



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



CITY OF FAIRFIELD  
BUTLER COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

City of Fairfield  
Butler County  
5350 Pleasant Avenue  
Fairfield, Ohio 45014

To the City Council:

We have audited the financial statements of the City of Fairfield, Butler County, Ohio (the City), as of and for the year ended December 31, 2001 and have issued our report thereon dated June 12, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

City of Fairfield  
Butler County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 12, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Fairfield  
Butler County  
5350 Pleasant Avenue  
Fairfield, Ohio 45014

To the City Council:

**Compliance**

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

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

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

**Internal Control Over Compliance**

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

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

### **Schedule of Federal Awards Expenditures**

We have audited the general-purpose financial statements of the City as of and for the year ended December 31, 2001, and have issued our report thereon dated June 12, 2002. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information and use of the Audit Committee, management, City Council, 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.



**Jim Petro**  
Auditor of State

June 12, 2002

**CITY OF FAIRFIELD  
BUTLER COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HOUSING and URBAN DEVELOPMENT</u></b>			
<i>Passed Through Butler County Community Development Block Grant Program:</i>			
Community Development Block Grant	B-00-UC-39-0034	14.228	<u>\$150,000</u>
<b>Total Department of Housing and Urban Development</b>			<u>150,000</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
COMMUNITY ORIENTED POLICING SERVICES (COPS):			
Public Safety Partnership and Community Policing Grant	98-UM-WX-1689	16.710	327,434
COPS in School Award	00-SW-WX-0178		<u>53,816</u>
Total COPS Grants			381,250
<b>Total Department of Justice</b>			<u>381,250</u>
<b>Totals</b>			<u><u>\$531,250</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CITY OF FAIRFIELD  
BUTLER COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2001**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

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

**CITY OF FAIRFIELD  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FISCAL YEAR ENDING DECEMBER 31, 2001**

**SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Program (list):	Community Oriented Policing Services (COPS), CFDA # 16.710
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

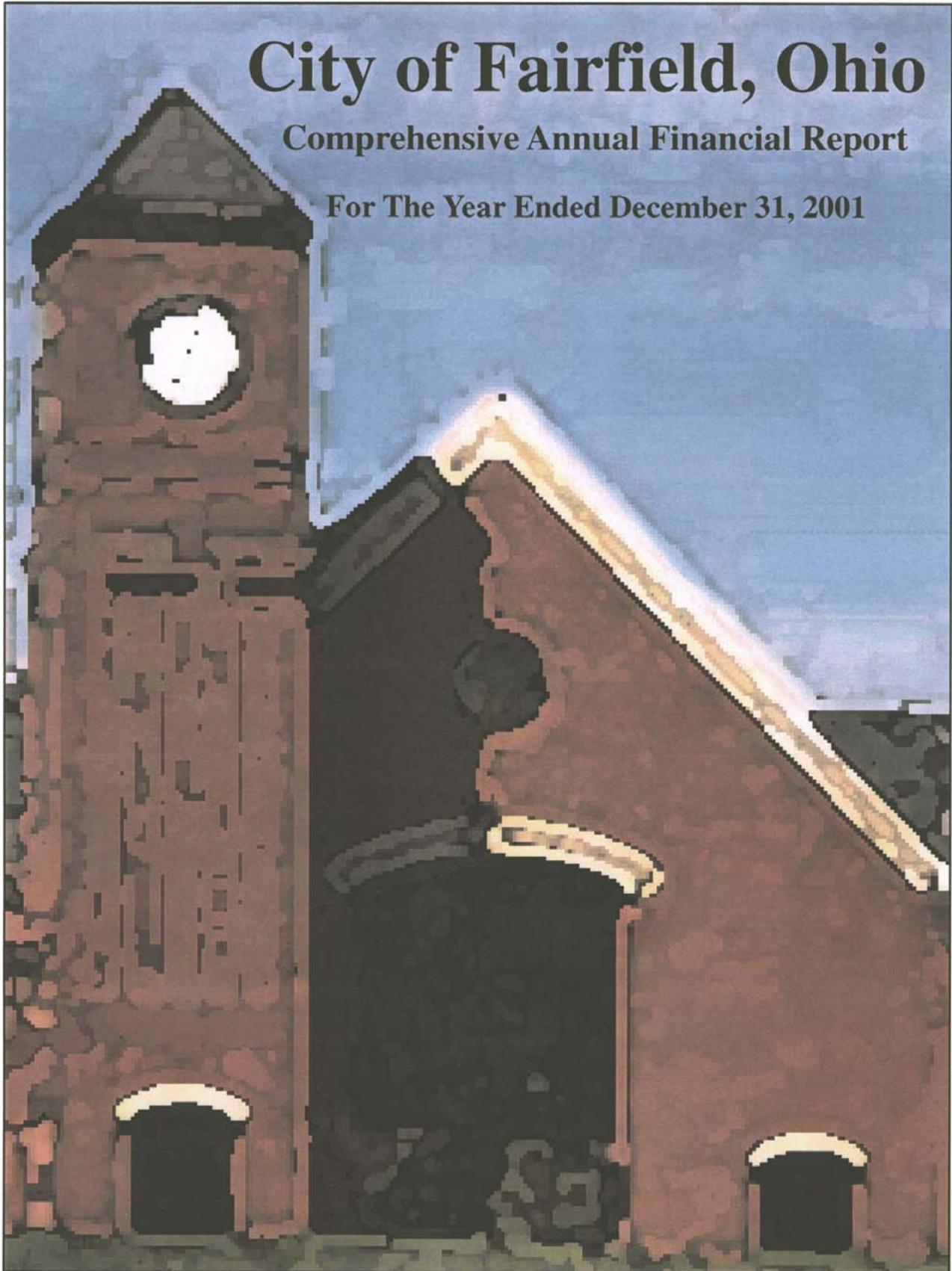
None



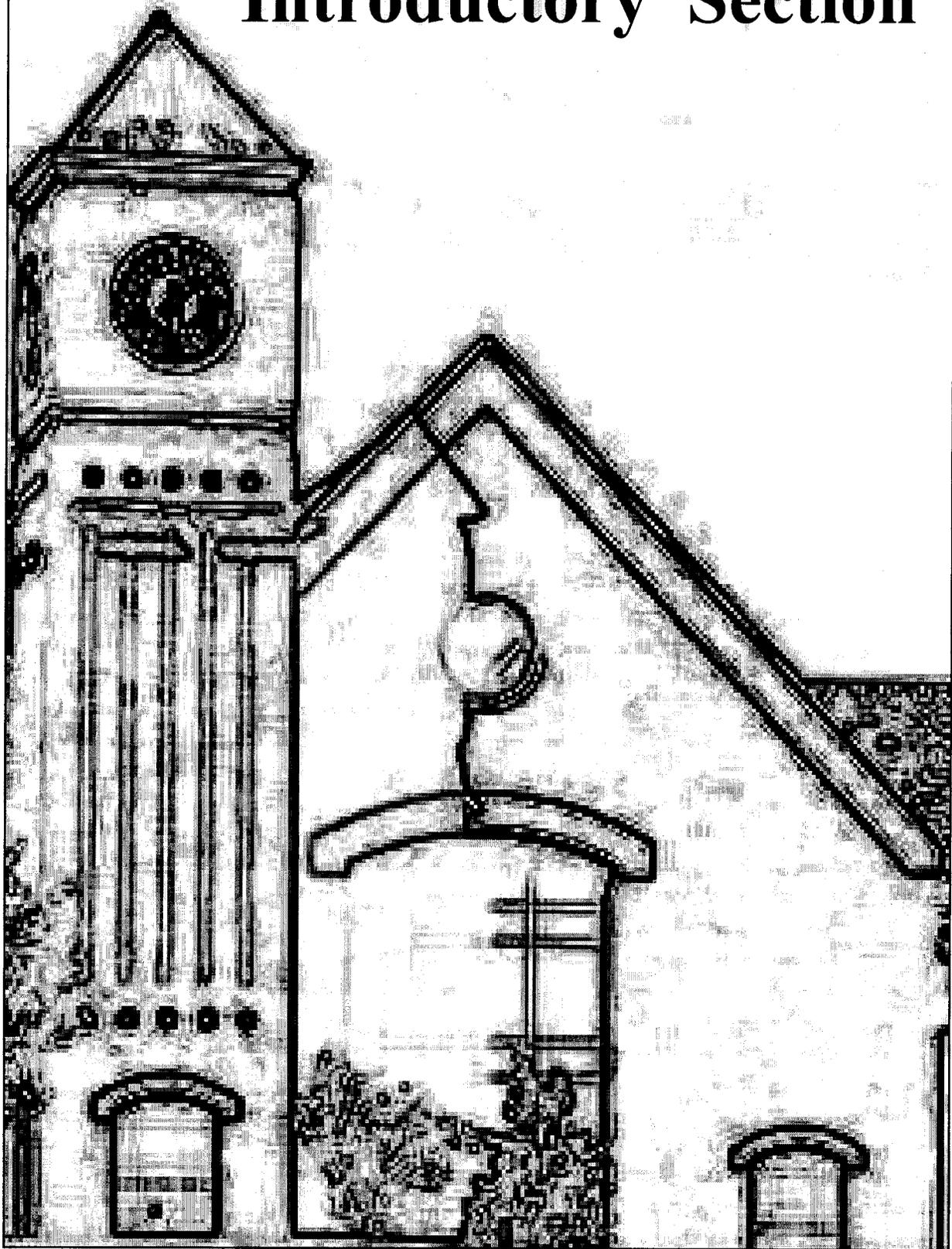
# City of Fairfield, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2001



# Introductory Section



**CITY OF FAIRFIELD, OHIO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the year ended December 31, 2001

Prepared by

**DEPARTMENT OF FINANCE**

James A. Hanson, Director



**CITY OF FAIRFIELD  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED DECEMBER 31, 2001**

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June 7, 2002

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, 2001 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 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 REPORTING ENTITY**

A basis for preparing the Comprehensive Annual Financial Report for the City of Fairfield was the identification of the reporting entity. Various potential component units were evaluated to determine whether they should be reported in the City's Comprehensive Annual Financial Report. A component unit was considered to be part of the City's reporting entity when it was concluded that the City was financially accountable for the entity or the nature and significance of the relationship between the City and entity was such that exclusion would cause the City's financial statements to be misleading or incomplete. This report includes all of the funds and account groups of the City of Fairfield.

The City of Fairfield is a political subdivision of the State of Ohio, which provides public safety, public service and general government to its approximately 43,000 residents. In addition to general government activities, the City operates water and sewer utility and a public golf course.

## **THE REPORTING ENTITY(continued)**

The Fairfield School District and the Lane Public Library of Butler County have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

## **THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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 and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis

## **INDEPENDENT AUDIT**

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

## **FUND STRUCTURE**

The City's accounting system is organized and operated on the "fund basis" which is the basic fiscal and accounting entity in governmental accounting. The classification of said funds follows:

<b>CATEGORY</b>	<b>FUND TYPE</b>
Governmental Funds	General, Special Revenue, Capital Projects, Debt Service
Proprietary Funds	Enterprise, Internal Service
Fiduciary Funds	Trust and Agency

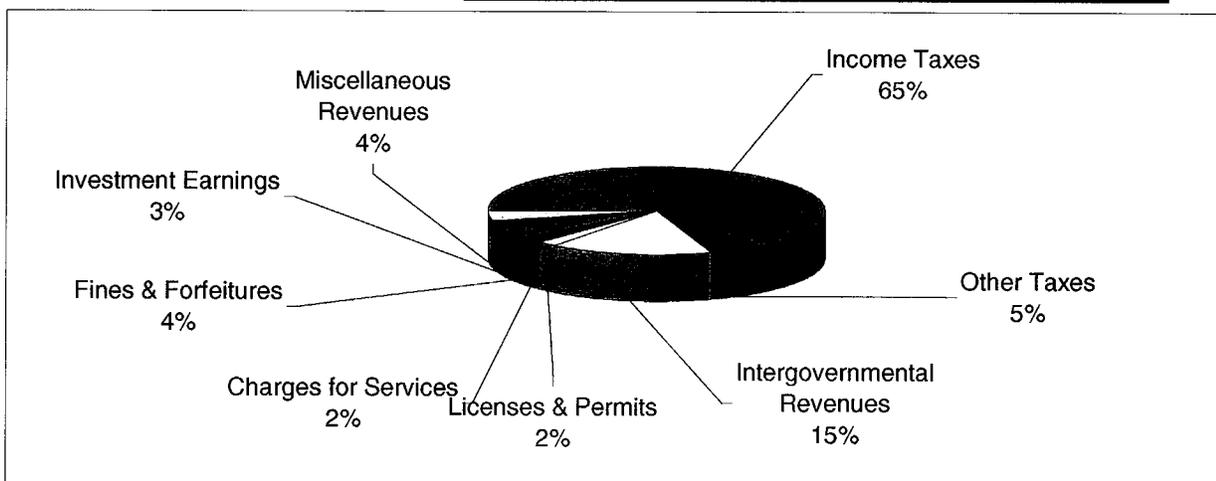
Included in Notes 1 and 2 of the Notes to Financial Statements are the description of all the City's fund types and a summary of the significant accounting policies.

## GENERAL AND SPECIAL REVENUE FUNDS

### General Fund-Revenues

Income tax revenues produced 64.6% of the General Fund's total revenues compared to 65.5% last year. The \$555,040 or 5.0% increase in Income Tax is the result of the growing employment base experienced with the arrival and relocation of businesses to the City of Fairfield. The \$47,789 or 5.1% increase in Other Taxes is the result of a new alternate formula implemented by the County Budget Commission to distribute local government funds to political subdivisions in the county and an increase in the assessed valuation of the City property values. The \$50,642 or 12.7% increase in Charges for Services is the result of additional billings made as a result of the City's sidewalk reconstruction project taking place in the City in 2001. The \$67,033 or 10% increase in Fines and Forfeitures is the result of an increase in court costs charged and collected by the Municipal Court. The \$35,921 or 7% decrease in Investment Earnings is the result of a decrease in the interest rates available on investments. The \$426,307 or 163.8% increase in Miscellaneous Revenues is the result of donations and contributions made by residents for various City sponsored events and activities. The sources of revenues and variances from last year with all comparisons, are shown in the following tabulation:

REVENUES	2001	2000	AMOUNT	PERCENT
Income Tax	\$11,735,414	\$11,180,374	\$ 555,040	5.0%
Other Taxes	991,175	943,386	47,789	5.1
Intergovernmental Revenues	2,791,692	2,751,643	40,049	1.5
Licenses and Permits	349,090	341,570	7,520	2.2
Charges for Services	450,036	399,394	50,642	12.7
Fines and Forfeitures	735,069	668,036	67,033	10.0
Investment Earnings	480,355	516,276	(35,921)	(7.0)
Miscellaneous Revenues	686,574	260,267	426,307	163.8
<b>Totals</b>	<b>\$18,219,405</b>	<b>\$17,060,946</b>	<b>\$1,158,459</b>	<b>6.8%</b>

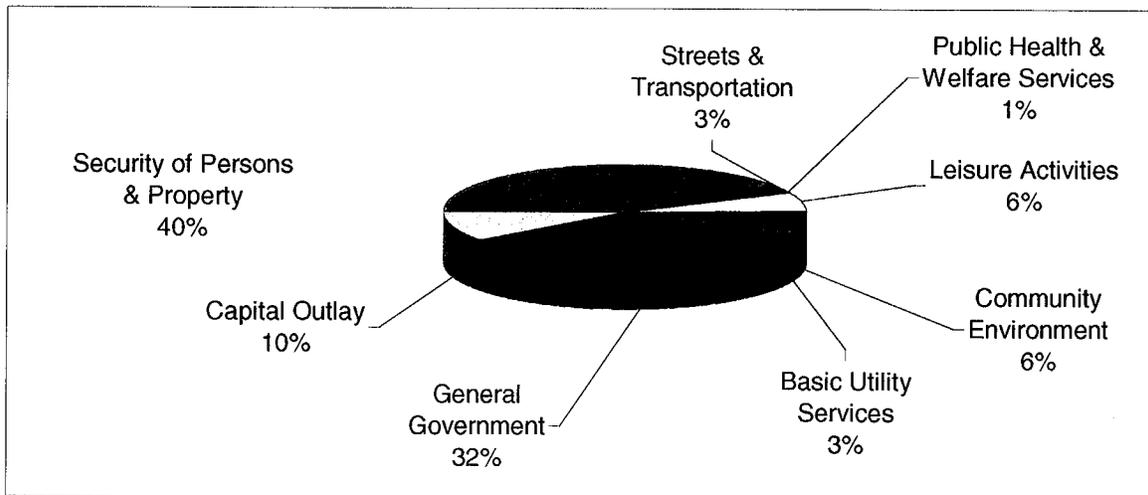


**GENERAL AND SPECIAL REVENUE FUNDS (Continued)**

**General Fund-Expenditures**

Expenditures of the General fund excluding other financing uses in 2001 were \$15,662,929, an increase of 19.1% over 2000. In 2001, \$6,271,610 was expended from the General Fund for Police and Safety Services (Security of Persons and Property), which was a \$401,607 or 6.8% increase resulting from an increase in the personnel costs as a result of hiring additional officers. The increase of \$152,037 or 18% in Leisure Activities resulted from an increase in additional personnel in the Parks and Recreation Division, which expanded operations in 2000. The decrease of \$29,665 or 3.2% in Community Environment resulted from a decrease in the number of building inspection services required for new construction. The \$817,575 or 19.5% increase in General Government reflects increases in the number of administrative personnel. In 2001, \$437,203 was expended from the General Fund for Streets and Transportation; this amount represents a subsidy granted to the Butler County Regional Transit Authority for providing bus service to the residents of the City. The \$985,260 or 154.0% increase in Capital Outlay reflects the administration's decision to program more monies from the General Fund for equipment purchases and capital improvements. The following reflects levels of expenditures in 2001 and 2000:

EXPENDITURES	2001	2000	AMOUNT	PERCENT
Security of Persons & Property	\$6,271,610	\$5,870,003	\$401,607	6.8%
Public Health & Welfare Services	26,731	27,315	(584)	(2.1)
Leisure Activities	994,972	842,935	152,037	18.0
Community Environment	886,016	915,681	(29,665)	(3.2)
Basic Utility Services	401,395	402,185	(790)	(.2)
Streets and Transportation	437,203	250,000	187,203	74.9
General Government	5,019,834	4,202,259	817,575	19.5
Capital Outlay	1,625,168	639,908	590,615	92.3
Totals	\$15,662,929	\$13,150,286	\$2,512,643	19.1%



## **GENERAL AND SPECIAL REVENUE FUNDS (Continued)**

### **Special Revenue Funds**

The revenues of the Special Revenue Funds are derived from specific sources and are designated for specific uses. Special Revenue Funds consist of the following:

- Street Construction, Maintenance and Repair Fund**
- State Highway Improvement Fund**
- Fire Levy Fund**
- Paramedical Services Levy Fund**
- Tax Recreation Fund**
- County Motor Vehicle Registration Fee Fund**
- Municipal Motor Vehicle Registration Fee Fund**
- Law Enforcement & Education Fund**
- Drug & Alcohol Treatment Fund**
- Law Enforcement Fund**
- Local Law Enforcement Fund**
- Probation Services Fund**
- Court Computer Fund**
- Special Projects Fund**

Special Revenue Funds had revenues of \$5,891,336 and expenditures of \$5,829,630 in 2001.

## **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, 2001.

## **CASH MANAGEMENT**

Excluding investments held by trustees, cash temporarily idle during the year 2001 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% of the City's total cash, cash equivalents and investments, U.S. government securities 32.6%, certificates of deposits 28.9%, money market accounts 1.9% and repurchase agreements 6.6%. Yields on these investment instruments ranged from 2.22% to 5.75%. The amount of interest earned during the year was \$2,305,678 as compared to \$2,821,737 earned in 2000

## 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, 2001 was as follows:

<b>2001 Population (Estimated)</b>	<u>43,149</u>
<b>Assessed Valuation</b>	<u>834,028,195</u>
<b>Total General Obligation (G.O.) Debt</b>	<b>9,655,000</b>
<b>Less Amount Available in Debt Service Fund</b>	<u>373,217</u>
<b>Net General Obligation Debt</b>	<u>9,281,783</u>
<b>Ratio of Net G.O. Debt to Assessed Valuation</b>	<b>1.11%</b>
<b>Debt per Capita</b>	<u>\$215.11</u>

The City's total debt at the close of 2001 included the above mentioned \$9,281,783 in net General Obligation debt, \$210,000 in special assessment bonded debt and \$19,977,062 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 1999, Moody's Investor's Service upgraded the City's bonds to carry an "Aa3" 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 November of 1990, the citizens of Fairfield voted to change the distribution of the income taxes, which allocated monies to the Sewer Funds. The current 1.5% tax rate is now subdivided into three components. The first 1.0% is used for operating expenses of the General fund. Next, .3% is used for street construction, improvement and repair. Third, .2% of the tax is earmarked for capital improvements of a permanent nature.

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:

	2001	2000
Allocated to <b>General Fund</b>	\$11,735,414	\$11,180,374
Allocated to <b>.3% Street Fund</b>	3,520,623	3,354,113
Allocated to <b>.2% Capital Improvement Fund</b>	<u>2,347,082</u>	<u>2,236,075</u>
<b>Gross Revenues</b>	<u>\$17,603,119</u>	<u>\$16,770,562</u>

## GENERAL FIXED ASSETS

The General Fixed Assets of the City are those fixed assets used in the performance of General Governmental functions and exclude the fixed assets of the Enterprise Funds. As of December 31, 2001, the assets of the City amounted to \$36,574,966. This represents the original cost of the assets and is considerably less than their present value. Depreciation of the General Fixed Assets is not recognized in the City's accounting system.

## UTILITY ENTERPRISE OPERATIONS

The City's water, sewer and solid waste management utility showed a increase of 1.6% in operating revenues due to a slight increase in consumption of water for irrigation during the summer months. Comparative data for the years ending December 31, 2001 and 2000, are presented in the following tabulation:

	Year Ended 12/31/01	Year Ended 12/31/00
Operating Revenues	\$8,204,629	\$8,076,044
Operating Expenses	8,443,412	7,671,480
Operating Income (Loss)	(238,783)	404,564
Net Income	370,175	1,211,423
Income Available for Debt Service (1)	2,448,820	2,641,448
Annual Debt Service	2,232,215	2,293,341

(1) Amount includes operating income (loss), interest revenue, depreciation expense, permits and other revenues/expenses.

