</b>                  |
| <b>Net Change in Fund Balance</b>   | <b>19,000</b>             | <b>12,400</b>    | <b>12,862</b>    | <b>462</b>                    |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 222,388                   | 222,388          | 222,388          | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$241,388</b>          | <b>\$234,788</b> | <b>\$235,250</b> | <b>\$462</b>                  |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | Law<br>Enforcement<br>Fund |                 |                |                               |
|---|----------------------------|-----------------|----------------|-------------------------------|
|   | Original<br>Budget         | Final<br>Budget | Actual         | Variance from<br>Final Budget |
| Revenues:   |                            |                 |                |                               |
| Fines and Forfeitures   | \$35,000                   | \$35,000        | \$4,240        | (\$30,760)                    |
| Investment Earnings   | 1,250                      | 1,250           | 0              | (1,250)                       |
| <b>Total Revenues</b>   | <b>36,250</b>              | <b>36,250</b>   | <b>4,240</b>   | <b>(32,010)</b>               |
| Expenditures:   |                            |                 |                |                               |
| Current:  |                            |                 |                |                               |
| General Government  | 0                          | 0               | 0              | 0                             |
| <b>Total Expenditures</b>   | <b>0</b>                   | <b>0</b>        | <b>0</b>       | <b>0</b>                      |
| <b>Net Change in Fund Balance</b>   | <b>36,250</b>              | <b>36,250</b>   | <b>4,240</b>   | <b>(32,010)</b>               |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 461                        | 461             | 461            | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$36,711</b>            | <b>\$36,711</b> | <b>\$4,701</b> | <b>(\$32,010)</b>             |

City of Fairfield  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2004

|   | Municipal<br>Motor Vehicle<br>Registration<br>Fund |                 |                |                               |
|---|--|-----------------|----------------|-------------------------------|
|   | Original<br>Budget                                 | Final<br>Budget | Actual         | Variance from<br>Final Budget |
| Revenues:   |  |                 |                |                               |
| Intergovernmental   | \$340,000  | \$340,000       | \$314,154      | (\$25,846)                    |
| Investment Earnings   | 1,250  | 1,250           | 0              | (1,250)                       |
| <b>Total Revenues</b>   | <b>341,250</b>                                     | <b>341,250</b>  | <b>314,154</b> | <b>(27,096)</b>               |
| Expenditures:   |  |                 |                |                               |
| Current:  |  |                 |                |                               |
| Transportation & Street Repair  | 330,000  | 330,000         | 313,860        | 16,140                        |
| <b>Total Expenditures</b>   | <b>330,000</b>                                     | <b>330,000</b>  | <b>313,860</b> | <b>16,140</b>                 |
| <b>Net Change in Fund Balance</b>   | <b>11,250</b>                                      | <b>11,250</b>   | <b>294</b>     | <b>(10,956)</b>               |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 480  | 480             | 480            | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$11,730</b>                                    | <b>\$11,730</b> | <b>\$774</b>   | <b>(\$10,956)</b>             |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | Law Enforcement<br>and Education<br>Fund |                 |                 |                               |
|---|--|-----------------|-----------------|-------------------------------|
|   | Original<br>Budget                       | Final<br>Budget | Actual          | Variance from<br>Final Budget |
| Revenues:   |  |                 |                 |                               |
| Fines and Forfeitures   | \$10,000                                 | \$10,000        | \$79,692        | \$69,692                      |
| Investment Earnings   | 1,250                                    | 1,250           | 0               | (1,250)                       |
| <b>Total Revenues</b>   | <b>11,250</b>                            | <b>11,250</b>   | <b>79,692</b>   | <b>68,442</b>                 |
| Expenditures:   |  |                 |                 |                               |
| Current:  |  |                 |                 |                               |
| General Government  | 0  | 12,920          | 12,920          | 0                             |
| <b>Total Expenditures</b>   | <b>0</b>                                 | <b>12,920</b>   | <b>12,920</b>   | <b>0</b>                      |
| <b>Net Change in Fund Balance</b>   | <b>11,250</b>                            | <b>(1,670)</b>  | <b>66,772</b>   | <b>68,442</b>                 |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 21,989                                   | 21,989          | 21,989          | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$33,239</b>                          | <b>\$20,319</b> | <b>\$88,761</b> | <b>\$68,442</b>               |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|  | Drug and Alcohol Treatment Fund |                 |                 |                            |
|--|---------------------------------|-----------------|-----------------|----------------------------|
|  | Original Budget                 | Final Budget    | Actual          | Variance from Final Budget |
| Revenues:  |                                 |                 |                 |                            |
| Fines and Forfeitures  | \$20,000                        | \$20,000        | \$20,424        | \$424                      |
| Investment Earnings  | 1,500                           | 1,500           | 636             | (864)                      |
| <b>Total Revenues</b>  | <b>21,500</b>                   | <b>21,500</b>   | <b>21,060</b>   | <b>(440)</b>               |
| Expenditures:  |                                 |                 |                 |                            |
| Current:   |                                 |                 |                 |                            |
| General Government   | 15,000                          | 15,000          | 6,455           | 8,545                      |
| <b>Total Expenditures</b>  | <b>15,000</b>                   | <b>15,000</b>   | <b>6,455</b>    | <b>8,545</b>               |
| <b>Net Change in Fund Balance</b>  | <b>6,500</b>                    | <b>6,500</b>    | <b>14,605</b>   | <b>8,105</b>               |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 70,229                          | 70,229          | 70,229          | 0                          |
| <b>Fund Balance End of Year</b>  | <b>\$76,729</b>                 | <b>\$76,729</b> | <b>\$84,834</b> | <b>\$8,105</b>             |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | Local Law<br>Enforcement<br>Fund |                 |                 |                               |
|---|----------------------------------|-----------------|-----------------|-------------------------------|
|   | Original<br>Budget               | Final<br>Budget | Actual          | Variance from<br>Final Budget |
| Revenues:   |                                  |                 |                 |                               |
| Intergovernmental   | \$30,000                         | \$30,000        | \$0             | (\$30,000)                    |
| Investment Earnings   | 1,000                            | 1,000           | 269             | (731)                         |
| <b>Total Revenues</b>   | <b>31,000</b>                    | <b>31,000</b>   | <b>269</b>      | <b>(30,731)</b>               |
| Expenditures:   |                                  |                 |                 |                               |
| Current:  |                                  |                 |                 |                               |
| Capital Outlay  | 0                                | 43,203          | 41,285          | 1,918                         |
| <b>Total Expenditures</b>   | <b>0</b>                         | <b>43,203</b>   | <b>41,285</b>   | <b>1,918</b>                  |
| <b>Net Change in Fund Balance</b>   | <b>31,000</b>                    | <b>(12,203)</b> | <b>(41,016)</b> | <b>(28,813)</b>               |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 44,445                           | 44,445          | 44,445          | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$75,445</b>                  | <b>\$32,242</b> | <b>\$3,429</b>  | <b>(\$28,813)</b>             |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | Probation<br>Services<br>Fund |                 |           |                               |
|---|-------------------------------|-----------------|-----------|-------------------------------|
|   | Original<br>Budget            | Final<br>Budget | Actual    | Variance from<br>Final Budget |
| Revenues:   |                               |                 |           |                               |
| Fines and Forfeitures   | \$95,000                      | \$95,000        | \$272,947 | \$177,947                     |
| Investment Earnings   | 1,000                         | 1,000           | 2,909     | 1,909                         |
| Total Revenues  | 96,000                        | 96,000          | 275,856   | 179,856                       |
| Expenditures:   |                               |                 |           |                               |
| Current:  |                               |                 |           |                               |
| General Government  | 90,000                        | 90,600          | 88,859    | 1,741                         |
| Capital Outlay  | 5,000                         | 4,400           | 0         | 4,400                         |
| Total Expenditures  | 95,000                        | 95,000          | 88,859    | 6,141                         |
| Net Change in Fund Balance  | 1,000                         | 1,000           | 186,997   | 185,997                       |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 240,831                       | 240,831         | 240,831   | 0                             |
| Fund Balance End of Year  | \$241,831                     | \$241,831       | \$427,828 | \$185,997                     |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | Court<br>Computer<br>Fund |                  |                  |                               |
|---|---------------------------|------------------|------------------|-------------------------------|
|   | Original<br>Budget        | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |                           |                  |                  |                               |
| Fines and Forfeitures   | \$55,000                  | \$55,000         | \$71,637         | \$16,637                      |
| Investment Earnings   | 1,500                     | 1,500            | 1,739            | 239                           |
| <b>Total Revenues</b>   | <b>56,500</b>             | <b>56,500</b>    | <b>73,376</b>    | <b>16,876</b>                 |
| Expenditures:   |                           |                  |                  |                               |
| Current:  |                           |                  |                  |                               |
| General Government  | 15,000                    | 15,000           | 14,560           | 440                           |
| Capital Outlay  | 5,000                     | 5,000            | 0                | 5,000                         |
| <b>Total Expenditures</b>   | <b>20,000</b>             | <b>20,000</b>    | <b>14,560</b>    | <b>5,440</b>                  |
| <b>Net Change in Fund Balance</b>   | <b>36,500</b>             | <b>36,500</b>    | <b>58,816</b>    | <b>22,316</b>                 |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 163,677                   | 163,677          | 163,677          | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$200,177</b>          | <b>\$200,177</b> | <b>\$222,493</b> | <b>\$22,316</b>               |



