

## City of Fairfield, Ohio

Schedule of Expenditures of Federal Awards and  
Office of Management and Budget Circular A-133 Reports  
Year Ended December 31, 2008





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Fairfield, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 3, 2009

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City of Fairfield  
Butler County  
Schedule of Expenditures of Federal Awards  
For The Year Ended December 31, 2008

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<b>U.S. Department of Justice:</b>				
<i>Direct Grants</i>				
Bulletproof Vest Partnership Program	2005BUBX05028859	16.607	1,538	1,538
Secure Our Schools Grant	2006CKWX0743	16.710	<u>23,500</u>	<u>23,500</u>
<b>Total U.S. Department of Justice</b>			<u>25,038</u>	<u>25,038</u>
<b>U.S. Department of Homeland Security:</b>				
<i>Passed Through Ohio Public Safety:</i>				
Disaster Grants - Public Assistance	FEMA1805DR01725970	97.036	-	416,522
Hazzard Mitigation Grant	PDMC2006EMC2007PC0001	97.047	<u>889,664</u>	<u>311,224</u>
<b>Total U.S. Department of Homeland Security</b>			<u>889,664</u>	<u>727,746</u>
<b>U.S. Department of Housing and Urban Development (HUD):</b>				
<i>Passed Through Butler County, Ohio:</i>				
Community Development Block Grants/Entitlement Grants	B-07-UC-39-0008	14.218	15,000	15,000
Community Development Block Grants/Entitlement Grants	B-08-UC-39-0008	14.218	<u>41,800</u>	<u>41,800</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>56,800</u>	<u>56,800</u>
<b>Total Federal Assistance</b>			<u>971,502</u>	<u>809,584</u>

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - MATCHING REQUIREMENTS**

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

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

To the City Council  
City of Fairfield, Ohio:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio (the "City") as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal control over financial reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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**Compliance and other matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2008-1.

We noted certain matters that we reported to management of City of Fairfield, Ohio, in a separate letter dated June 30, 2009.

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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



Middletown, Ohio  
June 30, 2009

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

To the City Council  
City of Fairfield, Ohio:

### **Compliance**

We have audited the compliance of City of Fairfield, 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 each of its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

### **Internal control over compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

**Schedule of expenditures of federal awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2008, and have issued our report thereon dated June 30, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, others within the City, City Council, the Ohio Auditor of State 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.



Middletown, Ohio  
June 30, 2009

City Of Fairfield, Ohio  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2008

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	yes

**Federal Awards**

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	none
Identification of major programs:	
<i>CFDA 93.036 FEMA – Disaster Assistance</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 2008-1 – appropriations in excess of estimated resources**

Ohio Revised Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated resources. During our budgetary compliance review at July 31, 2008 and December 31, 2008, we found instances in the funds listed below that had appropriations which exceeded estimated resources. We recommend the City implement procedures to amend the estimated resources prior approving additional appropriations to ensure the funds are available and prevent fund deficits.

**City Of Fairfield, Ohio**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2008**

Street Construction Maintenance  
Municipal Motor Vehicle  
Tax Increment Equivalency  
Flood Protection  
Downtown Development  
Sewer Bond Redemption  
Sewer Surplus  
Solid Waste Management  
Recreation Facilities  
Employee Benefits  
Municipal Garage

**Management response:** Management concurs with the finding and will implement procedures to ensure amendment of the estimated resources when an additional appropriation is proposed for approval by Council.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

**Finding 2007-1 – appropriations in excess of estimated resources**

Ohio Revised Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated resources. During our budgetary compliance review at July 31, 2008 and December 31, 2008, we found instances in the funds listed below that had appropriations which exceeded estimated resources. We recommend the City implement procedures to amend the estimated resources prior approving additional appropriations to ensure the funds are available and prevent fund deficits.