## RECREATION ENTERPRISE OPERATIONS

The recreation facilities net loss in 2001 was (\$266,566) as compared to a net loss of (\$12,553) in 2000, this was the result of startup costs associated with the new executive nine hole golf course which was being constructed in 2001. Comparative data for the years ending December 31, 2001 and 2000, are presented in the following tabulation:

	Year Ended 12/31/01	Year Ended 12/31/00
Operating Revenues	\$1,309,222	\$1,345,740
Operating Expenses	1,552,196	1,344,311
Operating Income (Loss)	(242,974)	1,429
Net Loss	(266,566)	(12,553)
Income Available for Debt Service (1)	30,721	156,117
Annual Debt Service	318,950	194,852

(1) Amount includes operating income (loss), interest revenue, depreciation expense and other revenues/expenses.

## 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.

## FIDUCIARY OPERATIONS

Fiduciary Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. At December 31, 2001, assets held by these funds totaled \$39,446. Liabilities relating to these funds amounted to \$36,960.

## SIGNIFICANT EVENTS

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

- 1) The City continued its strong efforts to attract and retain quality economic development throughout 2001. The Rural Enterprise Zone Tax Incentive Program was widely used in 1992 through 2001 to encourage business to locate in the City of Fairfield. As a result of this initiative, the City has created 2,111 new jobs and retained 2,942 jobs.
- 2) The City finished construction on the **Lane Public Library Building**, which cost the City approximately \$5.3 million, including the cost of land. The library building is leased to the Lane Public Library System, which operates the facility. The Library Building is located in the heart of the City's downtown area, and will serve as a focal point for various city activities and events.
- 3) The extension of **Symmes Road** east to **Union Centre Boulevard** and State Route 747 was completed in December of 2001. The project provides the City a five lane eastbound connection to Interstate 75. The total project cost is approximately \$8 million with the City of Fairfield contributing \$5 million to the cost of the project.
- 4) The City of Fairfield completed construction of a **Veterans Memorial Park**, which commemorates veterans of the armed services. The park is located adjacent to the Municipal Building and included in the park is a memorial water sculpture, a World War II canon and a walking path.

## **ECONOMIC OUTLOOK**

The City of Fairfield's standards for services are considered excellent and its tax rates compare favorably to other area governments. The City of Fairfield is located in the southwestern part of the state, which ranks as one of the top growth areas in Ohio. The economic condition and outlook of the City have substantially improved during the past five years, following several years of slower economic growth attributable to a general decline in manufacturing activities. This year alone, for example, a number of service related firms have started or expanded activities in the area. This growth has had a positive effect on the government's tax base.

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.

## **FUTURE PROJECTS**

Significant capital projects in 2001 include the following:

- 1) In October of 2000, the City began the construction of a nine-hole executive golf course. The project is estimated to cost \$1.5 million and is scheduled for completion in May of 2002.
- 2) In February of 2002, the City of Fairfield acquired approximately 4.5 acres of property in the Village Green area of the City. The site, which is located adjacent to the Village Green Park and Lane Library, will be used to construct a Community/Cultural Center. The preliminary design is for a 45,000 square foot structure, which will house a theater, activity and meeting rooms, administrative offices and a senior center.
- 3) The City entered into an agreement to acquire the Fairfield Mall at a price of \$2.9 million. The mall is a 70,000 square foot commercial development located in the downtown area of Fairfield. The City's intent in acquiring the site is to control the development of commercial property in the downtown area of Fairfield.
- 4) The City will begin acquiring right of way for the Mack/Muhlhauser/Route 4 project. This project consists of widening Muhlhauser Road to five lanes from Route 4 and Mack Road to State Route 747. As part of the project, a bridge is to be constructed over the railroad tracks located near Route 4. Total estimated project cost is approximately \$12 million with most of the funding being provided under state and federal grants.

## 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, 2000. 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

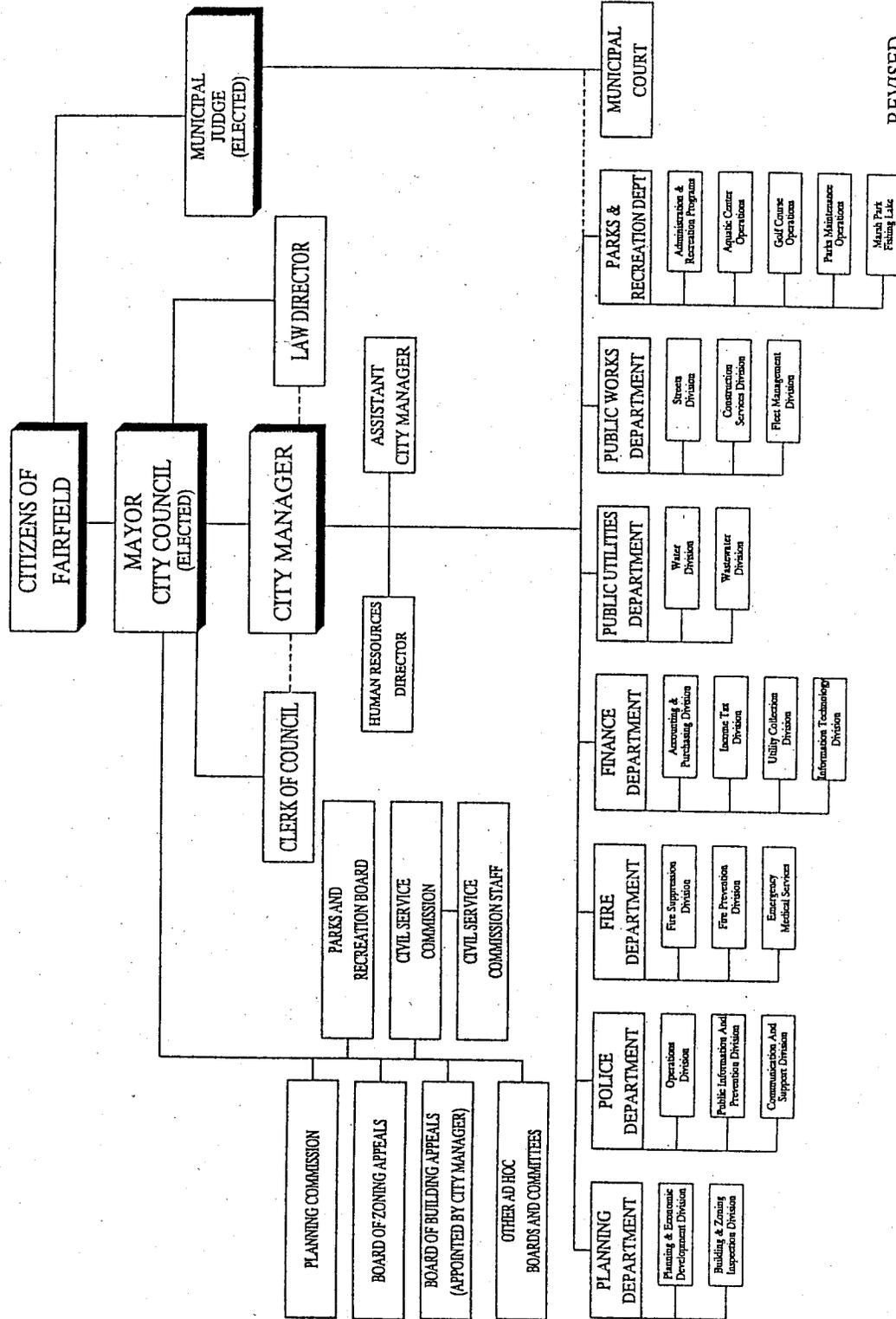
Preparation of this report could not have been accomplished without the professional, efficient and dedicated services of the entire staff of the Finance Department and the various department heads and employees who assisted and contributed to its preparation. Further appreciation is extended to the Mayor, the City Council, and the City Manager 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



James A. Hanson  
Director of Finance

# 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, 2000

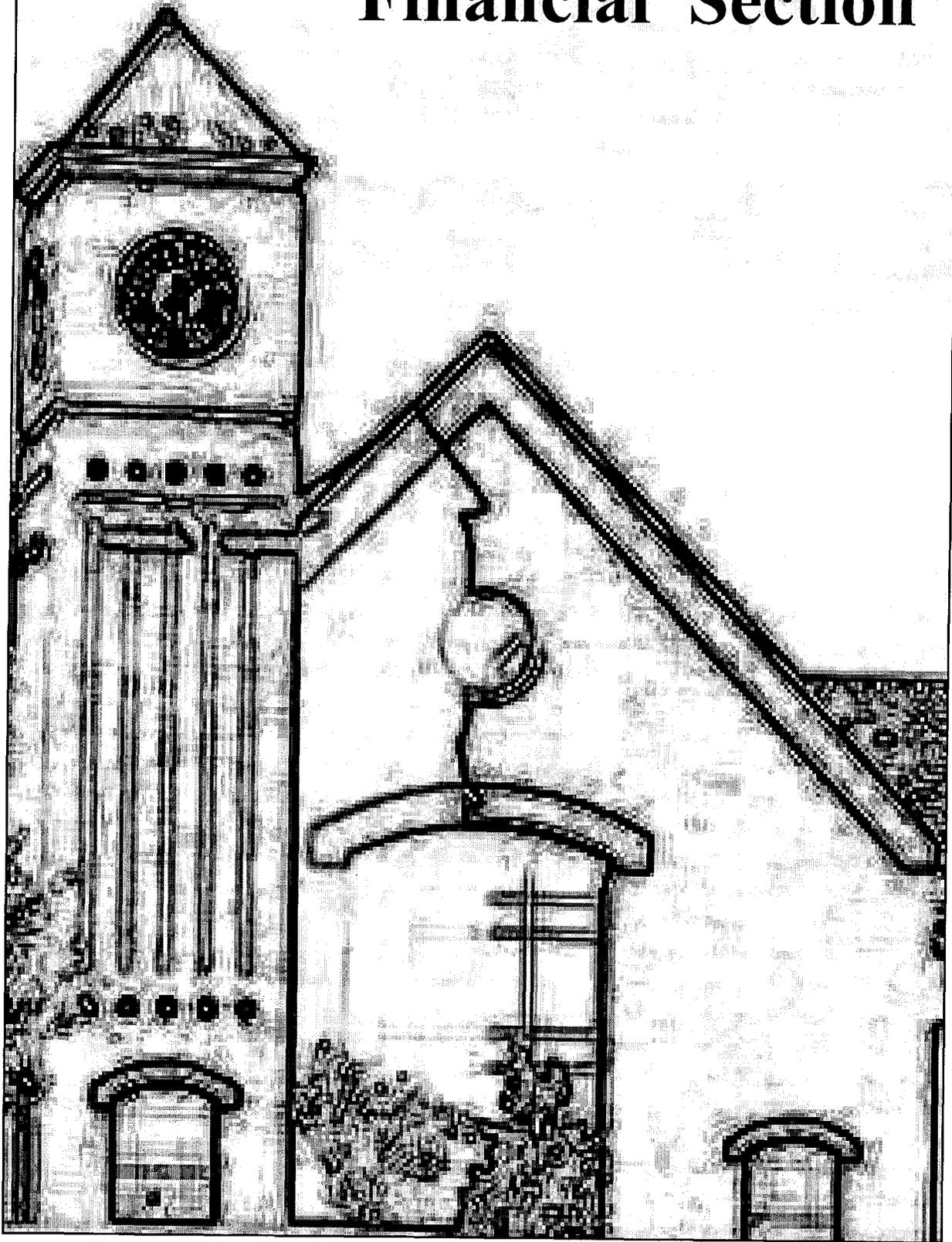
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Thomas A. Erue*  
President

*Jeffrey L. Esser*  
Executive Director

# Financial Section



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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Suite 150 E  
Cincinnati, Ohio 45202  
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REPORT OF INDEPENDENT ACCOUNTANTS

City of Fairfield  
Butler County  
5350 Pleasant Avenue  
Fairfield, Ohio 45014

To the City Council:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2002 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

June 12, 2002

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**EXHIBIT 1  
CITY OF FAIRFIELD  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2001**

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		ACCOUNT GROUPS		TOTAL	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	LONG TERM DEBT	MEMORANDUM ONLY 2001	MEMORANDUM ONLY 2000	
<b>ASSETS AND OTHER DEBITS</b>												
Assets:												
Equity in Pooled Cash and Deposits	\$1,987,965	\$1,332,725	\$860,820	\$5,118,669	\$5,539,980	\$39,446				\$15,437,217	\$2,529,034	
Equity in Pooled Investments	5,519,417	500,000	567,614	10,000,000	10,000,000					26,587,031	42,250,761	
Receivables												
Accounts	29,231				789,794					819,025	893,745	
Accrued Interest	71,160	5,756	2,942	159,636	134,715					374,209	568,876	
Taxes	2,576,306	3,474,000	250,638	781,750						6,832,066	5,567,776	
Special Assessments										250,638	376,012	
Loan										417,941	157,541	
Due From Other Funds			187,404							167,404	44,489	
Inventory										133,559	133,559	
Insurance Costs										128,168	157,541	
Restricted Assets										1,161,836	144,075	
Cash & Deposits					1,161,836					848,880	157,163	
Investments					848,880					90,177,585	82,780,094	
Property, Plant & Equip., Net					53,602,619							
Other Debits:												
Amount Available in Debt Service Fund									\$1,429,825		1,351,918	
Amount To Be Provided to Retire									3,725,175		4,158,082	
Long-Term Debt									1,348,018		1,006,917	
Amount To Be Provided to Retire												
Other Obligations												
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$10,184,079</b>	<b>\$5,312,481</b>	<b>\$1,849,418</b>	<b>\$16,060,055</b>	<b>\$72,339,551</b>	<b>\$557,612</b>	<b>\$39,446</b>	<b>\$36,574,966</b>	<b>\$6,503,018</b>	<b>\$149,420,626</b>	<b>\$144,270,736</b>	
<b>LIABILITIES, EQUITY &amp; OTHER DEBITS</b>												
Liabilities:												
Accounts Payable	\$144,843	\$59,577	168,955	\$265,823	\$374,543	\$15,445				\$860,231	\$707,800	
Accrued Liabilities					37,607	6,994				213,556	118,116	
Accrued Payroll, Vacation and Sick Leave	761,072	197,132		167,404	609,631	23,465			\$965,020	2,544,398	2,544,398	
Due to Other Funds										167,404	44,469	
Due to Other Governmental Units					41,246					41,246	30,506	
Deferred Revenues	1,480,426	3,474,000	250,638	233,810	114,700					5,438,874	4,226,169	
Deposits Payable					2,550,000					151,660	156,798	
Notes Payable					4,500,000					7,050,000	3,745,000	
Current Portion of Long-Term Debt					1,257,681					382,998	1,188,668	
Capital Lease					16,169,381				382,998	5,155,000	23,356,442	
Long-Term Debt									5,155,000			
<b>TOTAL LIABILITIES</b>	<b>2,386,341</b>	<b>3,730,709</b>	<b>419,593</b>	<b>5,167,037</b>	<b>21,154,789</b>	<b>45,904</b>	<b>36,960</b>	<b>\$36,574,966</b>	<b>6,503,018</b>	<b>39,444,351</b>	<b>36,116,366</b>	
Equity & Other Credits:												
Contributed Capital										8,743,786	8,743,786	
Investment in General Fixed Assets										36,574,966	31,685,692	
Retained Earnings										1,984,157	1,985,081	
Reserved Due to Restricted Assets					1,984,157	512,648				512,848	438,044	
Reserved for Claims					40,456,819	(1,140)				40,455,679	40,331,666	
Unreserved												
Fund Balance	818,400	118,013	1,429,825	2,831,808						3,768,221	7,247,083	
Reserved for Encumbrances							2,486			1,429,825	1,351,918	
Reserved for Debt Service												
Unreserved	6,979,338	1,463,759		8,061,210						16,506,793	16,367,100	
Undesignated												
<b>TOTAL EQUITY &amp; OTHER CREDITS</b>	<b>7,797,738</b>	<b>1,581,772</b>	<b>1,429,825</b>	<b>10,893,018</b>	<b>51,184,762</b>	<b>511,708</b>	<b>2,486</b>	<b>\$36,574,966</b>	<b>6,503,018</b>	<b>109,876,275</b>	<b>108,154,370</b>	
<b>TOTAL LIABILITIES, EQUITY &amp; OTHER CREDITS</b>	<b>\$10,184,079</b>	<b>\$5,312,481</b>	<b>\$1,849,418</b>	<b>\$16,060,055</b>	<b>\$72,339,551</b>	<b>\$557,612</b>	<b>\$39,446</b>	<b>\$36,574,966</b>	<b>\$6,503,018</b>	<b>\$149,420,626</b>	<b>\$144,270,736</b>	

See accompanying notes to financial statements.

**EXHIBIT 2**  
**CITY OF FAIRFIELD**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**YEAR ENDED DECEMBER 31, 2001**

REVENUES	GOVERNMENTAL FUND TYPES			FIDUCIARY	TOTAL	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		FUND TYPES
				EXPENDABLE TRUST	MEMORANDUM ONLY	
					2001	
					2000	
Taxes	\$12,710,311	\$3,464,588		\$5,867,705	\$22,042,604	\$19,506,106
Licenses and Permits	349,090	16,375			365,465	389,333
Intergovernmental Revenues	2,791,692	2,051,146		1,635,233	6,478,071	5,588,500
Charges for Services	450,036				450,036	399,394
Fines and Forfeitures	735,069	301,631			1,036,700	807,848
Special Assessments	16,278		\$153,750		170,028	180,190
Investment Earnings	480,355	52,843	62,156	780,995	1,376,349	1,705,009
All Other Revenues	686,574	4,753	7,456	898,303	1,597,086	1,382,832
<b>TOTAL REVENUES</b>	<b>18,219,405</b>	<b>5,891,336</b>	<b>223,362</b>	<b>9,182,236</b>	<b>33,516,339</b>	<b>29,959,212</b>
<b>EXPENDITURES</b>						
Current						
Security of Persons and Property	6,271,610	3,833,294			10,104,904	9,158,689
Public Health & Welfare Services	26,731				26,731	27,315
Leisure Activities	994,972				994,972	842,935
Community Environment	886,016				886,016	915,681
Basic Utility Services	401,395				401,395	402,185
Streets and Transportation	437,203	1,843,697			2,280,900	1,980,761
General Government	5,019,834	61,832			5,081,666	4,217,321
Capital Outlay	1,625,168	90,807		14,610,648	16,326,623	10,554,288
Debt Service			355,000		355,000	350,000
Principal Retirement			472,071		472,071	361,833
Interest and Fiscal Charges						
<b>TOTAL EXPENDITURES</b>	<b>15,662,929</b>	<b>5,829,630</b>	<b>827,071</b>	<b>14,610,648</b>	<b>36,930,278</b>	<b>28,811,008</b>
Excess (Deficiency) of Revenues Over Expenditures	2,556,476	61,706	(603,709)	(5,428,412)	(3,413,939)	1,148,204
Other Financing Sources (Uses)						
Proceeds from Capital Lease	394,645				394,645	0
Proceeds from Sale of Assets	208,032				208,032	30,615
Operating Transfers-In		150,000	681,616	1,500,000	2,331,616	3,761,082
Operating Transfers-Out	(2,100,000)			(681,616)	(2,781,616)	(4,311,082)
Total Other Financing Sources (Uses)	(1,497,323)	150,000	681,616	818,384	152,677	(519,385)
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	1,059,153	211,706	77,907	(4,610,028)	(3,261,262)	628,819
Fund Balance, Beginning of Year	6,738,585	1,370,066	1,351,918	15,503,046	24,966,101	24,337,282
Fund Balance, End of Year	\$7,797,738	\$1,581,772	\$1,429,825	\$10,893,018	\$21,704,839	\$24,966,101

See accompanying notes to financial statements.

**EXHIBIT 3**  
**CITY OF FAIRFIELD**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**ALL GOVERNMENTAL FUND TYPES (NON-GAAP BUDGETARY BASIS)**  
**YEAR ENDED DECEMBER 31, 2001**

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>						
Taxes	\$12,485,808	\$13,057,109	\$571,301	\$3,684,869	\$3,464,588	(\$220,301)
Licenses and Permits	357,800	349,090	(8,710)	22,000	16,375	(5,625)
Intergovernmental Revenues	3,139,208	2,791,692	(347,516)	2,097,411	2,051,145	(46,266)
Charges for Services	426,800	463,850	37,050			
Fines and Forfeitures	663,200	735,069	71,869	182,600	301,631	119,031
Special Assessments	10,000	16,278	6,278			
Investment Earnings	530,300	475,642	(54,658)	105,700	59,870	(45,830)
All Other Revenues	309,400	1,043,406	734,006	21,500	4,753	(16,747)
<b>TOTAL REVENUES</b>	<b>17,922,516</b>	<b>18,932,136</b>	<b>1,009,620</b>	<b>6,114,100</b>	<b>5,898,362</b>	<b>(215,738)</b>
<b>EXPENDITURES</b>						
Current						
Security of Persons & Property	6,869,710	6,428,281	441,429	4,133,013	3,831,416	301,597
Public Health & Welfare Services	35,000	26,731	8,269			
Leisure Activities	1,039,131	996,030	43,101			
Community Environment	997,547	895,235	102,312			
Basic Utility Services	406,730	401,395	5,335			
Streets & Transportation						
General Government	8,473,257	7,813,972	659,285	2,004,515	1,936,443	68,072
Debt Service				91,955	61,198	30,757
Principal Payment						
Interest & Fiscal Charges						
Capital Outlay						
<b>TOTAL EXPENDITURES</b>	<b>17,821,375</b>	<b>16,561,644</b>	<b>1,259,731</b>	<b>6,414,329</b>	<b>5,942,235</b>	<b>472,094</b>
Excess (Deficiency) of Revenues over Expenditures	101,141	2,370,492	2,269,351	(300,229)	(43,873)	256,356
Other Financing Sources (Uses)						
Proceeds from Sale of Debt						
Operating Transfers-In						
Operating Transfers-Out						
Total Other Financing Uses	(2,100,000)	(2,100,000)		150,000	150,000	
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	(1,998,859)	270,492	2,269,351	(150,229)	106,127	256,356
Fund Balance, Beginning of Year	5,750,716	5,750,716		1,422,848	1,422,848	
Prior Year Encumbrances Appropriated	522,932	522,932		126,160	126,160	
Fund Balance, End of Year	\$4,274,789	\$6,544,140	\$2,269,351	\$1,398,779	\$1,655,135	\$256,356

(Continued)

See accompanying notes to financial statements.