City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | Special<br>Projects<br>Fund |                  |                  |                               |
|---|-----------------------------|------------------|------------------|-------------------------------|
|   | Original<br>Budget          | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |                             |                  |                  |                               |
| Fines and Forfeitures   | \$42,000                    | \$42,000         | \$49,522         | \$7,522                       |
| Investment Earnings   | 1,000                       | 1,000            | 1,591            | 591                           |
| <b>Total Revenues</b>   | <b>43,000</b>               | <b>43,000</b>    | <b>51,113</b>    | <b>8,113</b>                  |
| Expenditures:   |                             |                  |                  |                               |
| Current:  |                             |                  |                  |                               |
| General Government  | 40,000                      | 33,173           | 4,262            | 28,911                        |
| Capital Outlay  | 5,000                       | 52,581           | 52,571           | 10                            |
| <b>Total Expenditures</b>   | <b>45,000</b>               | <b>85,754</b>    | <b>56,833</b>    | <b>28,921</b>                 |
| <b>Net Change in Fund Balance</b>   | <b>(2,000)</b>              | <b>(42,754)</b>  | <b>(5,720)</b>   | <b>37,034</b>                 |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 157,547                     | 157,547          | 157,547          | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$155,547</b>            | <b>\$114,793</b> | <b>\$151,827</b> | <b>\$37,034</b>               |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | Mediation<br>Services<br>Fund |                 |                 |                               |
|---|-------------------------------|-----------------|-----------------|-------------------------------|
|   | Original<br>Budget            | Final<br>Budget | Actual          | Variance from<br>Final Budget |
| Revenues:   |                               |                 |                 |                               |
| Fines and Forfeitures   | \$55,000                      | \$105,000       | \$66,045        | (\$38,955)                    |
| Investment Earnings   | 0                             | 0               | 318             | 318                           |
| <b>Total Revenues</b>   | <b>55,000</b>                 | <b>105,000</b>  | <b>66,363</b>   | <b>(38,637)</b>               |
| Expenditures:   |                               |                 |                 |                               |
| Current:  |                               |                 |                 |                               |
| General Government  | 20,000                        | 20,000          | 1,871           | 18,129                        |
| Capital Outlay  | 0                             | 104,657         | 104,655         | 2                             |
| <b>Total Expenditures</b>   | <b>20,000</b>                 | <b>124,657</b>  | <b>106,526</b>  | <b>18,131</b>                 |
| <b>Net Change in Fund Balance</b>   | <b>35,000</b>                 | <b>(19,657)</b> | <b>(40,163)</b> | <b>(20,506)</b>               |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 64,381                        | 64,381          | 64,381          | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$99,381</b>               | <b>\$44,724</b> | <b>\$24,218</b> | <b>(\$20,506)</b>             |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | General<br>Bond Retirement<br>Fund |                  |                  |                               |
|---|------------------------------------|------------------|------------------|-------------------------------|
|   | Original<br>Budget                 | Final<br>Budget  | Actual           | Variance from<br>Final Budget |
| Revenues:   |                                    |                  |                  |                               |
| Investment Earnings   | \$5,000                            | \$5,000          | \$5,091          | \$91                          |
| Total Revenues  | 5,000                              | 5,000            | 5,091            | 91                            |
| Expenditures:   |                                    |                  |                  |                               |
| Debt Service:   |                                    |                  |                  |                               |
| Principal Retirement  | 810,000                            | 890,000          | 890,000          | 0                             |
| Interest and Fiscal Charges   | 687,000                            | 657,000          | 650,460          | 6,540                         |
| Total Expenditures  | 1,497,000                          | 1,547,000        | 1,540,460        | 6,540                         |
| Excess of Revenues Over (Under) Expenditures                                      | (1,492,000)                        | (1,542,000)      | (1,535,369)      | 6,631                         |
| Other financing sources (uses):   |                                    |                  |                  |                               |
| Transfers In  | 1,500,000                          | 1,500,000        | 1,528,602        | 28,602                        |
| Total Other Financing Sources (Uses)  | 1,500,000                          | 1,500,000        | 1,528,602        | 28,602                        |
| Net Change in Fund Balance  | 8,000                              | (42,000)         | (6,767)          | 35,233                        |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 417,061                            | 417,061          | 417,061          | 0                             |
| Fund Balance End of Year  | <u>\$425,061</u>                   | <u>\$375,061</u> | <u>\$410,294</u> | <u>\$35,233</u>               |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | Special<br>Assessment<br>Fund |                  |                    |                               |
|---|-------------------------------|------------------|--------------------|-------------------------------|
|   | Original<br>Budget            | Final<br>Budget  | Actual             | Variance from<br>Final Budget |
| Revenues:   |                               |                  |                    |                               |
| Special Assessments   | \$100,000                     | \$100,000        | \$59,698           | (\$40,302)                    |
| Investment Earnings   | 25,000                        | 25,000           | 41,380             | 16,380                        |
| <b>Total Revenues</b>   | <b>125,000</b>                | <b>125,000</b>   | <b>101,078</b>     | <b>(23,922)</b>               |
| Expenditures:   |                               |                  |                    |                               |
| Debt Service:   |                               |                  |                    |                               |
| Principal Retirement  | 250,000                       | 250,000          | 43,904             | 206,096                       |
| Interest and Fiscal Charges   | 33,000                        | 33,000           | 21,012             | 11,988                        |
| <b>Total Expenditures</b>   | <b>283,000</b>                | <b>283,000</b>   | <b>64,916</b>      | <b>218,084</b>                |
| <b>Net Change in Fund Balance</b>   | <b>(158,000)</b>              | <b>(158,000)</b> | <b>36,162</b>      | <b>194,162</b>                |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 1,138,508                     | 1,138,508        | 1,138,508          | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$980,508</b>              | <b>\$980,508</b> | <b>\$1,174,670</b> | <b>\$194,162</b>              |