**EXHIBIT 3**  
**CITY OF FAIRFIELD**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL**  
**ALL GOVERNMENTAL FUND TYPES (NON-GAAP BUDGETARY BASIS)**  
**YEAR ENDED DECEMBER 31, 2001**

REVENUES	DEBT SERVICE FUND			CAPITAL PROJECT FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes						
Licenses and Permits						
Intergovernmental Revenues						
Charges for Services				\$5,750,000	\$6,041,105	\$291,105
Fines and Forfeitures				2,100,000	1,635,233	(464,767)
Special Assessments	\$203,900	\$206,017	\$2,117			
Investment Earnings	53,400	66,845	13,445	671,200	958,949	287,749
All Other Revenues		7,456	7,456	10,000	910,844	900,844
<b>TOTAL REVENUES</b>	<b>257,300</b>	<b>280,318</b>	<b>23,018</b>	<b>8,531,200</b>	<b>9,546,131</b>	<b>1,014,931</b>
<b>EXPENDITURES</b>						
Current						
Security of Persons & Property						
Public Health & Welfare Services						
Leisure Activities						
Community Environment						
Basic Utility Services						
Streets & Transportation						
General Government						
Debt Service						
Principal Payment	655,000	645,939	9,061	895,419	796,867	98,552
Interest & Fiscal Charges	391,000	356,296	34,704			
Capital Outlay						
<b>TOTAL EXPENDITURES</b>	<b>1,046,000</b>	<b>1,002,235</b>	<b>43,765</b>	<b>18,036,643</b>	<b>16,806,926</b>	<b>1,229,717</b>
Excess (Deficiency) of Revenues over Expenditures	(788,700)	(721,917)	66,783	(10,400,862)	(8,057,662)	2,343,200
Other Financing Sources (Uses)						
Proceeds from Sale of Debt						
Operating Transfers-In	810,000	803,681	(6,319)	4,000,000	4,000,000	1,500,000
Operating Transfers-Out				(815,475)	(803,681)	11,794
Total Other Financing Uses	810,000	803,681	(6,319)	3,184,525	4,696,319	1,511,794
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	21,300	81,764	60,464	(7,216,337)	(3,361,343)	3,854,994
Fund Balance, Beginning of Year	1,346,671	1,346,671		8,784,392	8,784,392	
Prior Year Encumbrances Appropriated				6,597,993	6,597,993	
<b>Fund Balance, End of Year</b>	<b>\$1,367,971</b>	<b>\$1,428,435</b>	<b>\$60,464</b>	<b>\$8,166,048</b>	<b>\$12,021,042</b>	<b>\$3,854,994</b>

See accompanying notes to financial statements.

**EXHIBIT 4  
CITY OF FAIRFIELD  
COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES  
FOR YEAR ENDED DECEMBER 31, 2001**

	<b>ENTERPRISE</b>	<b>INTERNAL SERVICE</b>	<b>TOTAL ----- MEMORANDUM ONLY</b>	
			<b>2001</b>	<b>2000</b>
<b>Operating Revenues</b>				
Charges for Services	\$9,513,851	\$1,910,624	\$11,424,475	\$11,120,395
	-----	-----	-----	-----
<b>Operating Expenses</b>				
Personal Services	3,436,175	294,197	3,730,372	3,455,172
Contractual Services	2,976,148	1,461,528	4,437,676	3,940,896
Materials and Supplies	1,268,840	228,075	1,496,915	1,219,353
Utilities	584,177		584,177	576,753
Depreciation and Amortization	1,730,268		1,730,268	1,598,695
	-----	-----	-----	-----
<b>Total Operating Expenses</b>	9,995,608	1,983,800	11,979,408	10,790,869
	-----	-----	-----	-----
<b>Operating Income (Loss)</b>	(481,757)	(73,176)	(554,933)	329,526
	-----	-----	-----	-----
<b>Non-Operating Revenues (Expenses)</b>				
Interest Revenue	915,869	13,460	929,329	1,116,728
Interest Expense	(945,664)		(945,664)	(950,684)
Permits	309,442		309,442	333,138
Other Revenues	5,719		5,719	4,061
	-----	-----	-----	-----
<b>Total Non-Operating Revenues (Expenses)- Net</b>	285,366	13,460	298,826	503,243
	-----	-----	-----	-----
<b>Net Income (Loss) Before Operating Transfers</b>	(196,391)	(59,716)	(256,107)	832,769
	-----	-----	-----	-----
<b>Operating Transfers from General Fund</b>	300,000	150,000	450,000	550,000
	-----	-----	-----	-----
<b>Net Income</b>	103,609	90,284	193,893	1,382,769
	-----	-----	-----	-----
<b>Retained Earnings, Beginning of Year</b>	42,337,367	421,424	42,758,791	41,376,022
	-----	-----	-----	-----
<b>Retained Earnings, End of Year</b>	42,440,976	511,708	42,952,684	42,758,791
	-----	-----	-----	-----
<b>Contributed Capital, End of Year</b>	8,743,786		8,743,786	8,743,786
	-----	-----	-----	-----
<b>Fund Equity, End of Year</b>	\$51,184,762	\$511,708	\$51,696,470	\$51,502,577
	=====	=====	=====	=====

See accompanying notes to financial statements.

EXHIBIT 5  
CITY OF FAIRFIELD  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR YEAR ENDED DECEMBER 31, 2001  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	ENTERPRISE	INTERNAL SERVICE	TOTAL MEMORANDUM ONLY	
			2001	2000
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Charges	\$9,951,498	\$1,910,624	\$11,862,122	\$11,407,352
Cash Payments for Refunds	(490,498)		(490,498)	(375,045)
Cash Payments for Goods and Services	(4,588,974)	(1,666,177)	(6,255,151)	(5,831,603)
Cash Payments for Wages and Benefits	(3,388,548)	(322,858)	(3,711,406)	(3,411,053)
Other Operating Revenues	143,807		143,807	147,335
<b>Net Cash Flows from Operating Activities</b>	<b>1,627,285</b>	<b>(78,411)</b>	<b>1,548,874</b>	<b>1,936,986</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Permit Fees Received	312,822		312,822	336,210
Payments from Other Funds	300,000	150,000	450,000	550,000
<b>Net Cash Flows from Non-Capital Financing Activities</b>	<b>612,822</b>	<b>150,000</b>	<b>762,822</b>	<b>886,210</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets	(4,171,082)		(4,171,082)	(1,439,524)
Proceeds from Issuance of Bonds and Notes	2,550,000		2,550,000	3,128,221
Principal Paid on Bonds and Notes	(1,545,107)		(1,545,107)	(1,294,395)
Interest Paid on Bonds and Notes	(1,006,058)		(1,006,058)	(993,789)
Repayment of Notes	(2,800,000)		(2,800,000)	(1,900,000)
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<b>(6,972,247)</b>		<b>(6,972,247)</b>	<b>(2,499,487)</b>
<b>Cash Flows from Investing Activities:</b>				
Payments for Investments	1,249,270	(110,000)	1,139,270	(1,684,270)
Proceeds from Sale and Maturity of Investments	7,850,445	460,000	8,310,445	1,191,381
Interest on Cash, Deposits and Investments	1,042,900	13,460	1,056,360	1,308,381
<b>Net Cash Flows from Investing Activities</b>	<b>10,142,615</b>	<b>363,460</b>	<b>10,506,075</b>	<b>815,492</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>5,410,475</b>	<b>435,049</b>	<b>5,845,524</b>	<b>1,139,201</b>
<b>Cash and Cash Equivalent (includes Restricted Assets), Beginning of Year</b>	<b>1,291,341</b>	<b>122,563</b>	<b>1,413,904</b>	<b>274,703</b>
<b>Cash and Cash Equivalent (includes Restricted Assets), End of Year</b>	<b>\$6,701,816</b>	<b>\$557,612</b>	<b>\$7,259,428</b>	<b>\$1,413,904</b>
<b>Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities:</b>				
Operating Income (Loss)	(\$481,757)	(\$73,176)	(\$554,933)	\$334,859
Adjustment to reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	1,730,268		1,730,268	1,598,695
Changes in Assets and Liabilities				
(Increase) Decrease in Accounts Receivables	92,848		92,848	51,434
(Increase) in Inventory	23,982		23,982	(39,021)
Increase (Decrease) in Accounts Payable	214,317	3,614	217,931	(53,804)
Increase (Decrease) in Accrued Liabilities		(6,251)	(6,251)	703
Increase (Decrease) in Accrued Payroll, Sick and Vacation Leave	47,627	(2,598)	45,029	44,120
<b>Net Cash Flows from Operating Activities</b>	<b>\$1,627,285</b>	<b>(\$78,411)</b>	<b>\$1,548,874</b>	<b>\$1,936,986</b>

See accompanying notes to financial statements.

**CITY OF FAIRFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 1-DESCRIPTION OF CITY AND BASIS OF PRESENTATION:**

**A. 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.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either: a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

**Blended Component Unit**

This type of component unit is a legally separate entity from the City, but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the appropriate funds.

**Discretely Presented Component Units**

Discretely presented component units are entities separate from the City, but for which the City is financially accountable, or whose relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the City.

The City of Fairfield does not have any component units to be included in its Comprehensive Annual Financial Report.

## **A. REPORTING ENTITY (continued)**

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.

## **B. MEASUREMENT FOCUS**

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds and the Expendable Trust Fund are accounted for on a spending or "financial flow" measurement focus. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net assets.

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities associated with this activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

## **C. BASIS OF PRESENTATION**

The accounts of the City are organized on the basis of funds or groups of accounts. The individual funds are grouped in the financial statements as follows:

### **GOVERNMENTAL FUNDS**

**General fund** - used to account for all revenues and expenditures except those required to be accounted for in another fund.

**Special Revenue funds** - used to account for the revenue from specific sources (other than special assessments) which are legally restricted for specific purposes.

**Debt Service fund** - used to account for the payment of principal and interest on certain general obligation and special assessment debt. The principal sources of revenue are income tax revenues transferred from the Capital Projects funds and assessments levied against specific benefited properties.

## C. BASIS OF PRESENTATION (continued)

**Capital Projects funds** - used to account for revenues and expenditures related to the acquisition or construction of major capital facilities (other than those financed by proprietary funds or special assessment funds).

### PROPRIETARY FUNDS

**Enterprise funds** - used to account for operations where the intention is to finance such operations primarily through user charges, or where the City has decided that the periodic determination of revenues, expenses and net income is appropriate.

**Internal Service funds** - used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

### FIDUCIARY FUNDS

**Expendable Trust fund** - used to account for assets held by the City as a trustee for individuals. The measurement focus of the expendable trust fund is the same as the governmental funds and is, therefore, maintained on the modified accrual basis of accounting.

**Agency fund** - used to account for funds collected and held by the City as trustee or agent for individuals, private organizations, other governmental units and/or other funds. The Agency fund is purely custodial and does not involve the measurement of results of operations.

### ACCOUNT GROUPS

**General Fixed Assets** - used to account for those capital assets with a useful life of greater than one year (other than those accounted for in the proprietary funds).

**General Long-Term Debt** - used to account for general obligation bonds with maturities in excess of one year (except for those accounted for in the proprietary funds) and other non-current general obligations of the City. These bonds are collateralized by the credit of the City as a whole and are payable from general government resources. Repayment of these bonds is made through earnings taxes.

## **D. TOTAL (MEMORANDUM ONLY) COLUMNS**

Total columns on the General Purpose Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Information in these columns is not intended to and does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such information should not be considered comparable to a consolidation. Comparative data for the prior year has also been provided in the general purpose financial statements in order to provide an understanding of changes in the City's financial position and operations.

## **NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of Fairfield's financial statements are prepared in accordance with generally accepted accounting principles for state and local governmental units. The following is a summary of the City's significant accounting policies.

### **A. BASIS OF ACCOUNTING**

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

**Modified Accrual Basis of Accounting** - The modified accrual basis of accounting is followed in the Governmental fund types and the Expendable Trust and Agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay current liabilities within 30 days. Expenditures are recognized in the accounting period in which fund liability is incurred, if measurable.

**Accrual Basis of Accounting** - The accrual basis of accounting is followed in all Proprietary funds. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred.

In accordance with Statement No. 20 of the Governmental Accounting Standards Board, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The City will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

## **B. THE BUDGET PROCESS**

The City follows these procedures in establishing and legally adopting the budgetary information for the Governmental fund types reflected in the financial statements:

- (1) The Administration prepares the annual budget and submits it to the City Council for adoption. This budget is based upon estimated receipts and expenditures.
- (2) Prior to holding a public hearing on the proposed budget, it is made available for review by the public at the offices of the Clerk of Council.
- (3) City Council holds a public hearing on the proposed budget.
- (4) City Council adopts the budget, by fund, for the following year by ordinance on or before July 15th of each year.
- (5) After adoption, the budget and the ordinance, which is approved, are certified to the County Budget Commission by July 20th. The Commission conducts another public hearing and determines if the budget fairly represents the needs of the City.
- (6) The City accepts and levies the County Budget Commission's estimated necessary tax rate. Their acceptance must be certified to the County Auditor on or before October 1st.
- (7) The Finance Director files a certificate of estimated resources and expenditures for the ensuing year on or about January 1st.
- (8) On or about January 1st, an appropriation measure, by fund, is passed by City Council for the ensuing year. The budgeted amounts by department, division or function reflected in the financial statements and supplemental data include this initial appropriation measure and all revisions thereto for the year, as described below.
- (9) The Finance Director is authorized to transfer budgeted amounts between expenditure categories within any department, division or function; however, any transfers or other revisions that affect the total appropriation measure for any fund must be authorized by City Council. The legal level of control is the fund.

## **B. THE BUDGET PROCESS (continued)**

- (10) Supplemental appropriations are made because of several factors. Amendments to the appropriation ordinance made during the year totaled \$3,868,169 for the General Fund, \$331,867 for Special Revenue Funds and \$11,576,441 for Capital Projects Funds and are reflected in the revised budget amounts in the budget and actual comparisons.
- (11) At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated, and is subject to future appropriation. The encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. The encumbrances appropriated balance is carried forward to the succeeding fiscal year and need not be reappropriated.

## **C. BUDGET BASIS OF ACCOUNTING**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--General Fund, Special Revenue Fund Types, Debt Service Fund and Capital Project Fund Types (Non-GAAP Budgetary Basis) is presented to provide a comparison of actual results with the budget. It is the City's policy to formally budget those funds, which derive their primary revenues from levied taxes. The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts and disbursements

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

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
- (2) Certain expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (i.e., vacation leave accrued in the current period, which is the GAAP basis);
- (3) Certain revenues and expenditures are recorded (budget) as opposed to being eliminated to conform to GAAP (extinguishment of bonds issued by and then purchased by the City).
- (4) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

### C. BUDGET BASIS OF ACCOUNTING (Continued)

The following summarizes the effects on the December 31, 2001 (GAAP Basis) Excess Revenues (Expenditures) and Fund Balances had they been recorded on the City's budget basis of accounting.

#### Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses December 31, 2001

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>
As Reported (GAAP Basis)	\$1,059,153	\$ 211,706	\$ 77,907	\$(4,610,028)
Revenue:				
Received in 2001 accrued in 2000	1,222,629	12,782	44,467	910,130
Received in 2002 earned in 2001	(1,196,271)	(5,756)	(170,344)	(707,572)
Expenditures:				
Paid in 2001 accrued in 2000	(757,692)	(191,723)	(39,221)	(789,472)
Accrued in 2001 paid in 2002	761,073	197,131	168,955	4,667,404
Outstanding Encumbrances	(818,400)	(118,013)		(2,831,808)
Budgetary Basis	<u>\$ 270,492</u>	<u>\$ 106,127</u>	<u>\$ 81,764</u>	<u>\$(3,361,346)</u>

#### Fund Balances December 31, 2001

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>
As Reported (GAAP Basis)	7,797,738	1,581,772	1,429,825	10,893,018
Revenue:				
Received in 2002 earned in 2001	(1,196,271)	(5,756)	(170,344)	(707,572)
Expenditures:				
Accrued in 2001 paid in 2002	761,073	197,132	168,955	4,667,404
Outstanding Encumbrances	(818,400)	(118,013)		(2,831,808)
Budgetary Basis	<u>\$6,544,140</u>	<u>\$1,655,135</u>	<u>\$1,428,436</u>	<u>\$12,021,042</u>

### D. REVENUE RECOGNITION

Revenue resulting from exchange transaction, 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 on the current fiscal year. For the City, available means expected to be received within thirty days of year-end.

## **D. REVENUE RECOGNITION (Continued)**

Non-exchange transactions, in which the City received value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 10). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes, delinquent property taxes received within one month of year-end, and income taxes.

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 December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenues.

On the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

## **E. CASH AND INVESTMENTS**

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts (repurchase agreements) and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account.

The City has invested funds in the State Treasury Asset reserve of Ohio (STAR Ohio) during fiscal 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their

## E. CASH AND INVESTMENTS (Continued)

funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2001.

## F. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the City of Fairfield considers all cash and deposits with financial institutions, repurchase agreements, investments with outside investment pools and money market accounts to be cash equivalents. Certificates of deposits and U.S. Government Securities with an original maturity date of greater than three months are considered investments.

## G. INVENTORIES

Inventories are stated at the lower of cost or market determined on the first-in, first-out (FIFO) basis and consist principally of chemicals and other water and sewer utility supplies.

## H. INTERFUND RECEIVABLES/PAYABLES

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and service debt. To the extent that certain transactions had not been paid or received as of December 31, 2001, balances of interfund amounts receivable and payable were:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Debt Service Funds:		
General Bond Retirement Fund	\$167,404	
Capital Project Funds:		
.2% Capital Improvement Fund		\$147,351
.3% Capital Improvement Fund		20,053
Total	<u>\$167,404</u>	<u>\$167,404</u>

## I. GENERAL FIXED ASSETS

General fixed assets, which consist of property and equipment acquired through expenditures of governmental funds, are recorded at cost or estimated historical cost, or with respect to donated assets, fair market value at date of donation. Public domain infrastructure assets such as roads, sidewalks, drainage systems and improvements other than buildings are not capitalized. Depreciation has not been provided for general fixed assets.

## **J. PROPERTY AND EQUIPMENT-ENTERPRISE FUNDS**

Property and equipment owned by the enterprise funds is stated at cost, or estimated historical cost, or with respect to donated assets, the fair market value at the date of donation. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Improvements other than Buildings	50 years
Buildings and Structures	30 to 50 years
Equipment	5 years

Maintenance and repair costs are charged to expense as incurred. The cost and related accumulated depreciation of property and equipment retired or otherwise disposed of are removed from the accounts with any resulting gain or loss reflected in income.

## **K. ENCUMBRANCES**

Encumbrances for purchase orders, contracts and other commitments are recorded in the governmental funds to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reserves of the fund balances since they do not constitute expenditures or liabilities.

## **L. 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 (See Note 6).

## **NOTE 3-EQUITY IN POOLED CASH AND DEPOSITS AND INVESTMENTS:**

The City follows the practice of pooling cash and investments except for restricted funds generally held by outside custodians on behalf of the Enterprise Funds and the cash of the Municipal Court Agency Fund. Cash and investments are summarized by each fund type in the combined balance sheet as equity in pooled cash and investments.

**Cash and Deposits** - At year-end, the carrying amount of the City's deposits was \$13,257,666 and the depository balance was \$14,920,279. Of the depository balance, \$200,000 was covered by federal depository insurance; \$14,720,279 was covered by collateral held by third party trustees in single financial institution collateral pools, but not in the City's name, collateralizing all public funds on deposit with the specific depository institution. In accordance with Section 135.18 of the Ohio Revised Code, all deposits with eligible financial institutions must be collateralized in an amount equal to 110% of uninsured deposits. A qualified trustee as defined by state law must hold the collateral.

**NOTE 3-EQUITY IN POOLED CASH AND DEPOSITS AND INVESTMENTS:**  
**(Continued)**

**Investments** - The City is authorized by state law to make direct investments in U.S. government, federal agency and instrumentality obligations, repurchase agreements in obligations of the U.S. government and federal agencies, obligations of the State of Ohio and the State Treasurer's investment pool. The Director of Finance may enter into repurchase agreements for a period not to exceed thirty days. Such agreements shall be entered into with only eligible financial institutions as defined by state law. At December 31, 2001 the amount of investments consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Deposits with the State Treasury	\$11,950,000	\$1,050,000	\$13,000,000
U.S. Government Securities	14,087,031		14,087,031
Repurchase Agreement	2,841,387		2,841,387
Money Market Mutual Fund		848,880	848,880
Total	<u>\$28,878,418</u>	<u>\$1,898,880</u>	<u>\$30,777,298</u>

The City's investments are categorized according to credit risk into the following categories: (1) insured or registered, or securities held by the City or its agent (bank trust department) in the City's name; or (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name; or (3) uninsured, unregistered securities held by the counterparty, or its trust department or agent but not in the City's name. Investments in mutual funds made by a trustee who is managing the Enterprise Fund's restricted assets are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	<u>Categories</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Categorized Investments:					
U.S. Government Securities	\$ 14,087,031			\$ 14,087,031	\$14,087,031
Repurchase Agreement			\$2,841,387	2,841,387	2,841,387
Uncategorized Investments:					
Deposits in the State					
Treasurer's Investment Pool				13,000,000	13,000,000
Money Market Mutual Fund				848,880	848,880
Total	<u>\$ 14,087,031</u>		<u>\$2,841,387</u>	<u>\$30,777,298</u>	<u>\$30,777,298</u>

**Reconciliation of Cash, Cash Equivalents and Investments** - The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents for purposes of this note is based on criteria set forth in GASB Statement Number 3.

**NOTE 3-EQUITY IN POOLED CASH AND DEPOSITS AND INVESTMENTS:**  
**(Continued)**

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$16,599,053	\$27,435,911
Investments:		
Deposits in the State		
Treasurer's Investment	(13,000,000)	13,000,000
Repurchase Agreement	(2,841,387)	2,841,387
Certificates of Deposit	12,500,000	(12,500,000)
Per GASB Statement No. 3	<u>\$13,257,666</u>	<u>\$30,777,298</u>

**NOTE 4-FIXED ASSETS AND DEPRECIATION:**

The changes in the General Fixed Assets Account Group during 2001 were as follows:

	<u>1/1/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/01</u>
Land	\$ 4,154,175			\$ 4,154,175
Buildings	18,292,449	\$4,545,547		22,837,996
Equipment	9,239,068	1,105,932	\$762,205	9,582,795
Totals	<u>\$31,685,692</u>	<u>\$5,651,479</u>	<u>\$762,205</u>	<u>\$36,574,966</u>

The changes in the Proprietary Fund Type Fixed Assets and Accumulated Depreciation during 2001 were as follows:

	<u>1/1/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/01</u>
Land	\$1,091,351			\$1,091,351
Buildings	37,962,532	\$2,084,142		40,046,674
Improvements	30,266,724	1,590,730		31,857,454
Equipment	2,796,460	552,563	45,497	3,303,526
Totals	72,117,067	4,227,435	45,497	76,299,005
Accumulated				
Depreciation	21,022,665	1,719,218	(45,497)	22,696,386
Net	<u>\$51,094,402</u>	<u>\$2,508,217</u>		<u>\$53,602,619</u>

**NOTE 5-TEMPORARY BORROWINGS:**

Under State law and by order of the City Council, the City is authorized to borrow funds on a temporary basis for the following purposes:

- (1) to fund current operating costs prior to the collection of tax revenues by issuance of revenue anticipation notes,
- (2) to fund capital project costs incurred prior to selling permanent debt by issuance of bond anticipation notes, and
- (3) in anticipation of the issuance of special assessment bonds for periods not longer than five (5) years.