City of Fairfield  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2004

|   | .2% Street<br>Improvement<br>Fund |                    |                    |                               |
|---|-----------------------------------|--------------------|--------------------|-------------------------------|
|   | Original<br>Budget                | Final<br>Budget    | Actual             | Variance from<br>Final Budget |
| <b>Revenues:</b>  |                                   |                    |                    |                               |
| Taxes   | \$2,600,000                       | \$2,600,000        | \$2,724,138        | \$124,138                     |
| Investment Earnings   | 100,000                           | 100,000            | 114,935            | 14,935                        |
| Other Revenues  | 50,000                            | 50,000             | 35,270             | (14,730)                      |
| <b>Total Revenues</b>   | <b>2,750,000</b>                  | <b>2,750,000</b>   | <b>2,874,343</b>   | <b>124,343</b>                |
| <b>Expenditures:</b>  |                                   |                    |                    |                               |
| <b>Current:</b>   |                                   |                    |                    |                               |
| General Government  | 65,000                            | 65,750             | 65,732             | 18                            |
| Capital Outlay  | 1,578,202                         | 3,888,336          | 3,590,330          | 298,006                       |
| <b>Total Expenditures</b>   | <b>1,643,202</b>                  | <b>3,954,086</b>   | <b>3,656,062</b>   | <b>298,024</b>                |
| <b>Excess of Revenues Over (Under) Expenditures</b>                                       | <b>1,106,798</b>                  | <b>(1,204,086)</b> | <b>(781,719)</b>   | <b>422,367</b>                |
| <b>Other financing sources (uses):</b>  |                                   |                    |                    |                               |
| Transfers (Out)   | (600,000)                         | (666,500)          | (666,495)          | 5                             |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(600,000)</b>                  | <b>(666,500)</b>   | <b>(666,495)</b>   | <b>5</b>                      |
| <b>Net Change in Fund Balance</b>   | <b>506,798</b>                    | <b>(1,870,586)</b> | <b>(1,448,214)</b> | <b>422,372</b>                |
| <b>Fund Balance Beginning of Year (includes<br/>prior year encumbrances appropriated)</b> | <b>7,260,231</b>                  | <b>7,260,231</b>   | <b>7,260,231</b>   | <b>0</b>                      |
| <b>Fund Balance End of Year</b>   | <b>\$7,767,029</b>                | <b>\$5,389,645</b> | <b>\$5,812,017</b> | <b>\$422,372</b>              |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | .2% Capital<br>Improvement<br>Fund |                    |                    |                               |
|---|------------------------------------|--------------------|--------------------|-------------------------------|
|   | Original<br>Budget                 | Final<br>Budget    | Actual             | Variance from<br>Final Budget |
| <b>Revenues:</b>  |                                    |                    |                    |                               |
| Taxes   | \$2,600,000                        | \$2,600,000        | \$2,724,138        | \$124,138                     |
| Investment Earnings   | 50,000                             | 50,000             | 61,398             | 11,398                        |
| Other Revenues  | 250                                | 250                | 500                | 250                           |
| <b>Total Revenues</b>   | <b>2,650,250</b>                   | <b>2,650,250</b>   | <b>2,786,036</b>   | <b>135,786</b>                |
| <b>Expenditures:</b>  |                                    |                    |                    |                               |
| <b>Current:</b>   |                                    |                    |                    |                               |
| General Government  | 60,000                             | 65,750             | 65,732             | 18                            |
| Capital Outlay  | 1,046,955                          | 2,896,138          | 2,856,742          | 39,396                        |
| <b>Total Expenditures</b>   | <b>1,106,955</b>                   | <b>2,961,888</b>   | <b>2,922,474</b>   | <b>39,414</b>                 |
| <b>Excess of Revenues Over (Under) Expenditures</b>                                       | <b>1,543,295</b>                   | <b>(311,638)</b>   | <b>(136,438)</b>   | <b>175,200</b>                |
| <b>Other financing sources (uses):</b>  |                                    |                    |                    |                               |
| Proceeds from Sale of Capital Assets  | 0                                  | 0                  | 35,707             | 35,707                        |
| Transfers (Out)   | (750,000)                          | (862,110)          | (862,107)          | 3                             |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(750,000)</b>                   | <b>(862,110)</b>   | <b>(826,400)</b>   | <b>35,710</b>                 |
| <b>Net Change in Fund Balance</b>   | <b>793,295</b>                     | <b>(1,173,748)</b> | <b>(962,838)</b>   | <b>210,910</b>                |
| <b>Fund Balance Beginning of Year (includes<br/>prior year encumbrances appropriated)</b> | <b>3,054,208</b>                   | <b>3,054,208</b>   | <b>3,054,208</b>   | <b>0</b>                      |
| <b>Fund Balance End of Year</b>   | <b>\$3,847,503</b>                 | <b>\$1,880,460</b> | <b>\$2,091,370</b> | <b>\$210,910</b>              |