The temporary borrowings are general obligations of the City and carry maturity dates limited by statute to not more than twelve months. In accordance with Section 133.32 of the Ohio Revised Code, the City has issued \$4,500,000 and \$2,550,000 in bond anticipation notes expecting to extinguish this debt with revenues of the Capital Projects and Enterprise Funds, respectively, over a period not to exceed five years.

The temporary borrowing recorded in the Capital Projects Funds as of December 31, 2001 was:

<u>Issue</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
Various Purpose Road Improvement Notes	3.32%	\$ 500,000
Symmes Road Improvement Notes	3.65%	4,000,000

The temporary borrowings recorded in the Enterprise Funds as of December 31, 2001 were:

<u>Issue</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
Wastewater System Improvement Notes	3.00%	\$ 250,000
Family Aquatic Center Notes	3.00%	800,000
Golf Course Notes	2.26%	1,500,000

The City intends to refinance all notes at their maturity.

The following is a summary of note transactions for the year ended December 31, 2001.

	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>
Notes/Loans Payable at 1/1/01	\$ 745,000	\$ 3,000,000
Additions	4,000,000	
Reductions	(245,000)	(450,000)
Notes/Loans Payable at 12/31/01	<u>\$4,500,000</u>	<u>\$2,550,000</u>

**NOTE 6-LONG-TERM DEBT:**

The City of Fairfield has received loans from the Ohio Public Works Commission (OPWC) and from the Ohio Water Development Authority (OWDA). The repayment of the loans will be made over a period of five to twenty years.

The OPWC and OWDA loans recorded in the Enterprise Funds as of December 31, 2001 were:

<u>Issue</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
OPWC Seward Road Water Tank Loan	2.00%	\$ 309,494
OWDA Wastewater Improvement Loans	3.79% - 4.12%	11,517,568
		<u>\$11,827,062</u>

Debt service requirements for the OPWC and OWDA loans for principal and interest in future years are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 772,681	\$ 464,165	\$ 1,236,846
2003	694,295	437,316	1,131,611
2004	613,733	412,643	1,026,376
2005	638,311	388,065	1,026,376
2006	663,874	362,502	1,026,376
2007 – 2011	3,740,125	1,391,755	5,131,880
2012 – 2016	4,214,772	580,342	4,795,114
2017 – 2019	489,271	25,198	514,469
Totals	<u>\$11,827,062</u>	<u>\$4,061,986</u>	<u>\$15,889,048</u>

As of December 31, 2001 the bonds payable of the Enterprise Funds consisted of the following:

<u>Issue</u>	<u>Interest Rate</u>	<u>Balance Outstanding</u>
Water, Mortgage Revenue Refunding, serial maturities through the year 2003, term bonds in the years 2004 and 2005	3.00% - 6.20%	\$1,290,000
Water, Mortgage Revenue Refunding, serial maturities through the year 2017, term bonds in the years 2013 and 2017	3.76% - 5.05%	\$4,310,000
		<u>\$5,600,000</u>

The Mortgage Revenue Refunding Bonds are payable only from the revenues of the Water Funds. The Mortgage Revenue Refunding Bonds are subject to optional redemption in whole or in part at diminishing premiums from 1% and are collateralized by substantially all of the property of the Water Funds.

**NOTE 6-LONG-TERM DEBT: (continued)**

Debt service requirements for principal and interest in future years are as follows:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2002	\$485,000	\$279,875	\$764,875
2003	510,000	255,470	765,470
2004	535,000	229,010	764,010
2005	565,000	200,663	765,663
2006	225,000	169,610	394,610
2007 – 2011	1,280,000	686,075	1,966,075
2012 – 2016	1,625,000	347,713	1,972,713
2017 – 2019	375,000	18,938	393,938
<b>Totals</b>	<b>\$5,600,000</b>	<b>\$2,187,354</b>	<b>\$7,787,354</b>

The City, as required by the applicable bond indentures, maintains certain cash balances and investments primarily for debt service and replacement of and improvement to the water system. As of December 31, 2001, the cash balance restricted as required by the Bond Indentures are:

Bond & Interest Fund (restricted)	\$ 726,457
Bond Redemption & Reserve (restricted)	766,237
<b>Totals</b>	<b>\$1,492,694</b>

As of December 31, 2001, debt recorded in the General Long-Term Debt Account Group consisted of:

<b>Issue</b>	<b>Interest Rate</b>	<b>Balance Outstanding</b>
General Obligation Justice Center Acquisition Bonds, serial maturities through 2007	7.00%	300,000
General Obligation Fire Station bonds, serial Maturities through 2010	6.90%	610,000
Various Purpose Bonds, serial maturities through 2015	4.40%	4,035,000
<b>Total General Obligation Bonds</b>		<b>\$4,945,000</b>
<b>Special Assessment Bonds with Governmental Commitment</b>		
LeSaint Drive, special assessment, serial Maturities through 2002	12.625%	\$25,000
Industrial Park, special assessment, serial Maturities through 2003	9.875%	60,000
Woodridge Blvd. special assessment, serial Maturities through 2006	7.625%	125,000
<b>Total Special Assessment Debt with Governmental Commitment</b>		<b>\$210,000</b>
<b>Total General Obligation Bonds &amp; Special Assessment Debt with Governmental Commitment</b>		<b>\$5,155,000</b>

**NOTE 6-LONG-TERM DEBT: (continued)**

Debt service requirements for principal and interest in future years are as follows:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2002	\$ 345,000	\$ 264,945	\$ 609,945
2003	330,000	242,546	572,546
2004	310,000	222,732	532,732
2005	325,000	205,311	530,311
2006	330,000	187,094	517,094
2007 – 2011	1,465,000	682,715	2,147,715
2012 – 2016	1,385,000	349,776	1,734,776
2017 – 2019	665,000	46,230	711,230
Totals	<u>\$5,155,000</u>	<u>\$2,201,349</u>	<u>\$7,356,349</u>

The full faith and credit of the City back the General Obligation Bonds. Special Assessment Bonds are issued for public improvements to specific properties and are general obligations of the City to be funded through special assessments on such properties. The City would be obligated for any debt service, which is not funded by the special tax assessments. In the event of default, a lien is placed on the property and the county at a tax sale eventually sells it. The City is then reimbursed for any special assessment bond payments the City made. The City is subject to certain constitutional and statutory general obligation debt limitations. As of December 31, 2001, the City has not exceeded the debt limitations.

**NOTE 7-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, 2001, \$885,000 of bonds outstanding 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, 2001 was \$67,614. 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.

**NOTE 8-CHANGES IN LONG-TERM DEBT:**

The following is a summary of bond transactions in the General Long-Term Debt Account of the City for the year ended December 31, 2001.

	<u>General Obligations</u>	<u>Special Assessments</u>	<u>Total</u>
Bonds Payable at 1/1/01	\$5,205,000	\$305,000	\$5,510,000
Bonds Issued			
Bonds Retired	(260,000)	(95,000)	(355,000)
Bonds Payable at 12/31/01	<u>\$4,945,000</u>	<u>\$210,000</u>	<u>\$5,155,000</u>

The following is a summary of bond transactions in the Enterprise Funds of the City for the year ended December 31, 2001.

	<u>Mortgage Revenue Bonds</u>	<u>OPWC and OWDA Loans</u>	<u>Total</u>
Amounts Payable at 1/1/01	\$6,060,000	\$12,975,110	\$19,035,110
Amounts Issued			
Amounts Retired	(460,000)	(1,148,048)	(1,608,048)
Amounts Payable at 12/31/01	<u>\$5,600,000</u>	<u>\$11,827,062</u>	<u>\$17,427,062</u>

The following is a summary of changes in long-term liabilities for Accrued Sick Leave for the year ended December 31, 2001.

	<u>Accrued Sick Leave</u>
Balance at 1/1/01	\$1,006,917
Amount Incurred	101,537
Amount Retired	(143,434)
Balance at 12/31/01	<u>\$ 965,020</u>

**NOTE 9-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, 2001, \$5,486,822 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.

#### **NOTE 10-PROPERTY TAXES:**

Property taxes are levied against all real and public utility property, and tangible personal property used for business purposes and located in the City. Real property taxes are levied each January 1st. The due date and lien date for the 2000 levy was February 15, 2001 for all or one-half of the taxes due. The second half due date was July 15, 2001. Property tax revenues are recognized as a receivable in the year that they are levied. Real property and public utility taxes are levied based on the assessed values listed at the beginning of the year. The County Auditor at 35% of the appraised market value establishes assessed values.

The laws of the State of Ohio presently require that all property be revalued no less than every six years, at any time the County Auditor finds that the true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed if ordered by the State Commissioner of Tax Equalization. Tangible personal property taxes on machinery and equipment and inventories are assessed on 25% of the statutory basis of these assets. Household goods and motor vehicles are excluded from this assessment.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes may be paid on either an annual or semiannual basis. The City Charter limits City Council's authority to levy property taxes as provided by the Constitution and the laws of the State of Ohio.

#### **NOTE 11-EMPLOYEE BENEFITS:**

The following note disclosure has been prepared in accordance with Governmental Accounting Standards Board (GASB) No. 27 "Accounting for Pensions by State and Local Governmental Employers".

**Plan Descriptions** - All employees (except policemen and firemen) of the City are members of the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan, administered by the State of Ohio. Police officers and five full-time firemen are members of the Police and Firemen's Disability and Pension Fund (PFDPF), a cost-sharing multiple-employer defined benefit pension plan, administered by the State of Ohio.

## **NOTE 11-EMPLOYEE BENEFITS: (continued)**

The PERS provides retirement pension and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The PFDPF provides pension and disability benefits annual cost of living adjustments to qualified police and firemen and survivor and death benefits to qualified spouses, children and dependent parents. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code for PERS and Chapter 742 of the Ohio Revised Code for PFDPF.

**Eligibility** - All full-time employees are eligible and must participate in the State of Ohio PERS or PFDPF plans. Prior to 1991, employees (except policemen and firemen) working less than 20 hours per week or students working less than 1,500 hours per calendar year had the option to exclude themselves from membership.

Effective in 1991, all exemptions were eliminated except for certain qualified students and PERS retirants and retirants from any other Ohio system that are coming into PERS-covered employment to contribute to PERS from the first day of employment.

**Funding Policy** - The Ohio Revised Code provides statutory authority for the employee and employer contributions. Employees covered under PERS are required to contribute 8.5% of their covered payroll. The current required employer contribution rate for the City is 13.55% of covered payroll. The City's contributions to PERS for the years ending December 31, 1999, 2000 and 2001 were \$916,951, \$880,334 and \$970,855 respectively, equal to the required contributions for each year.

Employees covered under PFDPF are required to contribute 10% of their covered payroll. The total police employer contribution rate under PFDPF is 19.5% of covered payroll and the total firemen's employer contribution rate under PFDPF is 24% of covered payroll. The City's contributions to PFDPF for the years ending December 31, 1999, 2000 and 2001 were \$611,137, \$692,824 and \$864,884 respectively, equal to the required contributions for each year.

The City's current-year covered payroll for employees under PERS was \$8,144,676. The City's current-year covered payroll for employees under PFDPF was \$3,328,852 for Police and \$1,010,162 for Fire. The City's payroll for the year ended December 31, 2001 was \$13,142,782.

PERS and PFDPF issue stand-alone financial reports that include financial statement and required supplementary information. The PERS financial report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085. The PFDPF financial report may be obtained by making a written request to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

## **NOTE 12-POSTEMPLOYMENT BENEFITS:**

In addition to the pension benefits described in Note 11, both the Public Employees Retirement System (PERS) and the Police and Firemen's Disability and Pension Fund (PFDPF) provide postretirement health care coverage that is considered to be Other Post-employment Benefits (OPEB) as described in GASB Statement No. 12.

PERS provides health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipients of such retirants. Health care coverage for disability recipients is available. A portion of each employer's contribution to PERS is set-aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer PERS contributions. The PERS health care funding and accounting is on an "advance funded" basis. The 2001 employer contribution rate for the City was 13.55% of covered payroll; 4.3% of that was the portion used to fund health care for the year 2001. For the year ended December 31, 2001, the City's actual contribution to fund PERS OPEB was \$308,052.

The Ohio Revised Code provides the statutory authority allowing PFDPF's Board of Trustees to provide health care coverage to all eligible individuals. The PFDPF provides postretirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis. The Ohio Revised Code provides that PFDPF health care cost paid from the funds of the PFDPF shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firemen's employer contribution rate is 24% of covered payroll.

The PERS OPEB is financed through employer contributions and investment earnings there on. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

PERS unaudited estimated net assets available for future OPEB payments at December 31, 2000, were \$11,735.9 million. The number of active contributing participants was 411,076. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

The PFDPF health care funding and accounting is on a pay-as-you-go basis. Currently, 7.5% of covered payroll, the Board-defined allocation issued to pay retiree health care expense. 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. The number of participants eligible to receive health care benefits as of December 31, 2000 is 12,853 for police and 10,037 for firemen.

**NOTE 12-POSTEMPLOYMENT BENEFITS: (continued)**

For the year ended December 31, 2001, the City's contribution to fund OPEB was \$241,613 for police and \$74,280 for firemen, which was exactly equal to the required contribution. The PFDPF's total health care expenses for the year ended December 31, 2000, the date of the last actuarial valuation available was \$106,160,054, which was net of member contributions of \$5,657,431.

**NOTE 13-ACCRUED VACATION AND SICK LEAVE:**

Vacation is accumulated based upon length of service at rates from 3.1 hours to 7.7 hours per 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. It is the City's policy to accrue vacation leave benefits in the period they are earned in both the Governmental and the Proprietary Funds.

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. Any 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. At December 31, 2001, liabilities of \$609,631 and \$965,020 for accrued sick leave benefits have been recorded in the Proprietary Fund Type and the General Long-Term Debt Account Group, respectively, representing the City's commitment to fund such costs from operations.

**NOTE 14-CAPITAL LEASES AND SERVICE AGREEMENTS:**

The City has entered into various long-term maintenance and service agreements. Expenditures under these non-cancelable agreements were \$2,663,176 in 2001.

Minimum future payments as of December 31, 2001 are:

<u>Years</u>	<u>Garbage Collection</u>	<u>Paramedical Services</u>	<u>Total</u>
2002	\$1,228,286	\$1,094,205	\$2,322,491
2003		1,132,503	1,132,503
2004		1,172,140	1,172,140
2005		1,213,166	1,213,166
2006		345,643	345,643
Totals	<u>\$1,228,286</u>	<u>\$4,957,657</u>	<u>\$6,185,943</u>

**NOTE 14-CAPITAL LEASES AND SERVICE AGREEMENTS: (continued)**

During 2001, the City entered into an agreement for the lease of telephone equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. As such, \$394,645 has been capitalized as equipment in the General Fixed Assets Account Group at December 31, 2001.

The following is a schedule of future minimum lease payments under the capital lease with the present value of the net minimum lease payments as of December 31, 2001 are:

<u>Years</u>	<u>Total</u>
2002	\$ 89,269
2003	89,269
2004	89,269
2005	89,269
2006	74,390
Total minimum lease payments	431,466
Less: Amount representing interest	(48,468)
Present value of net minimum lease payments	<u>\$ 382,998</u>

**NOTE 15-SEGMENT INFORMATION FOR ENTERPRISE FUNDS:**

Included in the services provided by the City that are financed primarily by user charges are water utility, sewer utility and recreation facilities. The key financial information for the year ended December 31, 2001 for these non-similar enterprise activities is as follows:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Recreational Facilities</u>	<u>Solid Waste Management</u>	<u>Totals</u>
Operating Revenues	\$3,233,695	\$3,485,241	\$1,309,222	\$1,485,693	\$9,513,851
Operating Expenses:					
Depreciation and Amortization	\$541,049	\$1,000,326	\$188,893		\$1,730,268
Other Expenses	\$2,703,915	\$2,418,935	\$1,363,303	\$1,779,187	\$8,265,340
Operating Income(Loss)	\$(11,269)	\$65,980	\$(242,974)	\$(293,494)	\$(481,757)
Net Income(Loss)	\$322,972	\$32,285	\$(266,566)	\$14,918	\$103,609
Property, Plant and Equipment Additions And Deletions	\$832,473	\$1,657,903	\$1,691,562		\$4,181,983
Net Working Capital	\$9,724,978	\$4,135,909	\$(2,213,592)	\$112,361	\$11,759,656
Total Assets	\$30,611,248	\$36,009,539	\$5,454,121	\$264,643	\$72,339,551
Notes Payable		\$250,000	\$2,300,000		\$2,550,000
Bonds Payable and Other Long-Term Liabilities	\$5,909,494	\$11,517,568			\$17,427,062
Total Equity	\$24,178,806	\$23,877,165	\$3,016,430	\$112,361	\$51,184,762

**NOTE 16-RESERVES AND DESIGNATIONS OF EQUITY:**

The following is a list of all reserves used by the City and a description of each:

**Reserved for Encumbrances** - an account used to segregate a portion of fund balance for expenditure upon vendor performance.

**Reserved for Debt Service** - an account used to segregate a portion of fund balance for debt service resources legally restricted for the payment of long term debt principal and interest amounts maturing in future years.

**Reserved for Claims** - an account used to segregate a portion of fund balance to indicate that resources have been restricted for the payment of medical insurance. Designated portions of fund balance indicate tentative future spending plans, which may be changed and are subject to subsequent authorization before expenditures can be made.

**NOTE 17-RISK MANAGEMENT:**

**Description:** The City carries insurance to cover general liability risks, fire protection, police professional liability, automobile fleet and errors and omissions for public officials. The City has established an Employees Benefits Fund to account for 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.

**Claims 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 Claims Liabilities:** The following figures represent the changes in medical and dental claims liabilities for the City from January 1, 2000 to December 31, 2001:

Claims Liability, 1/1/00	\$ 12,542
Claims net of changes in estimates	1,240,817
Payments	(1,240,114)
Claims Liability, 12/31/00	13,245
Claims net of changes in estimates	1,450,473
Payments	(1,456,724)
Claims Liability, 12/31/01	<u>\$ 6,994</u>

**NOTE 18-DEFICIT FUND BALANCE:**

The following is a list of funds, which have deficit fund balances:

The **Street, Construction, Maintenance and Repair Fund (Special Revenue Fund)** has a deficit fund balance of (\$74,085) due to the recording of liabilities for Accounts Payable and Accrued Payroll, Vacation and Sick Leave.

The **Symmes Road Improvement Fund (Capital Project Fund)** - has a deficit fund balance of (\$2,991,199) due to recording a liability for Accounts and Notes Payable. Transfers from other funds not susceptible to accrual at December 31, 2001 will be used to pay this contract.

The **Municipal Garage Fund (Internal Service Fund)** has a deficit fund balance of (\$1,140) due to the recording of liabilities for Accounts Payable and Accrued Payroll, Vacation and Sick Leave.

**NOTE 19-CHANGE IN ACCOUNTING PRINCIPLE**

For 2001, the City implemented GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Non-exchange Revenue." These statements establish accounting and financial reporting standards for non-exchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from non-exchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. At December 31, 2000, there was no effect on fund balance as a result of implementing GASB 33 and 36.

**NOTE 20-CONTRACTUAL COMMITMENTS**

The City had several outstanding or planned construction projects as of December 31, 2001. All the projects are commitments of the City's capital project fund. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Spent-to-date</u>	<u>Commitment</u> <u>Remaining</u>
Symmes Road Extension Project	\$ 4,200,000	\$ 800,000
Symmes Road Widening	640,794	658,161
Reconditioning & Rechasis of Fire Rescue Apparatus	0	256,244
Concrete Sidewalk/Apron Repair	206,132	231,686
Wastewater Digester Cover Replacement	652,700	174,780
Totals	<u>\$ 5,699,626</u>	<u>\$ 2,120,871</u>

**NOTE 21-CLAIMS AND CONTINGENCIES:**

**Contingencies Under Grant Programs:** The City has received federal and state grants for specific purposes that are subject to review by the grantor agencies. Such reviews could lead to requests for reimbursements to the grant agency for expenditures disallowed under the terms of the grant. City management believes such disallowances, in any, will be minor.

**Judgments and Claims:** There are several pending lawsuits and claims against the City arising in the normal course of business. City Management is of the opinion that any resulting liability will not have a material effect upon the City's financial position.

**NOTE 22-SUBSEQUENT EVENT:**

On May 29, 2002, the City issued \$6,800,000 of Various Purpose General Obligation Bonds, dated May 15, 2002, interest rates range from 4.00% to 4.90%. The bond proceeds have been programmed to retire outstanding short-term debt issued for road improvements and the construction of recreational facilities, which mature during 2002. Repayment of the debt service on the bonds is scheduled to begin December 1, 2002.

## **GENERAL OPERATING FUND FINANCIAL STATEMENTS**

The General Fund is the general operating fund of the City and is used to account for all revenues and expenditures not required to be accounted for in other funds. Revenues are primarily derived from income and property taxes. Functions financed from the General Fund include public safety, government administration, community environment and recreational activities.

**STATEMENT A-1  
CITY OF FAIRFIELD  
COMPARATIVE BALANCE SHEET  
GENERAL FUND  
DECEMBER 31, 2001 AND 2000**

<b>ASSETS</b>	<b>2001</b>	<b>2000</b>
Equity in Pooled Cash and Deposits	\$ 1,987,965	\$ 301,192
Equity in Pooled Investments	5,519,417	6,054,558
Receivables (Net of allowance for estimated uncollectibles)		
Accounts Receivable	29,231	11,103
Accrued Interest	71,160	66,447
Taxes	2,576,306	1,963,681
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 10,184,079</b>	<b>\$ 8,396,981</b>
	=====	=====
 <b>LIABILITIES &amp; FUND BALANCE</b>		
Liabilities:		
Accounts Payable	\$ 144,843	\$ 82,103
Accrued Payroll, Vacation & Sick Leave	761,072	757,691
Deferred Revenues	1,480,426	818,602
	-----	-----
<b>TOTAL LIABILITIES</b>	<b>2,386,341</b>	<b>1,658,396</b>
 Fund Balance:		
Reserved for Encumbrances	818,400	522,932
Unreserved	6,979,338	6,215,653
	-----	-----
<b>TOTAL FUND BALANCE</b>	<b>7,797,738</b>	<b>6,738,585</b>
	-----	-----
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 10,184,079</b>	<b>\$ 8,396,981</b>
	=====	=====

**STATEMENT A-2  
CITY OF FAIRFIELD  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
GENERAL FUND  
FOR YEARS ENDED DECEMBER 31, 2001 AND 2000**

<b>REVENUES</b>	<b>2001</b>	<b>2000</b>
Taxes	\$ 12,710,311	\$ 12,116,402
Licenses and Permits	349,090	341,570
Intergovernmental Revenues	2,791,692	2,751,643
Charges for Services	450,036	399,394
Fines and Forfeitures	735,069	668,036
Investment Earnings	480,355	516,276
Special Assessments	16,278	7,358
All Other Revenues	686,574	260,267
	-----	-----
<b>TOTAL REVENUES</b>	<b>18,219,405</b>	<b>17,060,946</b>
 <b>EXPENDITURES</b>		
Current		
Security of Persons and Property	6,271,610	5,870,003
Streets and Transportation	437,203	250,000
Public Health & Welfare Services	26,731	27,315
Leisure Activities	994,972	842,935
Community Environment	886,016	915,681
Basic Utility Services	401,395	402,185
General Government	5,019,834	4,202,259
Capital Outlay	1,625,168	639,908
	-----	-----
<b>TOTAL EXPENDITURES</b>	<b>15,662,929</b>	<b>13,150,286</b>
	-----	-----
Excess of Revenues Over Expenditures	2,556,476	3,910,660
Other Financing Sources (Uses)		
Proceeds from Capital Lease	394,645	
Proceeds from Sale of Assets	208,032	
Operating Transfers-Out	(2,100,000)	(3,750,000)
	-----	-----
Total Other Financing Sources (Uses)	(1,497,323)	(3,750,000)
Excess of Revenues Over Expenditures and Other Financing Uses	1,059,153	160,660
<b>Fund Balance, Beginning of Year</b>	<b>6,738,585</b>	<b>6,577,925</b>
	-----	-----
<b>Fund Balance, End of Year</b>	<b>\$ 7,797,738</b>	<b>\$ 6,738,585</b>
	=====	=====

SCHEDULE A-3  
CITY OF FAIRFIELD  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001  
With Comparative Actual Amounts for the Year Ended December 31, 2000

REVENUES	2001		VARIANCE FAVORABLE (UNFAVORABLE)	2000
	BUDGET	ACTUAL		ACTUAL
Taxes	\$12,485,808	\$13,057,109	\$571,301	\$12,163,880
Licenses and Permits	357,800	349,090	(8,710)	341,570
Intergovernmental Revenues	3,139,208	2,791,692	(347,516)	2,751,643
Charges for Services	426,800	463,850	37,050	428,090
Fines and Forfeitures	663,200	735,069	71,869	717,390
Investment Earnings	530,300	475,642	(54,658)	529,995
Special Assessments	10,000	16,278	6,278	7,358
All Other Revenues	309,400	1,043,406	734,006	414,405
<b>TOTAL REVENUES</b>	<b>17,922,516</b>	<b>18,932,136</b>	<b>1,009,620</b>	<b>17,354,331</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Security of Persons & Property				
Police Department	6,869,710	6,428,281	441,429	6,085,771
Public Health & Welfare Services	35,000	26,731	8,269	27,315
Leisure Activities				
Parks Administration	346,068	336,713	9,355	277,311
Parks Maintenance	570,192	548,871	21,321	456,763
Marsh Lake Park	122,871	110,446	12,425	113,202
Community Environment				
Planning Department	398,521	372,224	26,297	414,768
Building Inspection	599,026	523,011	76,015	563,527
Basic Utility Services	406,730	401,395	5,335	402,185
General Government				
Council	199,142	176,791	22,351	178,620
Office of the Mayor	14,670	11,803	2,867	9,955
Office of City Manager	392,660	369,457	23,203	318,299
Department of Law	298,500	298,251	249	267,160
Human Resources	181,130	171,405	9,725	143,487
Administrative Support	3,998,030	3,729,021	269,009	2,228,782
Finance Office	704,478	663,085	41,393	461,357
Income Tax	361,603	306,562	55,041	281,456
Municipal Court	1,246,652	1,132,145	114,507	956,090
Public Works Administration	160,688	139,274	21,414	137,041
Construction Services	548,254	500,926	47,328	409,816
Municipal Building	161,810	151,201	10,609	149,709
Justice Center	205,640	164,051	41,589	192,521
<b>TOTAL EXPENDITURES</b>	<b>17,821,375</b>	<b>16,561,644</b>	<b>1,259,731</b>	<b>14,075,135</b>
Excess (Deficiency) of Revenues over Expenditures	101,141	2,370,492	2,269,351	3,279,196
Other Financing Sources (Uses) Operating Transfers-Out	(2,100,000)	(2,100,000)		(3,750,000)
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) over Expenditures	(1,998,859)	270,492	2,269,351	(470,804)
Fund Balance, Beginning of Year	5,750,716	5,750,716		5,666,817
Prior Year Encumbrances Appropriated	522,932	522,932		554,703
<b>Fund Balance, End of Year</b>	<b>\$4,274,789</b>	<b>\$6,544,140</b>	<b>\$2,269,351</b>	<b>\$5,750,716</b>

## SPECIAL REVENUE FUNDS COMBINING FINANCIAL STATEMENTS

Special Revenue Funds are established to account for revenues from specific sources legally restricted to expenditures for specific purposes. A description of the City's special revenue funds follows:

**Street Construction, Maintenance and Repair Fund** - this fund is used 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 Fund** - this fund is used 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 maintenance and improvement of state highways within the City.

**Fire Levy Fund** - this fund is used to account for monies received from property taxes specifically earmarked for fire protection by a levy passed by the City's electorate.

**Paramedical Services Levy Fund** - this fund is used to account for monies received from property taxes specifically earmarked for paramedical services by a levy passed by the electorate.

**Tax Recreation Fund** - this fund is used to account for monies received from residential building permits specifically collected for the purpose of providing funds for recreational activities and facilities.

**County Motor Vehicle Registration Fund** - this fund is used 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.

**Municipal Motor Vehicle Registration Fund** - this fund is used to account for the 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 Fund** - this fund is used to account for monies received from court fines imposed for drivers convicted for 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 Fund** - this fund is used to account for monies received from court fines imposed for drivers convicted for driving under the influence of drugs and alcohol. Monies generated under this fund shall be used for treatment of chemically dependent drivers.

**Law Enforcement Fund** - this fund is used 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.

**Local Law Enforcement Fund** - this fund is used to account for monies received from the federal government under the Community Development Block Grant program for the renovation of public facilities.

**Probation Services Fund** - this fund is used 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 Fund** - this fund is used to account for monies received from court fines. Monies generated under this fund shall be used for computer related expenses of the Court system.

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

**STATEMENT B-1  
CITY OF FAIRFIELD  
COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS  
DECEMBER 31, 2001**

	STREET CONSTRUCTION MAINTENANCE & REPAIR FUND	STATE HIGHWAY IMPROVEMENT FUND	FIRE LEVY FUND	PARAMEDICAL SERVICES LEVY FUND	TAX RECREATION FUND	COUNTY MOTOR VEHICLE REGISTRATION FUND	MUNICIPAL VEHICLE REGISTRATION FUND	LAW EDUCATION & ENFORCEMENT FUND	DRUG & ALCOHOL FUND	LAW ENFORCEMENT FUND	LOCAL LAW ENFORCEMENT FUND	PROBATION SERVICES FUND	COURT COMPUTER FUND	SPECIAL PROJECTS FUND	TOTALS	
														2001	2000	
Equity in Pooled Cash and Deposits	\$ 26,945	\$ 14,334	\$ 295,524		\$ 238,569	\$ 154,177	\$ 37,783	\$ 85,095	\$ 51,632	\$ 34,330	\$ 144,046	\$ 100,797	\$ 89,305	\$ 60,188	\$ 1,332,725	\$ 423,897
Equity in Pooled Pooled Investments			500,000												500,000	1,265,000
Receivables			5,756												5,756	12,782
Accrued Interest			3,474,000												3,474,000	3,031,555
Taxes																
<b>TOTAL ASSETS</b>	\$ 26,945	\$ 14,334	\$ 4,275,280		\$ 238,569	\$ 154,177	\$ 37,783	\$ 85,095	\$ 51,632	\$ 34,330	\$ 144,046	\$ 100,797	\$ 89,305	\$ 60,188	\$ 5,312,481	\$ 4,733,234
<b>LIABILITIES &amp; FUND BALANCE</b>																
Liabilities:																
Accounts Payable	\$ 34,126		\$ 15,204							\$ 2,602		\$ 1,918	\$ 5,727	\$ 59,577	\$ 139,890	
Accrued Payroll, Vacation & Sick Leave	66,904		129,584								634			197,132	191,723	
Deferred Revenues			3,474,000											3,474,000	3,031,555	
<b>TOTAL LIABILITIES</b>	101,030		3,618,798							2,602		2,552	5,727	3,730,709	3,363,168	
Fund Balance:																
Reserved for Encumbrances	28,028		6,004			61,611		15,995						118,013	126,159	
Unreserved	(102,113)	14,334	650,478		238,569	92,566	37,783	69,100	51,632	31,728	144,046	98,245	89,305	1,463,759	1,243,907	
<b>TOTAL FUND BALANCE</b>	(74,085)	14,334	656,482		238,569	154,177	37,783	85,095	51,632	31,728	144,046	98,245	89,305	1,561,772	1,370,066	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	\$ 26,945	\$ 14,334	\$ 4,275,280		\$ 238,569	\$ 154,177	\$ 37,783	\$ 85,095	\$ 51,632	\$ 34,330	\$ 144,046	\$ 100,797	\$ 89,305	\$ 60,188	\$ 5,312,481	\$ 4,733,234

STATEMENT B-2  
CITY OF FAIRFIELD  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS BALANCES  
SPECIAL REVENUE FUNDS  
FOR YEAR ENDED DECEMBER 31, 2001

REVENUES	STREET CONSTRUCTION MAINTENANCE & REPAIR FUND	STATE HIGHWAY IMPROVEMENT FUND	FIRE LEVY FUND	PARAMEDICAL SERVICES LEVY FUND	TAX RECREATION FUND	COUNTY MOTOR VEHICLE REGISTRATION FUND	MUNICIPAL MOTOR VEHICLE REGISTRATION FUND	LAW EDUCATION & ENFORCEMENT FUND	DRUG & ALCOHOL FUND	LAW ENFORCEMENT FUND	LOCAL LAW ENFORCEMENT FUND	PROBATION SERVICES FUND	COURT COMPUTER FUND	SPECIAL PROJECTS FUND	TOTALS	
															2001	2000
Taxes			\$ 3,464,588		\$ 14,125		\$ 335,967								\$ 3,464,588	\$ 1,795,516
Licenses and Permits			2,250												16,375	47,763
Intergovernmental Revenues	\$ 1,173,889	\$ 95,180	391,510	\$ 6,961											2,051,146	2,121,699
Fines and Forfeitures	1,908		25,362	1,922	8,398	5,404	805	79,334	12,303	16,581	47,639	76,076	62,247	53,090	301,631	139,512
Investment Earnings	3,572		1,161					285	1,380	737	3,930	1,356	1,140	215	52,843	82,938
All Other Revenues															4,753	19,845
<b>TOTAL REVENUES</b>	<b>1,179,370</b>	<b>95,180</b>	<b>3,884,891</b>	<b>8,883</b>	<b>22,523</b>	<b>5,404</b>	<b>336,772</b>	<b>79,619</b>	<b>13,683</b>	<b>17,318</b>	<b>51,569</b>	<b>79,432</b>	<b>63,387</b>	<b>53,305</b>	<b>5,891,336</b>	<b>4,211,573</b>
<b>EXPENDITURES</b>																
Current																
Security of Persons and Property			3,456,717	370,249			330,000		4,328						3,833,294	3,288,686
Streets and Transportation	1,424,829	88,868			10,180	2,250		15,503	5,730	11,932		31,992	21,990	2,120	1,843,697	1,730,761
General Government	7,101		27,823									265	5,118	10,655	61,832	14,888
Capital Outlay					10,180	2,250	330,000	15,503	5,730	16,260		32,257	27,108	12,755	90,807	496,492
<b>TOTAL EXPENDITURES</b>	<b>1,431,930</b>	<b>88,868</b>	<b>3,486,540</b>	<b>370,249</b>	<b>10,180</b>	<b>2,250</b>	<b>330,000</b>	<b>15,503</b>	<b>5,730</b>	<b>16,260</b>		<b>32,257</b>	<b>27,108</b>	<b>12,755</b>	<b>5,829,630</b>	<b>5,530,827</b>
Excess (Deficiency) of Revenues Over Expenditures	(252,560)	6,312	398,351	(361,366)	12,343	3,154	6,772	64,116	7,953	1,058	51,569	47,175	36,279	40,550	61,706	(1,319,254)
Other Financing Sources (Uses) Operating Transfers-In Operating Transfers-Out	150,000															
Total Other Financing Sources (Uses)	150,000														150,000	800,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(102,560)	6,312	398,351	(361,366)	12,343	3,154	6,772	64,116	7,953	1,058	51,569	47,175	36,279	40,550	211,706	(519,254)
Fund Balance, Beginning of Year	26,475	8,022	258,131	361,366	226,226	151,023	31,011	20,979	43,679	30,670	92,477	51,070	53,026	13,911	1,370,066	1,889,320
Fund Balance, End of Year	\$ (74,085)	\$ 14,334	\$ 656,482	\$ 238,569	\$ 238,569	\$ 154,177	\$ 37,783	\$ 85,095	\$ 51,632	\$ 31,728	\$ 144,046	\$ 98,245	\$ 89,305	\$ 54,461	\$ 1,561,772	\$ 1,370,066

SCHEDULE B-3  
CITY OF FAIRFIELD  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001  
With Comparative Actual Amounts for the Year Ended December 31, 2000

REVENUES	2001			2000			VARIANCE FAVORABLE (UNFAVORABLE)	2000 ACTUAL
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)		
Taxes								
Licenses and Permits								
Intergovernmental Revenues	\$1,239,200	\$1,173,889	(\$65,311)	\$1,179,402	\$95,180	(\$20,220)	\$95,627	
Fines and Forefeitures	7,850	1,909	(5,941)	6,234	500	(500)		
Investment Earnings	6,000	3,572	(2,428)	4,587				
All Other Revenues								
<b>TOTAL REVENUES</b>	<b>1,253,050</b>	<b>1,179,370</b>	<b>(73,680)</b>	<b>1,190,223</b>	<b>95,180</b>	<b>(20,720)</b>	<b>95,627</b>	
EXPENDITURES								
Current								
Security of Persons and Property								
Streets & Transportation	1,487,904	1,455,964	31,940	1,372,596	88,868	26,132	94,740	
General Government								
Capital Outlay	7,683	7,101	582	1,220				
<b>TOTAL EXPENDITURES</b>	<b>1,495,587</b>	<b>1,463,065</b>	<b>32,522</b>	<b>1,373,816</b>	<b>88,868</b>	<b>26,132</b>	<b>94,740</b>	
Excess (Deficiency) of Revenues over Expenditures	(242,537)	(283,695)	(41,158)	(183,593)	6,312	5,412	887	
Other Financing Sources (Uses)	150,000	150,000		50,000				
Operating Transfers-In								
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	(92,537)	(133,695)	(41,158)	(133,593)	6,312	5,412	887	
Fund Balance, Beginning of Year	63,302	63,302		149,333	8,022		7,135	
Prior Year Encumbrances Appropriated	35,185	35,185		47,562				
<b>Fund Balance, End of Year</b>	<b>\$5,950</b>	<b>(\$35,208)</b>	<b>(\$41,158)</b>	<b>\$63,302</b>	<b>\$14,334</b>	<b>\$5,412</b>	<b>\$8,022</b>	

(Continued)

SCHEDULE B-3 (Continued)  
CITY OF FAIRFIELD  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001  
With Comparative Actual Amounts for the Year Ended December 31, 2000

REVENUES	FIRE LEVY FUND			PARAMEDICAL SERVICES LEVY FUND		
	2001	2000	VARIANCE FAVORABLE (UNFAVORABLE)	2001	2000	VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL		BUDGET	ACTUAL	
Taxes	\$3,537,889	\$3,464,588	(\$73,301)			
Licenses and Permits	4,700	2,250	(2,450)			
Intergovernmental Revenues	362,111	391,510	29,399		\$6,960	\$6,960
Fines and Forfeitures					8,313	(11,687)
Investment Earnings	55,000	25,997	(29,003)	\$20,000		
All Other Revenues	15,500	1,181	(14,319)			
<b>TOTAL REVENUES</b>	<b>3,975,200</b>	<b>3,885,526</b>	<b>(89,674)</b>	<b>20,000</b>	<b>15,273</b>	<b>(4,727)</b>
<b>EXPENDITURES</b>						
Current						
Security of Persons and Property	3,757,763	3,456,839	300,924	370,250	370,249	1
Streets & Transportation						
General Government						
Capital Outlay	38,948	27,823	11,125			
<b>TOTAL EXPENDITURES</b>	<b>3,796,711</b>	<b>3,484,662</b>	<b>312,049</b>	<b>370,250</b>	<b>370,249</b>	<b>1</b>
Excess (Deficiency) of Revenues over Expenditures	178,489	400,864	222,375	(350,250)	(354,976)	(4,726)
Other Financing Sources (Uses)						
Operating Transfers-In						
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	178,489	400,864	222,375	(350,250)	(354,976)	(4,726)
Fund Balance, Beginning of Year	366,451	366,451		350,178	350,178	
Prior Year Encumbrances Appropriated	7,001	7,001		4,798	4,798	
<b>Fund Balance, End of Year</b>	<b>\$551,941</b>	<b>\$774,316</b>	<b>\$222,375</b>	<b>\$4,726</b>	<b>\$350,178</b>	<b>(\$4,726)</b>

(Continued)

SCHEDULE B-3 (Continued)  
CITY OF FAIRFIELD  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001  
With Comparative Actual Amounts for the Year Ended December 31, 2000

REVENUES	TAX RECREATION FUND			COUNTY MOTOR VEHICLE REGISTRATION FUND		
	2001			2000		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes						
Licenses and Permits	\$17,300	\$14,125	(\$3,175)	\$147,000		(\$147,000)
Intergovernmental Revenues						
Fines and Forfeitures	9,700	8,398	(1,302)	5,500	\$5,405	(95)
Investment Earnings						
All Other Revenues						
<b>TOTAL REVENUES</b>	<b>27,000</b>	<b>22,523</b>	<b>(4,477)</b>	<b>152,500</b>	<b>5,405</b>	<b>(147,095)</b>
<b>EXPENDITURES</b>						
Current						
Security of Persons and Property						
Streets & Transportation						
General Government						
Capital Outlay						
	19,400	10,180	9,220	71,611	61,611	10,000
	19,400	10,180	9,220	10,000	2,250	7,750
<b>TOTAL EXPENDITURES</b>	<b>7,600</b>	<b>12,343</b>	<b>4,743</b>	<b>70,889</b>	<b>(58,456)</b>	<b>(129,345)</b>
Excess (Deficiency) of Revenues over Expenditures						
Other Financing Sources (Uses)						
Operating Transfers-In						
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	7,600	12,343	4,743	70,889	(58,456)	(129,345)
Fund Balance, Beginning of Year	226,225	226,225		89,410	89,410	
Prior Year Encumbrances Appropriated				61,611	61,611	
<b>Fund Balance, End of Year</b>	<b>\$233,825</b>	<b>\$238,568</b>	<b>\$4,743</b>	<b>\$221,910</b>	<b>\$92,565</b>	<b>(\$129,345)</b>

(Continued)

**SCHEDULE B-3 (Continued)**  
**CITY OF FAIRFIELD**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUNDS (NON-GAAP BUDGETARY BASIS)**  
**FOR YEAR ENDED DECEMBER 31, 2001**  
**With Comparative Actual Amounts for the Year Ended December 31, 2000**

	MUNICIPAL MOTOR VEHICLE REGISTRATION FUND			COMMUNITY DEVELOPMENT BLOCK GRANT FUND		
	2001	2000	VARIANCE FAVORABLE (UNFAVORABLE)	2001	2000	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES	BUDGET	ACTUAL		BUDGET	ACTUAL	
Taxes						
Licenses and Permits						
Intergovernmental Revenues						
Fines and Forfeitures	\$325,700	\$335,967	\$10,267		\$311,226	
Investment Earnings	2,500	805	(1,695)		2,435	
All Other Revenues						\$289,300
<b>TOTAL REVENUES</b>	<b>328,200</b>	<b>336,772</b>	<b>8,572</b>		<b>313,661</b>	
EXPENDITURES						
Current						
Security of Persons and Property						
Streets & Transportation						
General Government	330,000	330,000			315,270	
Capital Outlay						
<b>TOTAL EXPENDITURES</b>	<b>330,000</b>	<b>330,000</b>			<b>315,270</b>	
Excess (Deficiency) of Revenues over Expenditures	(1,800)	6,772	8,572		(1,609)	
Other Financing Sources (Uses) Operating Transfers-in						(210)
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	(1,800)	6,772	8,572		(1,609)	
Fund Balance, Beginning of Year	31,011	31,011			32,620	
Prior Year Encumbrances Appropriated						
<b>Fund Balance, End of Year</b>	<b>\$29,211</b>	<b>\$37,783</b>	<b>\$8,572</b>		<b>\$31,011</b>	

(Continued)

SCHEDULE B-3 (Continued)  
CITY OF FAIRFIELD  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001  
With Comparative Actual Amounts for the Year Ended December 31, 2000

REVENUES	LAW EDUCATION AND ENFORCEMENT FUND			DRUG AND ALCOHOL TREATMENT FUND		
	2001	2000	VARIANCE FAVORABLE (UNFAVORABLE)	2001	2000	VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL		BUDGET	ACTUAL	
Taxes						
Licenses and Permits						
Intergovernmental Revenues						
Fines and Forefeitures						
Investment Earnings						
All Other Revenues						
<b>TOTAL REVENUES</b>	<b>18,100</b>	<b>79,619</b>	<b>61,519</b>	<b>15,100</b>	<b>13,683</b>	<b>(1,417)</b>
<b>EXPENDITURES</b>						
Current						
Security of Persons and Property						
Streets & Transportation						
General Government						
Capital Outlay						
<b>TOTAL EXPENDITURES</b>	<b>36,495</b>	<b>31,498</b>	<b>4,997</b>	<b>15,000</b>	<b>5,730</b>	<b>9,270</b>
Excess (Deficiency) of Revenues over Expenditures	<b>36,495</b>	<b>31,498</b>	<b>4,997</b>	<b>15,000</b>	<b>5,730</b>	<b>9,270</b>
Other Financing Sources (Uses)						
Operating Transfers-In						
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	<b>(18,395)</b>	<b>48,121</b>	<b>66,516</b>	<b>100</b>	<b>7,953</b>	<b>7,853</b>
Fund Balance, Beginning of Year						
Prior Year Encumbrances Appropriated						
<b>Fund Balance, End of Year</b>	<b>\$2,584</b>	<b>\$69,100</b>	<b>\$66,516</b>	<b>\$43,779</b>	<b>\$51,632</b>	<b>\$7,853</b>

(Continued)

SCHEDULE B-3 (Continued)  
CITY OF FAIRFIELD  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001  
With Comparative Actual Amounts for the Year Ended December 31, 2000