City of Fairfield  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2004

|  | Downtown<br>Development<br>Fund |                    |                    |                               |
|--|---------------------------------|--------------------|--------------------|-------------------------------|
|  | Original<br>Budget              | Final<br>Budget    | Actual             | Variance from<br>Final Budget |
| Revenues:  |                                 |                    |                    |                               |
| Intergovernmental  | 0                               | 0                  | \$81,960           | \$81,960                      |
| Investment Earnings  | 225,000                         | 225,000            | 133,438            | (91,562)                      |
| Other Revenues   | 5,000                           | 5,000              | 1,629              | (3,371)                       |
| <b>Total Revenues</b>  | <b>230,000</b>                  | <b>230,000</b>     | <b>217,027</b>     | <b>(12,973)</b>               |
| Expenditures:  |                                 |                    |                    |                               |
| Capital Outlay   | 9,170,808                       | 9,783,818          | 9,458,971          | 324,847                       |
| <b>Total Expenditures</b>  | <b>9,170,808</b>                | <b>9,783,818</b>   | <b>9,458,971</b>   | <b>324,847</b>                |
| Excess of Revenues Over (Under) Expenditures                                   | (8,940,808)                     | (9,553,818)        | (9,241,944)        | 311,874                       |
| Other financing sources (uses):  |                                 |                    |                    |                               |
| Transfers In   | 1,000,000                       | 1,000,000          | 705,000            | (295,000)                     |
| <b>Total Other Financing Sources (Uses)</b>                                    | <b>1,000,000</b>                | <b>1,000,000</b>   | <b>705,000</b>     | <b>(295,000)</b>              |
| <b>Net Change in Fund Balance</b>  | <b>(7,940,808)</b>              | <b>(8,553,818)</b> | <b>(8,536,944)</b> | <b>16,874</b>                 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 9,541,055                       | 9,541,055          | 9,541,055          | 0                             |
| <b>Fund Balance End of Year</b>  | <b>\$1,600,247</b>              | <b>\$987,237</b>   | <b>\$1,004,111</b> | <b>\$16,874</b>               |

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | Flood<br>Protection<br>Fund |                    |                    |                               |
|---|-----------------------------|--------------------|--------------------|-------------------------------|
|   | Original<br>Budget          | Final<br>Budget    | Actual             | Variance from<br>Final Budget |
| Revenues:   |                             |                    |                    |                               |
| Intergovernmental   | 0                           | \$2,578,845        | \$1,496,493        | (\$1,082,352)                 |
| Investment Earnings   | 25,000                      | 25,000             | 11,779             | (13,221)                      |
| Other Revenues  | 5,000                       | 5,000              | 20,893             | 15,893                        |
| <b>Total Revenues</b>   | <b>30,000</b>               | <b>2,608,845</b>   | <b>1,529,165</b>   | <b>(1,079,680)</b>            |
| Expenditures:   |                             |                    |                    |                               |
| Capital Outlay  | 108,780                     | 3,724,685          | 3,650,487          | 74,198                        |
| <b>Total Expenditures</b>   | <b>108,780</b>              | <b>3,724,685</b>   | <b>3,650,487</b>   | <b>74,198</b>                 |
| <b>Net Change in Fund Balance</b>   | <b>(78,780)</b>             | <b>(1,115,840)</b> | <b>(2,121,322)</b> | <b>(1,005,482)</b>            |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 1,327,239                   | 1,327,239          | 1,327,239          | 0                             |
| <b>Fund Balance End of Year</b>   | <b>\$1,248,459</b>          | <b>\$211,399</b>   | <b>(\$794,083)</b> | <b>(\$1,005,482)</b>          |



City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2004

|   | State<br>Issue II<br>Fund |                 |             |                               |
|---|---------------------------|-----------------|-------------|-------------------------------|
|   | Original<br>Budget        | Final<br>Budget | Actual      | Variance from<br>Final Budget |
| Revenues:   |                           |                 |             |                               |
| Intergovernmental   | \$500,000                 | \$500,000       | \$197,889   | (\$302,111)                   |
| Total Revenues  | 500,000                   | 500,000         | 197,889     | (302,111)                     |
| Expenditures:   |                           |                 |             |                               |
| Capital Outlay  | 1,000                     | 482,840         | 445,543     | 37,297                        |
| Total Expenditures  | 1,000                     | 482,840         | 445,543     | 37,297                        |
| Net Change in Fund Balance  | 499,000                   | 17,160          | (247,654)   | (264,814)                     |
| Fund Balance Beginning of Year (includes<br>prior year encumbrances appropriated) | 0                         | 0               | 0           | 0                             |
| Fund Balance End of Year  | \$499,000                 | \$17,160        | (\$247,654) | (\$264,814)                   |

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**STATISTICAL  
SECTION**

City of Fairfield

Table 1

General Government Expenditures by Function (1)

Last Ten Fiscal Years

| Year | General Government | Public Safety | Utility Services | Streets and Transportation | Health and Welfare | Community Environment | Leisure Activities | Capital Outlay | Debt Service | Total        |
|------|--------------------|---------------|------------------|----------------------------|--------------------|-----------------------|--------------------|----------------|--------------|--------------|
| 1995 | \$2,904,976        | \$6,101,622   | \$289,276        | \$1,522,375                | \$29,220           | \$543,810             | \$546,527          | \$782,636      | \$0          | \$12,720,442 |
| 1996 | 2,946,686          | 6,475,432     | 297,127          | 1,627,710                  | 28,234             | 640,091               | 599,065            | 1,283,407      | 0            | 13,897,752   |
| 1997 | 3,125,637          | 6,756,615     | 317,791          | 1,644,462                  | 29,147             | 679,001               | 707,720            | 711,956        | 0            | 13,972,329   |
| 1998 | 3,053,126          | 7,144,615     | 338,654          | 1,732,903                  | 27,822             | 807,002               | 772,473            | 931,944        | 0            | 14,808,539   |
| 1999 | 3,449,168          | 8,200,367     | 342,155          | 1,998,534                  | 27,521             | 955,929               | 788,275            | 1,112,977      | 0            | 16,874,926   |
| 2000 | 4,217,147          | 9,158,689     | 402,185          | 1,980,761                  | 27,315             | 915,681               | 842,935            | 1,136,400      | 0            | 18,681,113   |
| 2001 | 5,081,666          | 10,104,904    | 401,395          | 2,280,900                  | 26,731             | 886,016               | 994,972            | 1,715,975      | 0            | 21,492,559   |
| 2002 | 5,473,818          | 11,069,946    | 521,909          | 2,145,890                  | 25,576             | 923,767               | 1,091,691          | 1,213,956      | 89,269       | 22,555,822   |
| 2003 | 5,969,544          | 11,855,307    | 481,265          | 2,305,703                  | 25,809             | 1,051,642             | 1,219,328          | 553,150        | 104,148      | 23,565,896   |
| 2004 | 6,036,322          | 12,344,876    | 509,030          | 2,411,402                  | 25,278             | 1,033,798             | 1,314,111          | 763,861        | 89,269       | 24,527,947   |