REVENUES	LAW ENFORCEMENT FUND			LOCAL LAW ENFORCEMENT GRANT FUND			
	2001	2000		2001	2000		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
Taxes							
Licenses and Permits							
Intergovernmental Revenues							
Fines and Forfeitures	\$12,500	\$16,581	\$4,081	\$55,000	\$47,639	(\$7,361)	\$53,180
Investment Earnings	550	737	187	1,000	3,929	2,929	3,561
All Other Revenues							
<b>TOTAL REVENUES</b>	<b>13,050</b>	<b>17,318</b>	<b>4,268</b>	<b>56,000</b>	<b>51,568</b>	<b>(4,432)</b>	<b>56,741</b>
EXPENDITURES							
Current							
Security of Persons and Property	5,000	4,328	672				
Streets & Transportation							
General Government							
Capital Outlay	12,027	11,932	95	10,000		10,000	29,287
<b>TOTAL EXPENDITURES</b>	<b>17,027</b>	<b>16,260</b>	<b>767</b>	<b>10,000</b>		<b>10,000</b>	<b>29,287</b>
Excess (Deficiency) of Revenues over Expenditures	(3,977)	1,058	5,035	46,000	51,568	5,568	27,454
Other Financing Sources (Uses)							
Operating Transfers-In							
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	(3,977)	1,058	5,035	46,000	51,568	5,568	27,454
Fund Balance, Beginning of Year	27,670	27,670	9,685	87,313	87,313		40,902
Prior Year Encumbrances Appropriated	3,000	3,000		5,165	5,165		18,957
<b>Fund Balance, End of Year</b>	<b>\$26,693</b>	<b>\$31,728</b>	<b>\$5,035</b>	<b>\$138,478</b>	<b>\$144,046</b>	<b>\$5,568</b>	<b>\$87,313</b>

(Continued)

SCHEDULE B-3 (Continued)

CITY OF FAIRFIELD

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
SPECIAL REVENUE FUNDS (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001

With Comparative Actual Amounts for the Year Ended December 31, 2000

	PROBATION SERVICES FUND				COURT COMPUTER FUND			
	2001		2000		2001		2000	
REVENUES	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
Taxes								
Licenses and Permits								
Intergovernmental Revenues								
Fines and Forefeitures								
Investment Earnings								
All Other Revenues	\$50,000	\$78,076	\$28,076	\$51,560	\$60,000	\$62,247	\$2,247	\$62,629
		1,356	1,356			1,141	1,141	
<b>TOTAL REVENUES</b>	<b>50,000</b>	<b>79,432</b>	<b>29,432</b>	<b>51,580</b>	<b>60,000</b>	<b>63,388</b>	<b>3,388</b>	<b>62,629</b>
EXPENDITURES								
Current								
Security of Persons and Property								
Streets & Transportation								
General Government								
Capital Outlay								
	40,000	31,358	8,642	510	33,248	21,990	11,258	19,003
	10,000	265	9,735		20,000	5,118	14,882	
<b>TOTAL EXPENDITURES</b>	<b>50,000</b>	<b>31,623</b>	<b>18,377</b>	<b>510</b>	<b>53,248</b>	<b>27,108</b>	<b>26,140</b>	<b>19,003</b>
Excess (Deficiency) of Revenues over Expenditures								
Other Financing Sources (Uses)								
Operating Transfers-In								
		47,809	47,809	51,070	6,752	36,280	29,528	43,626
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures		47,809	47,809	51,070	6,752	36,280	29,528	43,626
Fund Balance, Beginning of Year	51,070	51,070		51,070				
Prior Year Encumbrances Appropriated								
					43,626	43,626		
		9,400		9,400	9,400	9,400		
<b>Fund Balance, End of Year</b>	<b>\$51,070</b>	<b>\$98,879</b>	<b>\$47,809</b>	<b>\$51,070</b>	<b>\$59,778</b>	<b>\$69,306</b>	<b>\$29,528</b>	<b>\$43,626</b>

(Continued)



## **DEBT SERVICE FUNDS FINANCIAL STATEMENTS**

The Debt Service Fund accounts for servicing all debt of the City, which is not serviced by the Proprietary Funds.

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

**Special Assessment Fund** - this fund accounts for payment of bonds issued for improvements deemed to benefit specific properties against which assessments are levied.

**STATEMENT C-1  
CITY OF FAIRFIELD  
COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS  
DECEMBER 31, 2001**

<b>ASSETS</b>	GENERAL BOND RETIREMENT FUND	SPECIAL ASSESSMENT FUND	<b>TOTALS</b>	
			2001	2000
Equity in Pooled Cash and Deposits	\$ 373,217	\$ 487,603	\$ 860,820	\$ 88,091
Equity in Pooled Investments		567,614	567,614	1,258,940
Receivables				
Accrued Interest		2,942	2,942	7,631
Special Assessments		250,638	250,638	376,012
Due from Other Funds	167,404		167,404	44,469
<b>TOTAL ASSETS</b>	<b>\$ 540,621</b>	<b>\$ 1,308,797</b>	<b>\$ 1,849,418</b>	<b>\$ 1,775,143</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
Liabilities:				
Accounts Payable				\$ 360
Interest Payable	\$ 167,404	\$ 1,551	168,955	46,853
Deferred Revenues		250,638	250,638	376,012
<b>TOTAL LIABILITIES</b>	<b>167,404</b>	<b>252,189</b>	<b>419,593</b>	<b>423,225</b>
Fund Balance:				
Reserved for Debt Service	373,217	1,056,608	1,429,825	1,351,918
<b>TOTAL FUND BALANCE</b>	<b>373,217</b>	<b>1,056,608</b>	<b>1,429,825</b>	<b>1,351,918</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 540,621</b>	<b>\$ 1,308,797</b>	<b>\$ 1,849,418</b>	<b>\$ 1,775,143</b>

**STATEMENT C-2  
CITY OF FAIRFIELD  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
DEBT SERVICE FUNDS  
FOR YEAR ENDED DECEMBER 31, 2001**

REVENUES	GENERAL BOND RETIREMENT FUND	SPECIAL ASSESSMENT FUND	TOTALS	
			2001	2000
Special Assessments		\$ 153,750	\$ 153,750	\$ 172,832
Interest Earnings	\$ 14,271	47,885	62,156	83,498
All Other Revenues	7,456		7,456	1,953
<b>TOTAL REVENUES</b>	<b>21,727</b>	<b>201,635</b>	<b>223,362</b>	<b>258,283</b>
<b>EXPENDITURES</b>				
Debt Service				
Principal Repayment	260,000	95,000	355,000	350,000
Interest & Fiscal Charges	440,050	32,021	472,071	361,833
<b>TOTAL EXPENDITURES</b>	<b>700,050</b>	<b>127,021</b>	<b>827,071</b>	<b>711,833</b>
Excess (Deficiency) of Revenues Over Expenditures	(678,323)	74,614	(603,709)	(453,550)
Other Financing Sources (Uses)				
Operating Transfers-In	681,616		681,616	561,082
Total Other Financing Sources (Uses)	681,616		681,616	561,082
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	3,293	74,614	77,907	107,532
Fund Balance, Beginning of Year	369,924	981,994	1,351,918	1,244,386
<b>Fund Balance, End of Year</b>	<b>\$ 373,217</b>	<b>\$ 1,056,608</b>	<b>\$ 1,429,825</b>	<b>\$ 1,351,918</b>

SCHEDULE C-3  
CITY OF FAIRFIELD  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
DEBT SERVICE FUNDS (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001  
With Comparative Actual Amounts for the Year Ended December 31, 2000

	GENERAL BOND RETIREMENT FUND				SPECIAL ASSESSMENT FUND			
	2001		2000		2001		2000	
REVENUES	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2000 ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2000 ACTUAL
Special Assessments	\$16,000	\$14,271	(\$1,729)	\$21,922	\$203,900	\$206,017	\$2,117	\$225,802
Investment Earnings		7,456	7,456		37,400	52,574	15,174	53,946
All Other Revenues								
<b>TOTAL REVENUES</b>	<b>16,000</b>	<b>21,727</b>	<b>5,727</b>	<b>21,922</b>	<b>241,300</b>	<b>258,591</b>	<b>17,291</b>	<b>279,748</b>
EXPENDITURES								
Debt Service								
Principal Repayment	510,000	505,000	5,000	500,000	145,000	140,939	4,061	146,000
Interest & Fiscal Charges	334,000	317,115	16,885	317,325	57,000	39,181	17,819	51,272
<b>TOTAL EXPENDITURES</b>	<b>844,000</b>	<b>822,115</b>	<b>21,885</b>	<b>817,325</b>	<b>202,000</b>	<b>180,120</b>	<b>21,880</b>	<b>197,272</b>
Excess (Deficiency) of Revenues over Expenditures	(828,000)	(800,388)	27,612	(795,403)	39,300	78,471	39,171	82,476
Other Financing Sources (Uses)	810,000	803,681	(6,319)	803,990				
Proceeds from Sale of Debt								
Operating Transfers-In								
<b>Total Other Financing Sources (Uses)</b>	<b>810,000</b>	<b>803,681</b>	<b>(6,319)</b>	<b>811,943</b>				
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	(18,000)	3,293	21,293	16,540	39,300	78,471	39,171	82,476
Fund Balance, Beginning of Year	369,924	369,924		353,384	976,747	976,747		894,271
Prior Year Encumbrances Appropriated								
<b>Fund Balance, End of Year</b>	<b>\$351,924</b>	<b>\$373,217</b>	<b>\$21,293</b>	<b>\$369,924</b>	<b>\$1,016,047</b>	<b>\$1,055,218</b>	<b>\$39,171</b>	<b>\$976,747</b>

(Continued)

**SCHEDULE C-3**  
**CITY OF FAIRFIELD**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**DEBT SERVICE FUNDS (NON-GAAP BUDGETARY BASIS)**  
**FOR YEAR ENDED DECEMBER 31, 2001**  
 With Comparative Actual Amounts for the Year Ended December 31, 2000

	TOTALS		2001		2000	
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	ACTUAL	ACTUAL
<b>REVENUES</b>						
Special Assessments	\$203,900	\$206,017	\$2,117	\$225,802	\$225,802	
Investment Earnings	53,400	66,845	13,445	75,868	75,868	
All Other Revenues		7,456	7,456			
<b>TOTAL REVENUES</b>	<b>257,300</b>	<b>280,318</b>	<b>23,018</b>	<b>301,670</b>	<b>301,670</b>	
<b>EXPENDITURES</b>						
Debt Service						
Principal Repayment	655,000	645,939	9,061	646,000	646,000	
Interest & Fiscal Charges	391,000	356,296	34,704	368,597	368,597	
<b>TOTAL EXPENDITURES</b>	<b>1,046,000</b>	<b>1,002,235</b>	<b>43,765</b>	<b>1,014,597</b>	<b>1,014,597</b>	
Excess (Deficiency) of Revenues over Expenditures	(788,700)	(721,917)	66,783	(712,927)	(712,927)	
Other Financing Sources (Uses)						
Proceeds from Sale of Debt	810,000	803,681	(6,319)	1,953	1,953	
Operating Transfers-In				809,990	809,990	
<b>Total Other Financing Sources (Uses)</b>	<b>810,000</b>	<b>803,681</b>	<b>(6,319)</b>	<b>811,943</b>	<b>811,943</b>	
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	21,300	81,764	60,464	99,016	99,016	
Fund Balance, Beginning of Year	1,346,671	1,346,671		1,247,656	1,247,656	
Prior Year Encumbrances Appropriated						
<b>Fund Balance, End of Year</b>	<b>\$1,367,971</b>	<b>\$1,428,435</b>	<b>60,464</b>	<b>\$1,346,672</b>	<b>\$1,346,672</b>	

## **CAPITAL PROJECT FUNDS COMBINING FINANCIAL STATEMENTS**

Capital Project Funds are established to account for revenues and expenditures related to the acquisition or construction of capital facilities not financed by proprietary funds. Capital facilities are defined as major and permanent in nature. The City's capital project funds are described below;

**.3% Street Improvement Fund** - this fund is used to account for the construction and repair of the City's streets. Financing has been derived from one-tenth of the City's income tax.

**.2% Capital Improvement Fund** - this fund is used to account 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.

**Flood Protection Fund** - this fund is used 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 Fund** - this fund is used 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.

**Downtown Development Fund** - this fund is used to account for the construction of major improvements and the development to the City's downtown area. Financing is derived from grants from state governments, transfers from the General Fund and investments earnings.

**Symmes Road Extension Project Fund** - this fund is used to account for the construction of the Symmes Road Extension, which will provide an eastbound connection to Interstate 75. Financing is derived from transfers from the General Fund and investments earnings.



STATEMENT D-2  
CITY OF FAIRFIELD  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUNDS  
FOR YEAR ENDED DECEMBER 31, 2001

REVENUES	3% STREET IMPROVEMENT FUND	.2% CAPITAL IMPROVEMENT FUND	FLOOD PROTECTION FUND	STATE ISSUE II FUND	DOWNTOWN DEVELOPMENT FUND	SYMMES ROAD EXTENSION FUND	TOTALS	
							2001	2000
Taxes	\$ 3,520,623	\$ 2,347,082					\$ 5,867,705	\$ 5,590,188
Intergovernmental Revenues			\$ 1,099,687	\$ 385,546	\$ 150,000		1,635,233	715,158
Investment Earnings	256,806	70,378	95,960		250,265	\$ 107,586	780,995	1,022,297
All Other Revenues	117,370	10,094	1,763		769,076		898,303	1,100,567
<b>TOTAL REVENUES</b>	<b>3,894,799</b>	<b>2,427,554</b>	<b>1,197,410</b>	<b>385,546</b>	<b>1,169,341</b>	<b>107,586</b>	<b>9,182,236</b>	<b>8,428,210</b>
<b>EXPENDITURES</b>								
Capital Outlay	3,581,649	1,148,503	1,370,691	385,546	3,889,798	4,234,461	14,610,648	9,417,888
<b>TOTAL EXPENDITURES</b>	<b>3,581,649</b>	<b>1,148,503</b>	<b>1,370,691</b>	<b>385,546</b>	<b>3,889,798</b>	<b>4,234,461</b>	<b>14,610,648</b>	<b>9,417,888</b>
Excess (Deficiency) of Revenues Over Expenditures	313,150	1,279,051	(173,281)		(2,720,457)	(4,126,875)	(5,428,412)	(989,678)
Other Financing Sources (Uses) Proceeds from Sale of Debt Operating Transfers-In Operating Transfers-Out Proceeds from Sale of Assets	(175,572)	(506,044)			1,500,000		1,500,000 (681,616)	2,400,000 (561,082) 30,615
Total Other Financing Sources (Uses)	(175,572)	(506,044)			1,500,000		818,384	1,869,533
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	137,578	773,007	(173,281)		(1,220,457)	(4,126,875)	(4,610,028)	879,855
Fund Balance, Beginning of Year	4,836,416	1,450,009	2,113,374		5,967,571	1,135,676	15,503,046	14,623,191
Fund Balance, End of Year	\$ 4,973,994	\$ 2,223,016	\$ 1,940,093		\$ 4,747,114	\$ (2,991,199)	\$ 10,893,018	\$ 15,503,046

SCHEDULE D-3  
CITY OF FAIRFIELD  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
CAPITAL PROJECT FUNDS (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001  
With Comparative Actual Amounts for the Year Ended December 31, 2000

	.3% STREET IMPROVEMENT FUND			.2% CAPITAL IMPROVEMENT FUND				
	2001		2000		2001		2000	
REVENUES	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
Taxes	\$3,450,000	\$3,624,663	\$174,663	\$3,368,356	\$2,300,000	\$2,416,442	\$116,442	\$2,245,571
Intergovernmental Revenues	149,000	258,547	109,547	194,948	114,400	87,576	(26,824)	191,700
Investment Earnings		117,370	117,370	190,414	10,000	10,095	95	13,875
All Other Revenues	3,599,000	4,000,580	401,580	3,753,718	2,424,400	2,514,113	89,713	2,451,146
<b>TOTAL REVENUES</b>								
EXPENDITURES								
Current								
General Government	408,957	364,331	44,626	485,220	177,025	151,020	26,005	177,556
Capital Outlay	4,650,494	4,106,724	543,770	2,652,047	1,745,594	1,534,566	211,028	4,136,179
<b>TOTAL EXPENDITURES</b>	5,059,451	4,471,055	588,396	3,137,267	1,922,619	1,685,586	237,033	4,313,735
Excess (Deficiency) of Revenues over Expenditures	(1,460,451)	(470,475)	989,976	616,451	501,781	828,527	326,746	(1,862,589)
Other Financing Sources (Uses)	(300,000)	(296,471)	3,529	(301,105)	(515,475)	(507,210)	8,265	(508,885)
Proceeds from Sales of Debt	(300,000)	(296,471)	3,529	(301,105)	(515,475)	(507,210)	8,265	(508,885)
Operating Transfers-In								
Operating Transfers-Out								
<b>Total Other Financing Sources (Uses)</b>	(1,760,451)	(766,946)	993,505	315,346	(13,694)	321,317	335,011	(2,371,474)
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	4,317,661	4,317,661		2,754,762	708,075	708,075		692,499
Fund Balance, Beginning of Year	853,355	853,355		1,247,553	515,045	515,045		2,387,050
Prior Year Encumbrances Appropriated								
<b>Fund Balance, End of Year</b>	\$3,410,565	\$4,404,070	\$993,505	\$4,317,661	\$1,209,426	\$1,544,437	\$335,011	\$708,075

(Continued)

SCHEDULE D-3 (Continued)  
CITY OF FAIRFIELD  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
CAPITAL PROJECT FUNDS (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001  
With Comparative Actual Amounts for the Year Ended December 31, 2000

	FLOOD PROTECTION FUND			STATE ISSUE II FUND		
	2001			2000		
REVENUES	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes						
Intergovernmental Revenues	\$ 1,250,000	\$ 1,099,687	\$ (150,313)	\$ 850,000	\$ 385,546	\$ (464,454)
Investment Earnings	52,800	141,238	88,438			
All Other Revenues		14,303	14,303			
<b>TOTAL REVENUES</b>	<b>1,302,800</b>	<b>1,255,228</b>	<b>(47,572)</b>	<b>850,000</b>	<b>385,546</b>	<b>(464,454)</b>
EXPENDITURES						
Current						
General Government	104,847	100,387	4,460			
Capital Outlay	1,543,753	1,345,124	198,629	733,557	733,557	
<b>TOTAL EXPENDITURES</b>	<b>1,648,600</b>	<b>1,445,511</b>	<b>203,089</b>	<b>733,557</b>	<b>733,557</b>	<b>567,140</b>
Excess (Deficiency) of Revenues over Expenditures						
Other Financing Sources (Uses)	(345,800)	(190,283)	155,517	116,443	(348,011)	(464,454)
Proceeds from Sales of Debt						
Operating Transfers-In						
Operating Transfers-Out						
Total Other Financing Sources (Uses)						
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	(345,800)	(190,283)	155,517	116,443	(348,011)	(464,454)
Fund Balance, Beginning of Year	457,618	457,618	603,778	(102,295)	(102,295)	(286,380)
Prior Year Encumbrances Appropriated	1,609,314	1,609,314	267,403	102,295	102,295	286,380
Fund Balance, End of Year	\$1,721,132	\$1,876,649	\$155,517	\$116,443	(\$348,011)	(\$464,454)

(Continued)

SCHEDULE D-3 (Continued)  
CITY OF FAIRFIELD  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
CAPITAL PROJECT FUNDS (NON-GAAP BUDGETARY BASIS)  
FOR YEAR ENDED DECEMBER 31, 2001  
With Comparative Actual Amounts for the Year Ended December 31, 2000

	DOWNTOWN DEVELOPMENT FUND			SYMMES ROAD EXTENSION FUND		
	2001	2000	VARIANCE FAVORABLE (UNFAVORABLE)	2001	2000	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES	BUDGET	ACTUAL		BUDGET	ACTUAL	
Taxes						
Intergovernmental Revenues	\$ 150,000	\$ 150,000	\$ 150,000	\$ 205,000	\$ 181,562	\$ (23,438)
Investment Earnings	4,328,784	290,026	140,026			
All Other Revenues		769,076	769,076			
<b>TOTAL REVENUES</b>	<b>150,000</b>	<b>1,209,102</b>	<b>1,059,102</b>	<b>205,000</b>	<b>181,562</b>	<b>(23,438)</b>
EXPENDITURES						
Current						
General Government	194,590	181,129	13,461	10,000	5,034,461	10,000
Capital Outlay	4,328,784	4,052,494	276,290	5,034,461	5,034,461	
<b>TOTAL EXPENDITURES</b>	<b>4,523,374</b>	<b>4,233,623</b>	<b>289,751</b>	<b>5,044,461</b>	<b>5,034,461</b>	<b>10,000</b>
Excess (Deficiency) of Revenues over Expenditures	(4,373,374)	(3,024,521)	1,348,853	(4,839,461)	(4,852,899)	(13,438)
Other Financing Sources (Uses)		1,500,000	1,500,000	4,000,000	4,000,000	
Proceeds from Sales of Debt						
Operating Transfers-In						
Operating Transfers-Out						
<b>Total Other Financing Sources (Uses)</b>		<b>1,500,000</b>	<b>1,500,000</b>	<b>4,000,000</b>	<b>4,000,000</b>	
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	(4,373,374)	(1,524,521)	2,848,853	(839,461)	(852,899)	(13,438)
Fund Balance, Beginning of Year	2,379,676	2,379,676	4,007,359	1,023,657	1,023,657	1,015,546
Prior Year Encumbrances Appropriated	3,483,523	3,483,523	2,006,117	34,461	34,461	
<b>Fund Balance, End of Year</b>	<b>\$1,489,825</b>	<b>\$4,338,678</b>	<b>\$2,848,853</b>	<b>\$218,657</b>	<b>\$205,219</b>	<b>(\$13,438)</b>

(Continued)

**SCHEDULE D-3 (Continued)**  
**CITY OF FAIRFIELD**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**CAPITAL PROJECT FUNDS (NON-GAAP BUDGETARY BASIS)**  
**FOR YEAR ENDED DECEMBER 31, 2001**  
 With Comparative Actual Amounts for the Year Ended December 31, 2000

	TOTALS		2001		2000	
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL	ACTUAL	ACTUAL
<b>REVENUES</b>						
Taxes	\$5,750,000	\$6,041,105	\$291,105	\$5,613,927	\$5,613,927	
Intergovernmental Revenues	2,100,000	1,635,233	(464,767)	715,158	715,158	
Investment Earnings	671,200	958,949	287,749	922,066	922,066	
All Other Revenues	10,000	910,844	900,844	1,131,183	1,131,183	
<b>TOTAL REVENUES</b>	<b>8,531,200</b>	<b>9,546,131</b>	<b>1,014,931</b>	<b>8,382,334</b>	<b>8,382,334</b>	
<b>EXPENDITURES</b>						
Current						
General Government	895,419	796,867	98,552	1,170,187	1,170,187	
Capital Outlay	18,038,643	16,806,926	1,229,717	14,999,832	14,999,832	
<b>TOTAL EXPENDITURES</b>	<b>18,932,062</b>	<b>17,603,793</b>	<b>1,328,269</b>	<b>16,170,019</b>	<b>16,170,019</b>	
Excess (Deficiency) of Revenues over Expenditures	(10,400,862)	(8,057,662)	2,343,200	(7,787,685)	(7,787,685)	
Other Financing Sources (Uses)	4,000,000	4,000,000		2,400,000	2,400,000	
Proceeds from Sales of Debt		1,500,000	1,500,000	(809,990)	(809,990)	
Operating Transfers-In	(815,475)	(803,681)	11,794			
Operating Transfers-Out						
<b>Total Other Financing Sources (Uses)</b>	<b>3,184,525</b>	<b>4,696,319</b>	<b>1,511,794</b>	<b>1,590,010</b>	<b>1,590,010</b>	
Excess (Deficiency) of Revenues and Financing Sources (Uses) over Expenditures	(7,216,337)	(3,361,343)	3,854,994	(6,197,675)	(6,197,675)	
Fund Balance, Beginning of Year	8,784,392	8,784,392		8,787,564	8,787,564	
Prior Year Encumbrances Appropriated	6,597,993	6,597,993		6,194,503	6,194,503	
<b>Fund Balance, End of Year</b>	<b>\$8,166,048</b>	<b>\$12,021,042</b>	<b>\$3,854,994</b>	<b>\$8,784,392</b>	<b>\$8,784,392</b>	

## **ENTERPRISE FUNDS COMBINING FINANCIAL STATEMENTS**

Enterprise funds are established to account for operations where the intention is to finance such operations primarily through user charges, or where the City has decided that the periodic determination of revenues, expenses and net income is appropriate.