Source: City of Fairfield Finance Department.

(1) - The expenditures are those recorded in the General and Special Revenue Funds.

City of Fairfield  
 Table 2  
 General Revenues by Source (1)  
 Last Ten Fiscal Years

| Year | Taxes        | Fines, Licenses<br>and Permits | Intergovernmental<br>Revenues | Charges for<br>Services | Investment<br>Earnings | Miscellaneous | Total        |
|------|--------------|--------------------------------|-------------------------------|-------------------------|------------------------|---------------|--------------|
| 1995 | \$11,990,809 | \$1,027,399                    | \$172,054                     | \$322,170               | \$482,252              | \$180,194     | \$14,174,878 |
| 1996 | 12,875,361   | 1,153,610                      | 69,134                        | 495,151                 | 494,608                | 227,047       | 15,314,911   |
| 1997 | 14,572,328   | 1,095,450                      | 105,307                       | 393,699                 | 644,603                | 144,758       | 16,956,145   |
| 1998 | 15,660,623   | 1,149,584                      | 396,983                       | 325,553                 | 667,378                | 332,261       | 18,532,382   |
| 1999 | 17,702,391   | 1,149,910                      | 256,518                       | 443,094                 | 562,344                | 136,589       | 20,250,846   |
| 2000 | 13,915,918   | 1,197,181                      | 4,873,342                     | 406,752                 | 599,214                | 280,112       | 21,272,519   |
| 2001 | 16,191,177   | 1,402,165                      | 4,842,838                     | 450,036                 | 533,198                | 691,327       | 24,110,741   |
| 2002 | 16,583,301   | 1,461,243                      | 5,012,637                     | 610,245                 | 322,288                | 332,530       | 24,322,244   |
| 2003 | 17,200,542   | 1,596,105                      | 4,509,694                     | 645,196                 | 169,051                | 197,221       | 24,317,809   |
| 2004 | 20,717,405   | 2,858,235                      | 2,727,711                     | 851,781                 | 102,641                | 239,357       | 27,497,130   |

Source: City of Fairfield Finance Department.  
 (1) - The revenues are those recorded in the General and Special Revenue Funds.

City of Fairfield  
 Table 3  
 Billing and Collection of Special Assessments  
 Last Ten Fiscal Years

| Year | Assessments Billed | Assessments Collected | Uncollected Amount | Assessments Collected as a Percent of Assessments Billed |
|------|--------------------|-----------------------|--------------------|--|
| 1995 | \$187,457          | \$180,412             | \$7,045            | 96.24%   |
| 1996 | 174,090            | 169,142               | 4,948              | 97.16%   |
| 1997 | 186,398            | 180,717               | 5,681              | 96.95%   |
| 1998 | 208,999            | 188,127               | 20,872             | 90.01%   |
| 1999 | 195,340            | 202,191               | (6,851)            | 103.51%  |
| 2000 | 188,119            | 186,351               | 1,768              | 99.06%   |
| 2001 | 185,219            | 174,797               | 10,422             | 94.37%   |
| 2002 | 87,991             | 160,275               | (72,284)           | 182.15%  |
| 2003 | 61,638             | 53,988                | 7,650              | 87.59%   |
| 2004 | 80,549             | 76,098                | 4,451              | 94.47%   |

Source: County Auditor's Office, Butler County.

City of Fairfield

Table 4

Collection of Property Taxes  
Real and Public Utility Property Taxes Only  
Last Ten Fiscal Years

| Year of Collection | Current Taxes Due | Current Taxes Collected | Ratio of Collection To Amt Due | Delinquent Taxes Collected | Total Taxes Collected | Percentage of Total Collected |
|--------------------|-------------------|-------------------------|--------------------------------|----------------------------|-----------------------|-------------------------------|
| 1995               | \$2,186,803       | \$2,120,846             | 97.0%                          | \$65,729                   | \$2,186,575           | 100.0%                        |
| 1996               | 2,282,324         | 2,226,136               | 97.5%                          | 54,268                     | 2,280,404             | 99.9%                         |
| 1997               | 2,311,387         | 2,265,159               | 98.0%                          | 45,366                     | 2,310,525             | 100.0%                        |
| 1998               | 2,343,575         | 2,323,993               | 99.2%                          | 65,441                     | 2,389,434             | 102.0%                        |
| 1999               | 2,403,795         | 2,391,493               | 99.5%                          | 69,951                     | 2,461,444             | 102.4%                        |
| 2000               | 2,565,713         | 2,481,304               | 96.7%                          | 45,275                     | 2,526,579             | 98.5%                         |
| 2001               | 4,424,612         | 4,213,486               | 95.2%                          | 114,510                    | 4,327,996             | 97.8%                         |
| 2002               | 5,027,858         | 4,451,961               | 88.5%                          | 130,067                    | 4,582,028             | 91.1%                         |
| 2003               | 4,701,032         | 4,723,070               | 100.5%                         | 147,215                    | 4,870,285             | 103.6%                        |
| 2004               | 4,831,100         | 4,618,793               | 95.6%                          | 133,406                    | 4,752,199             | 98.4%                         |

Source: County Auditor's Office, Butler County.