The City has four enterprise funds, which are described below:

**Water Utility Fund** - this fund is used to account for the operations of the City's water utility, revenues of which come from customers, based on usage and rates authorized by City Council.

**Sewer Utility Fund** - this fund is used to account for the operations of the City's sewer utility. Sources of revenues for this fund come from utility service charges to customers, based on usage and rates authorized by City Council.

**Recreation Facilities Fund** - this fund is used to account for the 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.

**Solid Waste Management Fund** - this fund is used to account for the operations of the City's solid waste collection and recycling service. Sources of revenues for this fund come from service charges to customers, based on rates authorized by City Council.

STATEMENT E-1  
CITY OF FAIRFIELD  
COMBINING BALANCE SHEET  
ENTERPRISE FUNDS  
DECEMBER 31, 2001

ASSETS	TOTALS			
	2001	2000	2001	2000
Current Assets:				
Equity in Pooled Cash and Deposits		\$1,134,178	\$5,539,980	\$1,134,178
Equity in Pooled Investments		18,082,263	10,000,000	18,082,263
Receivables				
Accounts	310,809	882,642	789,794	882,642
Accrued Interest	103,219	144,426	134,715	144,426
Loan		417,941		417,941
Inventory	89,896	157,541	133,559	157,541
Issuance Costs	128,168	144,075	128,168	144,075
Total Current Assets	10,938,228	20,963,066	16,726,216	20,963,066
Restricted Assets:				
Equity in Pooled Cash and Deposits	643,814	157,163	1,161,836	157,163
Equity in Pooled Investments	848,880	1,866,332	848,880	1,866,332
Total Restricted Assets	1,492,694	2,023,495	2,010,716	2,023,495
<b>PROPERTY, PLANT &amp; EQUIPMENT, NET</b>	18,180,326	51,093,402	53,602,619	51,093,402
<b>TOTAL ASSETS</b>	<b>\$30,611,248</b>	<b>\$72,339,551</b>	<b>\$72,339,551</b>	<b>\$74,079,963</b>
<b>LIABILITIES AND FUND EQUITY</b>				
Current Liabilities:				
Accounts Payable	\$68,348	\$200,572	\$374,543	\$200,572
Accrued Interest	23,871	56,018	37,607	56,018
Accrued Payroll, Vacation & Sick Leave	316,029	562,004	609,631	562,004
Deposits Payable	114,700	115,600	114,700	115,600
Due to Other Governments		30,506	41,246	30,506
Notes Payable	250,000	3,000,000	2,550,000	3,000,000
Current Portion of Long-Term Debt	690,302	1,188,668	1,257,681	1,188,668
Total Current Liabilities	1,213,250	5,153,368	4,985,408	5,153,368
Non-Current Liabilities:				
Revenue Bonds, less Current Portion	5,115,000	5,600,000	5,115,000	5,600,000
State Loan, less Current Portion	104,192	12,246,442	11,054,381	12,246,442
Total Non-Current Liabilities	5,219,192	17,846,442	16,169,381	17,846,442
<b>TOTAL LIABILITIES</b>	<b>\$6,432,442</b>	<b>\$22,999,810</b>	<b>\$21,154,789</b>	<b>\$22,999,810</b>
<b>FUND EQUITY</b>				
Contributed Capital	214,534	8,743,786	8,743,786	8,743,786
Retained Earnings				
Reserve Due to Restricted Assets	1,468,823	1,989,081	1,984,157	1,989,081
Retained Earnings	22,495,449	40,348,286	40,456,819	40,348,286
Total Fund Equity	24,178,806	51,081,153	51,184,762	51,081,153
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$30,611,248</b>	<b>\$74,080,963</b>	<b>\$72,339,551</b>	<b>\$74,080,963</b>

STATEMENT E-2  
CITY OF FAIRFIELD  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

	WATER UTILITY FUND	SEWER UTILITY FUND	RECREATION FACILITIES FUND	SOLID WASTE MANAGEMENT FUND	TOTALS
	2001	2001	2001	2001	2000
<b>Operating Revenues</b>					
Charges for Services	\$3,233,695	\$3,485,241	\$1,309,222	\$1,485,693	\$9,513,851
<b>Operating Expenses</b>					
Personal Services	1,268,452	1,469,522	687,598	10,603	3,436,175
Contractual Services	565,144	372,282	271,058	1,767,664	2,684,245
Materials and Supplies	574,430	377,422	316,068	920	1,268,840
Utilities	295,889	199,709	88,579	584,177	996,367
Depreciation and Amortization	541,049	1,000,326	188,893	1,730,268	576,753
<b>Total Operating Expenses</b>	3,244,964	3,419,261	1,552,196	1,779,187	9,995,608
<b>Operating Income (Loss)</b>	(11,269)	65,980	(242,974)	(293,494)	(481,757)
<b>Non-Operating Revenues (Expenses)</b>					
Interest Revenue	541,964	280,701	84,802	8,412	1,106,362
Interest Expense	(320,465)	(516,805)	(108,394)		(950,684)
Permits	112,752	196,690			333,138
Other Revenues		5,719			4,061
<b>Total Non-Operating Revenues (Expenses)-Net</b>	334,241	(33,695)	(23,592)	8,412	492,877
<b>Income before Operating Transfers</b>	322,972	32,285	(266,566)	(285,082)	898,870
<b>Operating Transfers from General Fund</b>					
Net Income (Loss)	322,972	32,285	(266,566)	300,000	300,000
<b>Retained Earnings, Beginning of Year</b>	23,641,300	17,369,615	1,229,009	97,443	41,138,497
<b>Retained Earnings, End of Year</b>	23,964,272	17,401,900	962,443	112,361	42,337,367
<b>Contributed Capital, End of Year</b>	214,534	6,475,265	2,053,987		8,743,786
<b>Total Fund Equity, End of Year</b>	\$24,178,806	\$23,877,165	\$3,016,430	\$112,361	\$51,184,762
					\$51,081,153

**STATEMENT E-3  
CITY OF FAIRFIELD  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	WATER UTILITY FUND	SEWER UTILITY FUND	RECREATION FACILITIES FUND	SOLID WASTE MANAGEMENT FUND	2001	2000
<b>Cash Flows from Operating Activities:</b>						
Cash Received from Customers	\$3,226,545	\$3,947,625	\$1,309,295	\$1,468,033	\$9,951,498	\$9,708,741
Cash Payments for Refunds	(43,461)	(446,367)	(670)		(490,498)	(375,045)
Cash Payments for Goods and Services	(1,406,808)	(847,035)	(714,005)	(1,621,126)	(4,588,974)	(4,357,614)
Cash Payments for Wages and Benefits	(1,228,781)	(1,474,490)	(674,713)	(10,564)	(3,386,548)	(3,121,403)
Other Operating Revenues	90,988	36,669	5,251	10,899	143,807	147,335
<b>Net Cash Flows from Operating Activities</b>	<b>638,483</b>	<b>1,216,402</b>	<b>(74,842)</b>	<b>(152,758)</b>	<b>1,627,285</b>	<b>2,002,014</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Permit Fees Received	112,752	200,070		300,000	312,822	336,210
Payments from Other Funds					300,000	300,000
<b>Net Cash Flows from Non-Capital Financing Activities</b>	<b>112,752</b>	<b>200,070</b>		<b>300,000</b>	<b>612,822</b>	<b>636,210</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Acquisition and Construction of Capital Assets	(632,473)	(1,647,047)	(1,691,562)		(4,171,082)	(1,439,524)
Proceeds from Issuance of Bonds and Notes		250,000	2,300,000		2,550,000	3,128,221
Proceeds of Grant						
Principal Paid on Bonds and Notes	(661,257)	(683,850)	(200,000)		(1,545,107)	(1,294,395)
Interest Paid on Bonds and Notes	(317,641)	(569,467)	(118,950)		(1,006,058)	(993,789)
Repayment of Notes		(500,000)	(2,300,000)		(2,800,000)	(1,900,000)
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<b>(1,611,371)</b>	<b>(3,150,364)</b>	<b>(2,010,512)</b>		<b>(6,972,247)</b>	<b>(2,499,487)</b>
<b>Cash Flows from Investing Activities:</b>						
Payments for Investments		1,249,270			1,249,270	(1,434,270)
Proceeds from Sale and Maturity of Investments	3,730,445	2,070,000	2,050,000		7,850,445	1,031,381
Interest on Cash, Deposits and Investments	520,134	423,254	91,100	8,412	1,042,900	1,298,015
<b>Net Cash Flows from Investing Activities</b>	<b>4,250,579</b>	<b>3,742,524</b>	<b>2,141,100</b>	<b>8,412</b>	<b>10,142,615</b>	<b>895,126</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,190,443</b>	<b>2,008,632</b>	<b>55,746</b>	<b>155,654</b>	<b>5,410,475</b>	<b>1,033,863</b>
<b>Cash and Cash Equivalent (Includes Restricted Assets), Beginning of Year</b>	<b>759,507</b>	<b>392,722</b>	<b>124,690</b>	<b>14,422</b>	<b>1,291,341</b>	<b>257,478</b>
<b>Cash and Cash Equivalent (Includes Restricted Assets), End of Year</b>	<b>\$3,949,950</b>	<b>\$2,401,354</b>	<b>\$180,436</b>	<b>\$170,076</b>	<b>\$6,701,816</b>	<b>\$1,291,341</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided:</b>						
Operating Income (Loss)	(\$11,269)	\$65,980	(\$242,974)	(\$293,494)	(\$481,757)	\$405,993
Adjustment to reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation and Amortization	541,049	1,000,326	188,893		1,730,268	1,598,695
Changes in Assets and Liabilities						
(Increase) Decrease in Accounts Receivables	41,277	58,332	(4,477)	(6,761)	92,848	51,434
(Increase) Decrease in Inventory	28,459				23,982	(39,021)
Increase (Decrease) in Accounts Payable	(704)	96,732	(29,169)	147,458	214,317	(53,415)
Increase (Decrease) in Accrued Payroll, Sick and Vacation Leave	39,671	(4,968)	12,885	39	47,627	38,328
<b>Net Cash Flows from Operating Activities</b>	<b>\$638,483</b>	<b>\$1,216,402</b>	<b>(\$74,842)</b>	<b>(\$152,758)</b>	<b>\$1,627,285</b>	<b>\$2,002,014</b>

## **INTERNAL SERVICE FUNDS FINANCIAL STATEMENTS**

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. The accrual basis of accounting is used for these funds and the measurement focus on income determination.

**Employee's Benefits Fund** - this fund is used to account for the cost of the City's self-insured health care operations.

**Compensated Leave Fund** - this fund is used to account for funding the accrued liability of compensated leave of employees.

**Municipal Garage Fund** - this fund is used to account for the cost of maintaining the City's equipment and automotive fleet.

STATEMENT F-1  
CITY OF FAIRFIELD  
COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2001

ASSETS	EMPLOYEES BENEFIT FUND	COMPENSATED LEAVE FUND	MUNICIPAL GARAGE FUND	TOTALS	
				2001	2000
Current Assets:					
Equity in Pooled Cash and Deposits	\$135,393	\$388,108	\$34,111	\$557,612	\$122,563
Equity in Pooled Investments					350,000
<b>TOTAL ASSETS</b>	\$135,393	\$388,108	\$34,111	\$557,612	\$472,563
<b>LIABILITIES AND FUND EQUITY</b>					
Current Liabilities:					
Accounts Payable	\$3,659		\$11,786	\$15,445	\$11,831
Claims Payable	6,994			6,994	13,245
Accrued Payroll, Vacation & Sick Leave			23,465	23,465	26,063
<b>TOTAL LIABILITIES</b>	\$10,653		\$35,251	\$45,904	\$51,139
<b>FUND EQUITY</b>					
Retained Earnings Reserved	124,740	388,108		512,848	438,044
Retained Earnings			(1,140)	(1,140)	(16,620)
<b>TOTAL FUND EQUITY</b>	124,740	388,108	(1,140)	511,708	421,424
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	\$135,393	\$388,108	\$34,111	\$557,612	\$472,563

STATEMENT F-2  
CITY OF FAIRFIELD  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

	EMPLOYEES BENEFIT FUND	COMPENSATED LEAVE FUND	MUNICIPAL GARAGE FUND	TOTALS
	2001	2001	2001	2000
<b>Operating Revenues</b>				
Charges for Services	\$1,411,817		\$498,807	\$1,698,611
<b>Operating Expenses</b>				
Personal Services	1,450,473		294,197	295,441
Contractual Services			11,055	1,256,651
Materials and Supplies			228,075	222,986
<b>Total Operating Expenses</b>	1,450,473		533,327	1,775,078
<b>Operating Income (Loss)</b>	(38,656)		(34,520)	(76,467)
<b>Non-Operating Revenues</b>				
Interest Revenue	2,058	\$11,402		13,460
<b>Total Non-Operating Revenues</b>	2,058	11,402		13,460
<b>Net Income (Loss) before Operating Transfers</b>	(36,598)	11,402	(34,520)	(66,101)
<b>Operating Transfers from General Fund</b>			50,000	250,000
<b>Net Income</b>	(36,598)	111,402	15,480	183,899
<b>Retained Earnings, Beginning of Year</b>	161,338	276,706	(16,620)	421,424
<b>Retained Earnings, End of Year</b>	\$124,740	\$388,108	(\$1,140)	\$421,424

STATEMENT F-3  
CITY OF FAIRFIELD  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	EMPLOYEES BENEFIT FUND	COMPENSATED LEAVE FUND	MUNICIPAL GARAGE FUND	TOTALS
	2001	2001	2001	2000
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$1,411,817		\$498,807	\$1,698,611
Cash Payments for Goods and Services	(1,456,626)		(209,551)	(1,473,989)
Cash Payments for Wages and Benefits			(322,858)	(289,650)
<b>Net Cash Flows from Operating Activities</b>	(44,809)		(33,602)	(65,028)
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Payments from Other Funds		100,000	50,000	250,000
<b>Net Cash Flows from Non-Capital Financing Activities</b>		100,000	50,000	250,000
<b>Cash Flows from Investing Activities:</b>				
Payments for Investments		(110,000)		(250,000)
Proceeds from Sale and Maturity of Investments	75,000	385,000		160,000
Interest on Cash, Deposits and Investments	2,058	11,402		10,366
<b>Net Cash Flows from Investing Activities</b>	77,058	286,402		(79,634)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	32,249	386,402	16,398	105,338
<b>Cash and Cash Equivalents, Beginning of Year</b>	103,144	1,706	17,713	17,225
<b>Cash and Cash Equivalents, End of Year</b>	\$135,393	\$388,108	\$34,111	\$122,563
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided:</b>				
Operating Income (Loss)				
Adjustment to reconcile Operating Income to Net Cash Provided by Operating Activities:				
Changes in Assets and Liabilities:				
Increase (Decrease) in Accounts Payable	98		3,516	(389)
Increase (Decrease) in Claims Payable	(6,251)			703
Increase (Decrease) in Accrued Payroll, Sick and Vacation Leave			(2,598)	5,792
<b>Net Cash Flows from Operating Activities</b>	(\$44,809)		(\$33,602)	(\$71,134)

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## **FIDUCIARY FUNDS FINANCIAL STATEMENTS**

The Fiduciary Funds are established to account for funds held by the City as trustee or agent for individuals, private organizations, other governmental units and/or other funds.

**Employee's Trust Fund** - this fund is used to account for revenues and expenditures related to the employee recreational activities. Revenues are generated from commissions from the City's vending machines located in the employees' lunchrooms.

**Municipal Court Fund** - this fund is used to account for funds collected by the Municipal Court until such time as the funds can be distributed to individuals, private organizations, other governmental units and/or other funds.

STATEMENT G-1  
CITY OF FAIRFIELD  
COMBINING BALANCE SHEET  
FIDUCIARY FUNDS  
DECEMBER 31, 2001

	EXPENDABLE TRUST FUND	AGENCY FUND	TOTALS	
	EMPLOYEES TRUST FUND	MUNICIPAL COURT FUND	2001	2000
<b>ASSETS</b>				
Equity in Pooled Cash	\$2,486	\$36,960	\$39,446	\$43,684
<b>TOTAL ASSETS</b>	<b>\$2,486</b>	<b>\$36,960</b>	<b>\$39,446</b>	<b>\$43,684</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>LIABILITIES</b>				
Deposits Payable		\$36,960	\$36,960	\$41,198
<b>TOTAL LIABILITIES</b>		<b>36,960</b>	<b>36,960</b>	<b>41,198</b>
<b>FUND BALANCES</b>				
Fund Balance Unreserved Undesignated	2,486		2,486	2,486
<b>TOTAL FUND BALANCE</b>	<b>2,486</b>		<b>2,486</b>	<b>2,486</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$2,486</b>	<b>\$36,960</b>	<b>\$39,446</b>	<b>\$43,684</b>

**STATEMENT G-2**  
**CITY OF FAIRFIELD**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**EXPENDABLE TRUST FUNDS**  
**FOR YEAR ENDED DECEMBER 31, 2001**

REVENUES	EMPLOYEES TRUST FUND	TOTALS	
		2001	2000
All Other Revenues			
Commissions			\$200
<b>TOTAL REVENUES</b>			200
<b>EXPENDITURES</b>			
Current			
General Government			
Non-Departmental			174
<b>TOTAL EXPENDITURES</b>			174
Excess (Deficiency) of Revenues Over Expenditures			26
Fund Balance, Beginning of Year	\$2,486	\$2,486	2,460
Fund Balance, End of Year	\$2,486	\$2,486	\$2,486

**SCHEDULE G-3**  
**CITY OF FAIRFIELD**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR YEAR ENDED DECEMBER 31, 2001**

MUNICIPAL COURT	BALANCE 1/1/01	ADDITIONS	DEDUCTIONS	BALANCE 12/31/01
<b>ASSETS</b>	-----	-----	-----	-----
Cash	\$41,198	\$1,434,964	\$1,439,202	\$36,960
	=====	=====	=====	=====
<b>LIABILITIES</b>				
Deposits Payable	\$41,198	\$1,434,964	\$1,439,202	\$36,960
	-----	-----	-----	-----
<b>TOTAL LIABILITIES</b>	\$41,198	\$1,434,964	\$1,439,202	\$36,960
	=====	=====	=====	=====

## **GENERAL FIXED ASSETS ACCOUNT GROUP**

The General Fixed Assets Account Group accounts for fixed assets not used in the proprietary fund operations.

**STATEMENT H-1  
CITY OF FAIRFIELD  
COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS  
DECEMBER 31, 2001 AND 2000**

<b>GENERAL FIXED ASSETS:</b>	<b>2001</b>	<b>2000</b>
Land	\$4,154,175	\$4,154,175
Buildings	22,837,996	18,292,449
Equipment	9,582,795	9,239,068
	-----	-----
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$36,574,966</b>	<b>\$31,685,692</b>
	=====	=====

**INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE:**

General Fund	\$3,115,860	\$2,898,879
Special Revenue Funds	6,529,394	6,595,603
Capital Project Funds	26,929,712	22,191,210
	-----	-----
<b>INVESTMENT IN GENERAL FIXED ASSETS</b>	<b>\$36,574,966</b>	<b>\$31,685,692</b>
	=====	=====

SCHEDULE H-2  
CITY OF FAIRFIELD  
SCHEDULE OF GENERAL FIXED ASSETS-BY FUNCTION AND ACTIVITY  
AS OF DECEMBER 31, 2001

FUNCTION	TOTAL	LAND	BUILDINGS	EQUIPMENT
Security of Persons and Property:				
Police	\$1,206,241			\$1,206,241
Justice Center Building	2,830,604	\$376,947	\$2,117,288	336,369
Fire	5,848,209	284,758	3,072,670	2,490,781
Paramedic	359,380		51,900	307,480
Community Environment:				
Planning	118,775			118,775
Building Inspection	178,956			178,956
Streets and Transportation:				
Street Maintenance	6,428,969	630,000	3,458,614	2,340,355
Garage	84,354			84,354
Leisure Activities:				
Parks Administration	7,225,027	1,138,176	6,005,741	81,110
Park Maintenance	378,563			378,563
General Government:				
Council	70,965			70,965
Mayor	7,931			7,931
City Manager	90,202			90,202
Law Director	3,428			3,428
Court	215,365			215,365
Human Resources	27,184			27,184
Administrative Support	1,605,807	1,089,294		516,513
Finance	95,365			95,365
Tax	63,367			63,367
Data Processing	351,879			351,879
Public Works Administration	166,925			166,925
Engineering	414,757			414,757
Municipal Buildings	8,802,713	635,000	8,131,783	35,930
Total General Fixed Assets	\$36,574,966	\$4,154,175	\$22,837,996	\$9,582,795

SCHEDULE H-3  
CITY OF FAIRFIELD  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS-BY FUNCTION AND ACTIVITY  
YEAR ENDED DECEMBER 31, 2001

FUNCTION	GENERAL FIXED ASSETS 1/1/01	ADDITIONS	DELETIONS	DEPARTMENTAL TRANSFERS	GENERAL FIXED ASSETS 12/31/01
Security of Persons and Property:					
Police	\$1,287,599	\$224,973	(\$212,112)	(\$94,219)	\$1,206,241
Justice Center	2,832,096			(1,492)	2,830,604
Fire	6,028,673	9,018	(1,533)	(187,949)	5,848,209
Paramedic	359,380				359,380
Community Environment:					
Planning	116,672	46,203	(9,000)	(35,100)	118,775
Building Inspection	175,001	4,001	(45,362)	45,316	178,956
Streets and Transportation:					
Street Maintenance	6,176,329	135,929	(48,277)	164,988	6,428,969
Garage	82,041		(856)	3,169	84,354
Leisure Activities:					
Parks Administration	6,973,844	259,665	(4,920)	(3,562)	7,225,027
Park Maintenance	332,800	48,103	(867)	(1,473)	378,563
General Government:					
Council	71,175	3,804		(4,014)	70,965
Mayor	7,931				7,931
City Manager	84,629	6,266		(693)	90,202
Law Director	6,071		(2,643)		3,428
Court	192,762	50,832	(26,392)	(1,837)	215,365
Human Resources	22,714	1,716		2,754	27,184
Administrative Support	2,554,931	394,645	(366,484)	(977,285)	1,605,807
Finance	81,679	35,027	(10,395)	(10,946)	95,365
Tax	52,409	4,233		6,725	63,367
Data Processing	427,603	15,591		(91,315)	351,879
Public Works Administration	145,737	50,115	(3,515)	(25,412)	166,925
Engineering	324,584	73,421	(29,846)	46,601	414,760
Municipal Building	3,349,032	4,287,937		1,165,744	8,802,713
Total General Fixed Assets	\$31,685,692	\$5,651,479	(\$762,202)	\$0	\$36,574,969

## **GENERAL LONG-TERM DEBT ACCOUNT GROUP**

The General Long-Term Debt Account Group accounts for the unmatured principal of bonds or other forms of non-current or long-term general obligation indebtedness that is not a specific liability of any proprietary fund.

**STATEMENT I-1  
CITY OF FAIRFIELD  
COMPARATIVE SCHEDULE OF GENERAL LONG-TERM DEBT  
DECEMBER 31, 2001 AND 2000**

<b>AMOUNTS AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT</b>	<b>2001</b>	<b>2000</b>
Amount Available in Debt		
Service Fund	\$1,429,825	\$1,351,918
Amount to be Provided to Retire		
Long-Term Debt	3,725,175	4,158,082
Amount to be Provided to Retire		
Other Obligations	1,348,018	1,006,917
<b>TOTAL AVAILABLE AND TO BE PROVIDED</b>	<b>\$6,503,018</b>	<b>\$6,516,917</b>

<b>GENERAL LONG-TERM DEBT</b>		
Accrued Payroll, Vacation and		
Sick Leave	\$965,020	\$1,006,917
Capital Lease	382,998	
General Obligation Bonds	4,945,000	5,205,000
Special Assessment Bonds		
with Governmental Commitment	210,000	305,000
<b>TOTAL LONG-TERM DEBT</b>	<b>\$6,503,018</b>	<b>\$6,516,917</b>

SCHEDULE I-2  
CITY OF FAIRFIELD  
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT  
YEAR ENDED DECEMBER 31, 2001

AMOUNT AVAILABLE AND TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM DEBT	1/1/01	ADDITIONS	PAYMENTS	DEBT SERVICE FUND OPERATIONS	12/31/01
Amount Available in Debt Service Funds	\$1,351,918			\$77,907	\$1,429,825
Amount to be Provided for Retirement of Bond Principal	4,158,082		(\$355,000)	(77,907)	3,725,175
Amount to be Provided for Retirement of Other Long-Term Debt	1,006,917	\$496,182	(155,081)		1,348,018
<b>Total Available and to be Provided</b>	<b>\$6,516,917</b>	<b>\$496,182</b>	<b>(\$510,081)</b>	<b>\$0</b>	<b>\$6,503,018</b>
<b>GENERAL LONG-TERM DEBT PAYABLE</b>					
General Obligation Bonds					
1986 Justice Building Bonds	\$350,000		(\$50,000)		\$300,000
1990 Fire Station One Bonds	660,000		(50,000)		610,000
1999 Various Purpose Bonds	4,195,000		(160,000)		4,035,000
Special Assessment Bonds with Governmental Commitment					
1982 Corporate Court Assessment Bonds	20,000		(20,000)		
1982 LeSaint Drive Assessment Bonds	45,000		(20,000)		25,000
1983 Industrial Park Assessment Bonds	90,000		(30,000)		60,000
1986 Woodridge Road Assessment Capital Lease	150,000		(25,000)		125,000
Compensated Absences Payable	1,006,917	\$394,645	(11,647)		382,998
		101,537	(143,434)		965,020
<b>Total General Long-Term Debt</b>	<b>\$6,516,917</b>	<b>\$496,182</b>	<b>(\$510,081)</b>	<b>\$0</b>	<b>\$6,503,018</b>

# Statistical Section

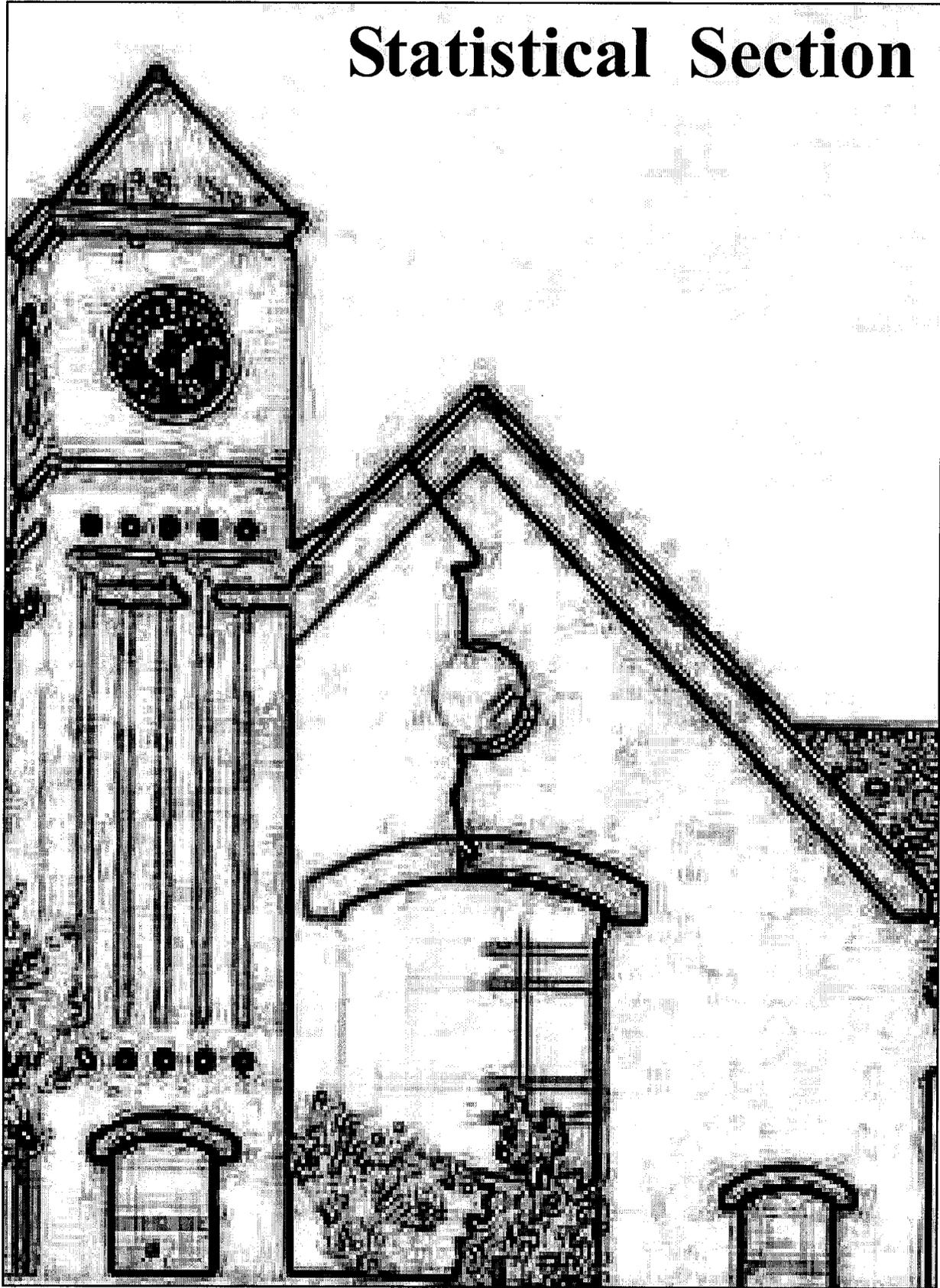


Table 1

**CITY OF FAIRFIELD  
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION  
LAST TEN FISCAL YEARS (1992-2001)**

Year	General Government	Public Safety	Utility Services	Streets and Transportation	Health and Welfare	Community Environment	Leisure Activities	Capital Outlay	Total
1992	\$2,286,758	\$4,904,256	\$868,172	\$1,312,771	\$32,217	\$450,774	\$421,884	\$982,359	\$11,259,191
1993	2,298,846	5,258,432	173,357	1,276,586	31,901	480,096	436,130	320,401	10,275,749
1994	2,528,888	5,650,010	206,602	1,466,434	30,799	519,943	461,227	652,477	11,516,380
1995	2,904,976	6,101,622	289,276	1,522,375	29,220	543,810	546,527	782,636	12,720,442
1996	2,946,686	6,475,432	297,127	1,627,710	28,234	640,091	599,065	1,283,407	13,897,752
1997	3,125,637	6,756,615	317,791	1,644,462	29,147	679,001	707,720	711,956	13,972,329
1998	3,053,126	7,144,615	338,654	1,732,903	27,822	807,002	772,473	931,944	14,808,539
1999	3,449,168	8,200,367	342,155	1,998,534	27,521	955,929	788,275	1,112,977	16,874,926
2000	4,217,147	9,158,689	402,185	1,980,761	27,315	915,681	842,935	1,136,400	18,681,113
2001	5,081,666	10,104,904	401,395	2,280,900	26,731	886,016	994,972	1,715,975	21,492,559

SOURCE: City of Fairfield Finance Department.

NOTE: The expenditures are those recorded in the General and Special Revenue Funds.

Table 2

**CITY OF FAIRFIELD  
GENERAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS (1992-2001)**

Year	Income Taxes	Other Taxes	Licenses and Permits	Intergovernmental Revenues	Charges for Services	Fines and Forfeitures	Investment Earnings	Miscellaneous	Total
1992	\$5,685,420	\$4,524,958	\$367,044	\$96,648	\$188,157	\$439,160	\$223,879	\$132,405	\$11,657,671
1993	6,185,289	4,547,667	320,875	19,216	211,021	506,381	208,724	108,292	12,107,465
1994	6,470,830	4,866,438	355,651	110,797	313,197	675,061	293,958	119,167	13,205,099
1995	7,075,878	4,914,931	426,935	172,054	322,170	600,464	482,252	180,194	14,174,878
1996	7,608,341	5,267,020	390,310	69,134	495,151	763,300	494,608	227,047	15,314,911
1997	8,399,717	6,172,611	402,102	105,307	393,699	693,348	644,603	144,758	16,956,145
1998	9,036,663	6,623,960	539,993	396,983	325,553	609,591	667,378	332,261	18,532,382
1999	10,814,972	6,887,419	537,132	256,518	443,094	612,778	562,344	136,589	20,250,846
2000	11,180,374	2,735,544	389,333	4,873,342	406,752	807,848	599,214	280,112	21,272,519
2001	11,735,414	4,455,763	365,465	4,842,838	450,036	1,036,700	533,198	691,327	24,110,741

SOURCE: City of Fairfield Finance Department.

NOTES: (a) The revenues are those recorded in the General and Special Revenue Funds.

(b) State Shared Tax Revenues were reclassified as Intergovernmental Revenues from Other Tax Revenues in years 2000 and 2001.

Table 3

**CITY OF FAIRFIELD  
BILLING AND COLLECTION OF SPECIAL ASSESSMENTS  
LAST TEN FISCAL YEARS (1992-2001)**

Year	Assessments Billed	Assessments Collected	Uncollected Amount	Assessments Collected as a Percent of Assessments Billed
1992	\$ 220,778	\$ 216,732	\$ 4,046	98.17%
1993	198,791	207,808	(9,017)	104.54%
1994	218,428	188,408	30,020	86.26%
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%

SOURCE: County Auditor's Office, Butler County.

Table 4

**CITY OF FAIRFIELD  
COLLECTION OF PROPERTY TAXES  
REAL AND PUBLIC UTILITY PROPERTY TAXES ONLY  
LAST TEN FISCAL YEARS (1992-2001)**

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
1992	\$1,770,237	\$1,670,501	94.4%	\$97,009	\$1,767,510	99.8%
1993	1,961,522	1,861,805	94.9%	83,958	1,945,763	99.2%
1994	2,019,221	1,908,990	94.5%	62,569	1,971,559	97.6%
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%

SOURCE: County Auditor's Office, Butler County.

Table 5

**CITY OF FAIRFIELD  
COLLECTION OF PROPERTY TAXES  
TANGIBLE PERSONAL PROPERTY ONLY  
LAST TEN FISCAL YEARS (1992-2001)**

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
1992	\$244,824	\$226,374	92.46%	\$10,098	\$236,472	96.59%
1993	245,127	239,107	97.54%	6,498	245,605	100.20%
1994	261,854	236,881	90.46%	2,983	239,864	91.60%
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	572,688	550,546	96.13%	32,682	583,228	101.84%

SOURCE: County Auditor's Office, Butler County.

Table 6

**CITY OF FAIRFIELD  
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS (1992-2001)**

Year of Collection	Real Property		Public Utility		Personal Property		Total	
	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual
1992	\$484,943,230	\$1,385,552,086	\$37,689,950	\$42,829,489	\$57,605,576	\$221,559,908	\$580,238,756	\$1,649,941,483
1993	483,276,470	1,380,789,914	34,712,550	39,446,080	58,076,586	232,306,344	576,065,606	1,652,542,338
1994	519,290,820	1,483,688,057	38,733,880	44,015,773	55,510,132	222,040,528	613,534,832	1,749,744,358
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

SOURCE: County Auditor's Office, Butler County.

(a) 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.

(b) 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.

(c) 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.

Table 7

**CITY OF FAIRFIELD  
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS (1992-2001)**

Year of Collection	County Levy	School Levy	Tax Rates Per \$1,000 of Assessed Valuation			City Levy	Total
			Vocational School Levy	Township Levy	City Levy		
1992	\$7.45	\$50.76	\$1.97	\$0.29	\$4.25	\$64.72	
1993	7.45	50.76	1.97	0.29	4.25	64.72	
1994	7.45	50.76	1.97	0.29	4.25	64.72	
1995	7.45	50.76	1.97	0.00	4.54	64.72	
1996	8.44	55.16	1.93	0.00	4.54	70.07	
1997	8.45	53.56	1.93	0.00	4.54	68.48	
1998	8.45	53.56	1.93	0.00	4.54	68.48	
1999	8.44	54.16	1.93	0.00	4.54	69.07	
2000	8.45	54.46	1.93	0.00	4.54	69.38	
2001	8.45	54.23	1.93	0.00	5.94	70.55	

SOURCE: County Auditor's Office, Butler County.

Table 8

**CITY OF FAIRFIELD**  
**RATIO OF NET GENERAL OBLIGATION DEBT**  
**TO ASSESSED VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS (1992-2001)**

<u>Year of Debt</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Net G.O. Debt</u>	<u>Ratio of G.O. Debt to Assessed Value</u>	<u>G.O. Debt Per Capita</u>
1992	40,528	\$580,238,756	\$3,477,821	0.60%	\$85.81
1993	40,731	576,065,606	3,045,550	0.53%	74.77
1994	40,934	613,534,832	3,865,827	0.63%	94.44
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

NOTE: (a) General Obligation Debt, Bonds and Notes.

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

Table 9

**CITY OF FAIRFIELD  
COMPUTATION OF NET DIRECT AND OVERLAPPING DEBT  
December 31, 2001**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Fairfield</u>	<u>Amount Applicable to City of Fairfield</u>
City of Fairfield	\$9,281,783	100.00%	\$9,281,783
Butler County*	15,060,000	13.60%	2,048,160
TOTAL			<u><u>\$11,329,943</u></u>

\*SOURCE: County Auditor's Office, Butler County.

- NOTES: (a) The Fairfield City Schools/Library are not included as they have no debt applicable to the City of Fairfield.
- (b) The percentage of indebtedness of the City's overlapping political subdivisions was determined by dividing the City's assessed valuation by the total assessed valuation of the overlapping subdivision.

Table 10

**CITY OF FAIRFIELD**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL**  
**OBLIGATION DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN FISCAL YEARS (1992-2001)**

Fiscal Year Ended	General Obligation Debt Service Payments (a)			Total General Expenditures	Ratio of Debt Service to Total General Expenditures
	Principal	Interest	Total		
1992	\$ 425,000	\$ 342,740	\$ 767,740	\$ 11,259,191	6.82%
1993	430,000	311,570	741,570	10,275,749	7.22%
1994	430,000	259,043	689,043	11,516,380	5.98%
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%

SOURCE: City of Fairfield Finance Department.

NOTES: (a) For General Obligation Debt, Bonds and Notes payable from ad valorem and taxes only.

Table 11

**CITY OF FAIRFIELD  
COMPUTATION OF LEGAL DEBT MARGIN  
December 31, 2001**

Total of all City Debt Outstanding	<u>\$29,632,062</u>
Total Debt subject to 10.5% and 5.5% Debt Limitation	\$9,655,000
Less Applicable Debt Service Fund	<u>373,217</u>
Net Indebtedness subject to 10.5% and 5.5% Debt Limitation	<u>\$9,281,783</u>
Assessed Valuation of the City (2000 for 2001 Collection)	<u>\$834,028,195</u>
10.5% of Assessed Valuation (Maximum Voted Debt Allowed)	\$87,572,960
Total Debt Outstanding subject to 10.5% Debt Limitation	<u>9,281,783</u>
Legal 10.5% Margin	<u>\$78,291,177</u>
5.5% of Assessed Valuation (Maximum Unvoted Debt Allowed)	\$45,871,551
Total Debt Outstanding Subject to 5.5% Debt Limitation	<u>9,281,783</u>
Legal 5.5% Margin	<u>\$36,589,768</u>

NOTE: (a) Direct Debt Limitation Based on Section 133, The Uniform Bond Act of the Ohio Revised Code.

(b) Assessed Value from the County Auditor's Office, Butler County.

Table 12

**CITY OF FAIRFIELD**  
**SCHEDULE OF REVENUE BOND COVERAGE-WATER AND SEWER SYSTEMS**  
**LAST TEN FISCAL YEARS (1992-2001)**

Fiscal Year	Gross Revenues(a)	Operating Expenses(b)	Net Revenues Available for Debt Service	DEBT SERVICE REQUIREMENTS			Coverage
				Principal	Interest	Total	
1992	\$5,647,022	\$3,243,293	\$2,403,729	\$963,155	\$502,953	\$1,466,108	1.64
1993	6,109,526	3,149,250	2,960,276	1,016,760	240,765	1,257,525	2.35
1994	6,497,833	3,712,554	2,785,279	556,328	423,858	980,186	2.84
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

SOURCE: City of Fairfield Finance Department.

NOTES: (a) Gross revenue includes operating and non-operating revenues.

(b) Operating expenses include all expenses except interest and depreciation.

Table 13

**CITY OF FAIRFIELD  
PROPERTY VALUES, FINANCIAL INSTITUTION DEPOSITS  
AND BUILDING PERMIT VALUES  
FOR THE LAST TEN FISCAL YEARS (1992-2001)**

Fiscal Year Ended	IN MILLIONS		
	Property Values(a)	Financial Institutions Deposits(b)	Building Permit Values(c)
1992	\$1,649.9	\$724.2	\$21.7
1993	1,652.5	711.7	37.6
1994	1,749.7	737.7	35.0
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

SOURCE: (a) County Auditor's Office, Butler County.

(b) Federal Reserve Bank of Cleveland.

(c) City of Fairfield Building Inspection Division.

Table 14

**CITY OF FAIRFIELD  
TEN LARGEST TAXPAYERS  
December 31, 2001**

TAXPAYER	TYPE OF PROPERTY	ASSESSED VALUATION	PERCENTAGE
1. Cincinnati Gas & Electric Company	Utility	\$25,426,300	3.05%
2. CFC Investment Company	Insurance	14,555,800	1.75%
3. Meijer Incorporated	Retail Merchant	6,870,430	0.82%
4. Cincinnati Bell Telephone	Telephone Utility	6,341,290	0.76%
5. Sam Boymel Trustee	Real Estate Management	6,298,390	0.76%
6. Prudential Insurance Company	Insurance/Real Estate	5,386,230	0.65%
7. M. Bohlke Veneer Corp.	Wood Products	5,117,250	0.61%
8. Cincinnati Oxford Association	Real Estate Management	4,767,360	0.57%
9. Ohio Casualty Insurance	Insurance	4,544,210	0.54%
10. California Teachers Retirement System	Real Estate Management	4,543,630	0.54%
TOTAL		<u>\$83,850,890</u>	10.05%
Total Assessed Value		<u>\$834,028,195</u>	

SOURCE: County Auditor's Office, Butler County.

Table 15

**CITY OF FAIRFIELD  
DEMOGRAPHIC STATISTICS  
December 31, 2001**

<u>Year</u>	<u>Fairfield Population (a)</u>	<u>% Change During the Period</u>	<u>Butler County Population</u>	<u>% Change During the Period</u>
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%

SOURCE: (a) 1980, 1990 and 2000 Population figures taken from the Federal Census Data.

City of Fairfield Planning Department.

OKI Regional Planning Authority.

Table 16

**CITY OF FAIRFIELD, OHIO  
MISCELLANEOUS STATISTICS**

Date of Incorporation .....	1955
Form of Government .....	Council/City Manager
Area .....	20.5 square miles
Lane Miles of Streets .....	377
Number of Street Lights .....	1,525
Number of Traffic Lights .....	52
Fire Protection:	
Number of Stations .....	3
Number of Firemen and Officers .....	20
Number of Part-Time Firemen .....	43
Number of Paramedic Units .....	2 Full-time Paramedic Units
Police Protection:	
Number of Stations .....	1
Number of Police Officers .....	49
Public Utility Department:	
Number of Customers .....	12,000
Average Daily Consumption of Water .....	3,500,000
Miles of Water Lines .....	200
Miles of Sewer Lines .....	175
Recreation and Cultural:	
Number of Parks .....	14
Number of Libraries .....	1
Number of Volumes .....	86,000
Employees:	
Classified Services .....	199
Exempt .....	46

Source: City of Fairfield Finance Department



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**CITY OF FARFIELD**

**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  
JULY 9, 2002**