City of Fairfield

Table 5

Collection of Property Taxes  
Tangible Personal Property Taxes Only  
Last Ten Fiscal Years

| Year of Collection | Current Taxes Due | Current Taxes Collected | Ratio of Collection To Amt Due | Delinquent Taxes Collected | Total Taxes Collected | Percentage of Total Collected |
|--------------------|-------------------|-------------------------|--------------------------------|----------------------------|-----------------------|-------------------------------|
| 1995               | \$273,988         | \$269,828               | 98.48%                         | \$3,454                    | \$273,282             | 99.74%                        |
| 1996               | 374,594           | 313,007                 | 83.56%                         | 4,233                      | 317,240               | 84.69%                        |
| 1997               | 405,962           | 351,716                 | 86.64%                         | 17,340                     | 369,056               | 90.91%                        |
| 1998               | 512,636           | 483,803                 | 94.38%                         | 43,246                     | 527,049               | 102.81%                       |
| 1999               | 394,314           | 360,681                 | 91.47%                         | 17,607                     | 378,288               | 95.94%                        |
| 2000               | 375,711           | 361,805                 | 96.30%                         | 14,976                     | 376,781               | 100.28%                       |
| 2001               | 515,543           | 550,546                 | 106.79%                        | 32,682                     | 583,228               | 113.13%                       |
| 2002               | 572,688           | 554,503                 | 96.82%                         | 79,851                     | 634,354               | 110.77%                       |
| 2003               | 531,422           | 542,056                 | 102.00%                        | 32,758                     | 574,814               | 108.17%                       |
| 2004               | 548,130           | 505,740                 | 92.27%                         | 36,034                     | 541,774               | 98.84%                        |

Source: County Auditor's Office, Butler County.



City of Fairfield

Table 6

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

| Year of Collection | Real Property |                  | Public Utility |                  | Personal Property |                  | Total         |                  |
|--------------------|---------------|------------------|----------------|------------------|-------------------|------------------|---------------|------------------|
|                    | Assessed      | Estimated Actual | Assessed       | Estimated Actual | Assessed          | Estimated Actual | Assessed      | Estimated Actual |
| 1995               | \$517,998,880 | \$1,479,996,800  | \$40,193,520   | \$45,674,455     | \$57,061,931      | \$228,247,724    | \$615,254,331 | \$1,753,918,979  |
| 1996               | 561,373,670   | 1,603,924,771    | 39,486,450     | 44,870,966       | 65,005,551        | 260,022,204      | 665,865,671   | 1,908,817,941    |
| 1997               | 599,229,360   | 1,712,083,886    | 38,503,940     | 43,754,477       | 82,509,703        | 330,038,812      | 720,243,003   | 2,085,877,175    |
| 1998               | 617,858,990   | 1,765,311,400    | 37,236,850     | 42,314,602       | 89,418,897        | 357,675,588      | 744,514,737   | 2,165,301,590    |
| 1999               | 631,172,270   | 1,803,349,343    | 37,098,140     | 42,156,977       | 88,625,751        | 354,503,004      | 756,896,161   | 2,200,009,324    |
| 2000               | 698,696,370   | 1,996,275,343    | 37,139,060     | 42,203,477       | 94,392,458        | 377,569,832      | 830,227,888   | 2,416,048,652    |
| 2001               | 713,313,820   | 2,038,039,486    | 33,922,640     | 38,548,454       | 86,791,735        | 347,166,940      | 834,028,195   | 2,423,754,880    |
| 2002               | 726,716,790   | 2,076,333,686    | 26,214,800     | 29,789,545       | 96,412,084        | 385,648,336      | 849,343,674   | 2,491,771,567    |
| 2003               | 842,270,440   | 2,406,486,971    | 26,456,830     | 30,064,580       | 89,464,979        | 357,859,916      | 958,192,249   | 2,794,411,467    |
| 2004               | 855,233,590   | 2,443,524,543    | 26,640,650     | 30,273,466       | 92,277,743        | 369,109,892      | 974,151,983   | 2,842,907,901    |

Source: County Auditor's Office, Butler County.

Note: (1) - Real property taxes collected in a calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year.

(2) - Public utility property taxes collected in a calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

(3) - Tangible personal property collected in a calendar year are levied in the same calendar year, on assessed values during and at the close of the most recent fiscal year of the taxpayer (ending on or before March 31 of said calendar year) at tax rates determined in the preceding year.

City of Fairfield

Table 7

Property Tax Rates - Direct and Overlapping Governments  
Last Ten Fiscal Years

| Year of Collection | County Levy | School Levy | Tax Rates Per \$1,000 of Assessed Valuation |                        |           | Total |
|--------------------|-------------|-------------|---|------------------------|-----------|-------|
|                    |             |             | School Levy                                 | Vocational School Levy | City Levy |       |
| 1995               | 7.45        | 50.76       | 1.97  | 4.54                   | 64.72     |       |
| 1996               | 8.44        | 55.16       | 1.93  | 4.54                   | 70.07     |       |
| 1997               | 8.45        | 53.56       | 1.93  | 4.54                   | 68.48     |       |
| 1998               | 8.45        | 53.56       | 1.93  | 4.54                   | 68.48     |       |
| 1999               | 8.44        | 54.16       | 1.93  | 4.54                   | 69.07     |       |
| 2000               | 8.45        | 54.46       | 1.93  | 4.54                   | 69.38     |       |
| 2001               | 8.45        | 54.23       | 1.93  | 5.94                   | 70.55     |       |
| 2002               | 8.75        | 54.11       | 1.93  | 5.94                   | 70.73     |       |
| 2003               | 8.75        | 53.82       | 1.93  | 5.94                   | 70.44     |       |
| 2004               | 8.74        | 53.82       | 1.93  | 5.94                   | 70.43     |       |

Source: County Auditor's Office, Butler County.

City of Fairfield

Table 8

Ratio of Net General Obligation Debt  
to Assessed Value and Net General Obligation Debt Per Capita  
Last Ten Fiscal Years

| Year of Debt | Population | Assessed Value | Net G.O. Debt | Ratio of G.O. Debt to Assessed Value | G.O. Debt Per Capita |
|--------------|------------|----------------|---------------|--------------------------------------|----------------------|
| 1995         | 41,139     | \$615,254,331  | \$2,164,837   | 0.35%                                | \$52.62              |
| 1996         | 41,345     | 665,865,671    | 2,677,142     | 0.40%                                | 64.75                |
| 1997         | 41,551     | 720,243,003    | 3,037,444     | 0.42%                                | 73.10                |
| 1998         | 41,759     | 744,514,737    | 3,740,193     | 0.50%                                | 89.57                |
| 1999         | 41,968     | 756,896,161    | 6,096,616     | 0.81%                                | 145.27               |
| 2000         | 42,097     | 830,227,888    | 5,580,076     | 0.67%                                | 132.55               |
| 2001         | 43,149     | 834,028,195    | 9,281,783     | 1.11%                                | 215.11               |
| 2002         | 43,365     | 849,343,674    | 8,478,368     | 1.00%                                | 195.51               |
| 2003         | 44,449     | 958,192,249    | 17,652,938    | 1.84%                                | 397.15               |
| 2004         | 41,981     | 974,151,983    | 18,267,804    | 1.88%                                | 444.96               |

Note: (1) - General Obligation Debt, Bonds and Notes.

(2) - Assessed Value from County Auditor's Office, Butler County.

City of Fairfield

Table 9

Computation of Net Direct and Overlapping Debt  
December 31, 2004

|  | Net Debt<br>Outstanding | Percentage<br>Applicable<br>to City of<br>Fairfield | Amount<br>Applicable<br>to City of<br>Fairfield |
|--|-------------------------|---|---|
| Direct:                                  |                         |   |   |
| City of Fairfield                        | \$18,267,804            | 100.00%   | \$18,267,804                                    |
| Overlapping:                             |                         |   |   |
| Butler County                            | 80,525,000              | 13.60%  | 10,951,400                                      |
| Fairfield City School District           | 38,780,655              | 72.85%  | 28,251,707                                      |
| Lakota City School District              | 93,328,988              | 0.53%   | 494,644   |
| Northwest Local School District          | 22,305,000              | 0.01%   | 2,231   |
| Butler County Technology & Career Center | 2,295,000               | 15.59%  | 357,791   |
| Total Overlapping:                       | 237,234,643             |   | 40,057,773                                      |
| Total Direct and Overlapping             | \$255,502,447           |   | \$58,325,577                                    |

Source: Ohio Municipal Advisory Council

City of Fairfield

Table 10

Ratio of Annual Debt Service Expenditures for General  
Obligation Debt to Total General Governmental Expenditures  
Last Ten Fiscal Years

| Fiscal<br>Year<br>Ended | General Obligation Debt Service Payments (1) |           | Total     | Total<br>General<br>Expenditures (2) | Ratio of Debt<br>Service to<br>Total General<br>Expenditures |
|-------------------------|--|-----------|-----------|--------------------------------------|--|
|                         | Principal                                    | Interest  |           |                                      |  |
| 1995                    | \$435,000                                    | \$224,160 | \$659,160 | \$12,720,442                         | 5.18%  |
| 1996                    | 435,000                                      | 188,914   | 623,914   | 13,897,752                           | 4.49%  |
| 1997                    | 435,000                                      | 153,795   | 588,795   | 13,972,329                           | 4.21%  |
| 1998                    | 440,000                                      | 118,478   | 558,478   | 14,808,539                           | 3.77%  |
| 1999                    | 240,000                                      | 119,098   | 359,098   | 16,874,926                           | 2.13%  |
| 2000                    | 250,000                                      | 289,385   | 539,385   | 18,681,113                           | 2.89%  |
| 2001                    | 260,000                                      | 440,050   | 700,050   | 21,492,559                           | 3.26%  |
| 2002                    | 500,000                                      | 498,893   | 998,893   | 22,555,822                           | 4.43%  |
| 2003                    | 515,000                                      | 612,041   | 1,127,041 | 23,565,896                           | 4.78%  |
| 2004                    | 810,000                                      | 739,188   | 1,549,188 | 24,527,947                           | 6.32%  |

Source: City of Fairfield Finance Department.

(1) - For General Obligation Debt, Bonds and Notes payable from ad valorem and taxes only.

(2) - The expenditures are those recorded in the General and Special Revenue Funds.

City of Fairfield  
 Table 11  
 Computation of Legal Debt Margin  
 December 31, 2004

|  |                      |
|--|----------------------|
| Total of all City Debt Outstanding                         | <u>\$32,723,688</u>  |
| Total Debt subject to 10.5% and 5.5% Debt Limitation       | \$15,120,000         |
| Less Applicable Debt Service Fund                          | 412,196              |
| Net Indebtedness subject to 10.5% and 5.5% Debt Limitation | <u>\$14,707,804</u>  |
| Assessed Valuation of the City (2001 for 2002 Collection)  | <u>\$974,151,983</u> |
| 10.5% of Assessed Valuation (Maximum Voted Debt Allowed)   | \$102,285,958        |
| Total Debt Outstanding subject to 10.5% Debt Limitation    | <u>14,707,804</u>    |
| Legal 10.5% Margin   | <u>\$87,578,154</u>  |
| 5.5% of Assessed Valuation (Maximum Unvoted Debt Allowed)  | \$53,578,359         |
| Total Debt Outstanding Subject to 5.5% Debt Limitation     | <u>14,707,804</u>    |
| Legal 5.5% Margin  | <u>\$38,870,555</u>  |

Note: (1) - Direct Debt Limitation Based on Section 133, The Uniform Bond Act of the Ohio Revised Code.  
 (2) - Assessed Value from the County Auditor's Office, Butler County.

City of Fairfield

Table 12

Schedule of Revenue Bond Coverage - Water and Sewer Systems

Last Ten Fiscal Years

| Fiscal Year | Gross Revenues (1) | Operating Expenses (2) | Net Revenues Available for Debt Service | DEBT SERVICE REQUIREMENTS |           |           | Coverage |
|-------------|--------------------|------------------------|---|---------------------------|-----------|-----------|----------|
|             |                    |                        |   | Principal                 | Interest  | Total     |          |
| 1995        | \$7,253,579        | \$3,634,074            | \$3,619,505                             | \$376,544                 | \$234,815 | \$611,359 | 5.92     |
| 1996        | 7,560,062          | 3,894,321              | 3,665,741                               | 303,156                   | 223,431   | 526,587   | 6.96     |
| 1997        | 8,123,524          | 4,257,045              | 3,866,479                               | 677,871                   | 550,386   | 1,228,257 | 3.15     |
| 1998        | 8,677,259          | 4,247,638              | 4,429,621                               | 883,140                   | 860,089   | 1,743,229 | 2.54     |
| 1999        | 8,693,111          | 4,363,763              | 4,329,348                               | 1,085,744                 | 874,269   | 1,960,013 | 2.21     |
| 2000        | 8,049,986          | 4,529,552              | 3,520,434                               | 1,394,322                 | 899,019   | 2,293,341 | 1.54     |
| 2001        | 7,856,752          | 5,122,850              | 2,733,902                               | 1,345,107                 | 887,108   | 2,232,215 | 1.22     |
| 2002        | 7,756,376          | 5,673,657              | 2,082,719                               | 1,510,091                 | 801,839   | 2,311,930 | 0.90     |
| 2003        | 7,622,154          | 5,948,590              | 1,673,564                               | 1,170,327                 | 692,786   | 1,863,113 | 0.90     |
| 2004        | 8,116,061          | 6,344,692              | 1,771,369                               | 1,113,808                 | 646,922   | 1,760,730 | 0.99     |

Source: City of Fairfield Finance Department.

(1) - Gross revenue includes operating and non-operating revenues.

(2) - Operating expenses include all expenses except interest and depreciation.

City of Fairfield

Table 13

Property Values, Financial Institution Deposits  
and Building Permit Values  
Last Ten Fiscal Years

| Fiscal<br>Year<br>Ended | IN MILLIONS            |   |                                  |
|-------------------------|------------------------|---|----------------------------------|
|                         | Property<br>Values (1) | Financial<br>Institutions<br>Deposits (2) | Building<br>Permit<br>Values (3) |
| 1995                    | \$1,753.9              | \$800.6                                   | \$45.0                           |
| 1996                    | 1,908.8                | 783.3                                     | 92.1                             |
| 1997                    | 2,085.9                | 815.4                                     | 57.2                             |
| 1998                    | 2,165.3                | 864.1                                     | 81.3                             |
| 1999                    | 2,200.1                | 913.2                                     | 77.9                             |
| 2000                    | 2,416.0                | 923.6                                     | 24.6                             |
| 2001                    | 2,423.8                | 1,136.9                                   | 32.9                             |
| 2002                    | 2,491.8                | 1,257.1                                   | 28.6                             |
| 2003                    | 2,794.4                | 1,355.7                                   | 31.7                             |
| 2004                    | 2,842.9                | 1,466.7                                   | 31.7                             |

Source: (1) - County Auditor's Office, Butler County.

(2) - Federal Reserve Bank of Cleveland.

(3) - City of Fairfield Building Inspection Division.



City of Fairfield

Table 14

Ten Largest Taxpayers

December 31, 2004

| TAXPAYER                             | ASSESSED VALUATION   | PERCENTAGE |
|--------------------------------------|----------------------|------------|
| 1. Cincinnati Gas & Electric Company | \$20,629,170         | 2.12%      |
| 2. CFC Investment Company            | 15,927,450           | 1.64%      |
| 3. Sam Boymel Trustee                | 9,142,420            | 0.94%      |
| 4. Ohio Casualty Insurance           | 6,952,730            | 0.71%      |
| 5. Fath-Village Park Apartments      | 5,437,970            | 0.56%      |
| 6. Cincinnati Bell Telephone         | 5,309,690            | 0.55%      |
| 7. Alliance TP Portfolio LTD         | 5,243,500            | 0.54%      |
| 8. Teacher Retirement System         | 5,045,490            | 0.52%      |
| 9. TGM Camelot, Inc.                 | 5,009,330            | 0.51%      |
| 10. Cincinnati-Oxford Assn.          | 4,655,000            | 0.48%      |
| Total                                | <u>\$83,352,750</u>  | 8.57%      |
| Total Assessed Value                 | <u>\$974,151,983</u> |            |

Source: County Auditor's Office, Butler County.

City of Fairfield  
 Table 15  
 Demographic Statistics  
 December 31, 2004

| Year | Fairfield<br>Population (1) | % Change During<br>the Period | Butler County<br>Population | % Change<br>During the Period |
|------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| 1960 | 9,734                       |                               | 199,076                     |                               |
| 1970 | 14,680                      | 50.81%                        | 266,207                     | 33.72%                        |
| 1980 | 30,777                      | 109.65%                       | 258,787                     | (2.79%)                       |
| 1990 | 39,729                      | 29.09%                        | 291,479                     | 12.63%                        |
| 1991 | 40,326                      | 1.50%                         | 299,808                     | 2.86%                         |
| 1992 | 40,528                      | 0.50%                         | 305,690                     | 1.96%                         |
| 1993 | 40,730                      | 0.50%                         | 311,907                     | 2.03%                         |
| 1994 | 40,934                      | 0.50%                         | 315,927                     | 1.29%                         |
| 1995 | 41,139                      | 0.50%                         | 319,603                     | 1.16%                         |
| 1996 | 41,344                      | 0.50%                         | 323,519                     | 1.23%                         |
| 1997 | 41,551                      | 0.50%                         | 327,081                     | 1.10%                         |
| 1998 | 41,759                      | 0.50%                         | 330,428                     | 1.02%                         |
| 1999 | 41,968                      | 0.50%                         | 331,065                     | 0.19%                         |
| 2000 | 42,097                      | 0.31%                         | 332,807                     | 0.53%                         |
| 2001 | 43,149                      | 2.50%                         | 338,573                     | 1.73%                         |
| 2002 | 43,365                      | 0.50%                         | 340,543                     | 0.58%                         |
| 2003 | 44,449                      | 0.25%                         | 341,112                     | 0.17%                         |
| 2004 | 41,981                      | -0.56%                        | 346,560                     | 1.60%                         |

Source: City of Fairfield Planning Department.  
 OKI Regional Planning Authority.  
 (1) - 1980, 1990 and 2000 Population figures taken from the Federal Census Data.

City of Fairfield  
 Table 16  
 Miscellaneous Statistics  
 December 31, 2004

|                                       |                      |
|---------------------------------------|----------------------|
| Date of Incorporation                 | 1955                 |
| Form of Government                    | Council/City Manager |
| Area                                  | 20.5 square miles    |
| Lane Miles of Streets                 | 390                  |
| Number of Street Lights               | 1,525                |
| Number of Traffic Lights              | 52                   |
| Fire Protection:                      |                      |
| Number of Stations                    | 3                    |
| Number of Firemen and Officers        | 21                   |
| Number of Part-Time Firemen           | 46                   |
| Number of Paramedic Units - Full-time | 3                    |
| Police Protection:                    |                      |
| Number of Stations                    | 1                    |
| Number of Police Officers             | 60                   |
| Public Utility Department:            |                      |
| Number of Customers                   | 12,696               |
| Average Daily Consumption of Water    | 4,411,850            |
| Miles of Water Lines                  | 172                  |
| Miles of Sewer Lines                  | 172                  |
| Recreation and Cultural:              |                      |
| Number of Parks                       | 15                   |
| Number of Libraries                   | 1                    |
| Number of Holdings                    | 165,272              |
| Employees:                            |                      |
| Classified Services                   | 222                  |
| Exempt                                | 50                   |

Source: City of Fairfield Finance Department





**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**CITY OF FAIRFIELD**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 10, 2006**