**Current Year Status:**

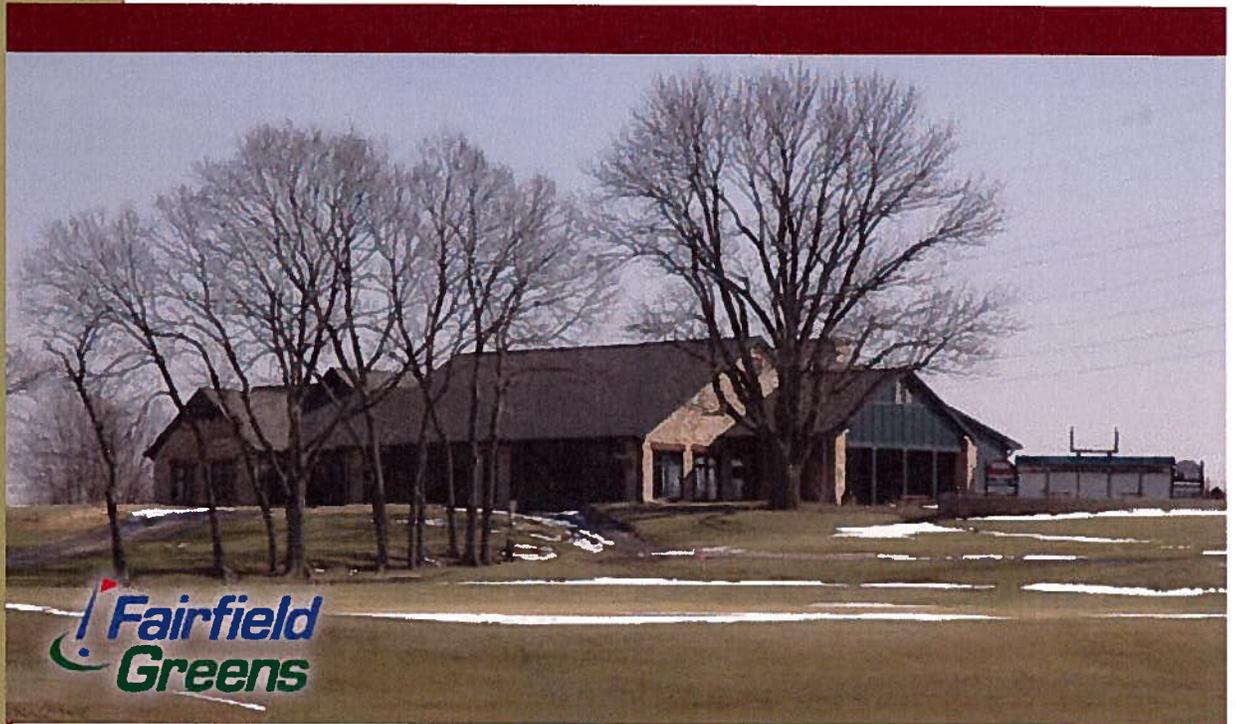
Repeated as finding 2008-1



**At Clark Schaefer Hackett**, we are the sum of our individuals. Each team member's training and experience are well-suited for each client's purpose and goals. We are committed to providing insightful and customized service — from efficient compliance to sophisticated consulting — to help each client prosper today and plan for future success.

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# City of Fairfield, Ohio

## Comprehensive Annual Financial Report

For The Year Ended December 31, 2008



**City of Fairfield, Ohio**

**Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2008**

**Prepared By:**  
**Department of Finance**  
**Mary Hopton, Director**

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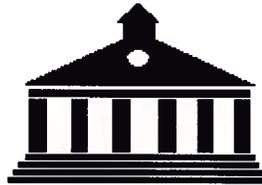
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## Introductory Section

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June 30, 2009

The Honorable Ronald A. D'Epifanio, 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, 2008 is submitted herewith. The Department of Finance prepared the report. The responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the City of Fairfield, specifically with the Department of Finance. We believe that the enclosed data is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. We further believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

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

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditors' report.

## **CITY OVERVIEW**

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

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

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

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

## **ECONOMIC CONDITIONS AND OUTLOOK**

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

Economic development and growth continue to be the backbone for Fairfield. While many other communities are experiencing the loss of jobs, Fairfield has been fortunate to attract and retain desirable businesses and industries keeping jobs in Fairfield.

Several employers continued on with expansion plans in 2008. In 2008, the Cincinnati Financial Corporation completed construction on a parking garage and a third office tower. This 435,000 sq. ft. office tower will add 550 new jobs to the City of Fairfield over several years. The City also welcomed Brown-Campbell Company who manufactures metal grates and platforms, and Iwata Bolt USA, Inc. who manufactures and distributes bolts and fastener supplies for the auto and consumer products industries. The City's Income Tax has remained stable over the last few years. This trend has left Fairfield in sound financial standing to help weather any economic shift that may occur over the next few years.

## **RELEVANT FINANCIAL POLICIES**

In June of 2006, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2007 and will be eliminated by 2009. The tax on telephone and telecommunication property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. In the first five years, the City will be reimbursed fully for the lost revenue; in the following seven years, the reimbursements will be phased out.

## **MAJOR INITIATIVES**

The following were among the many diverse activities and/or programs to which both the elected officials and staff devoted their energies in 2008:

- 1) In early 2009, the City of Fairfield completed the new golf course clubhouse, named the Phalen Center. The original clubhouse was several decades old and in need of repair. It became apparent when the City added the Community Arts Center in 2005 that the Golf Course Clubhouse building was not up to our new standards. In 2007, the old clubhouse was demolished and the reconstruction of the new Clubhouse began. The cost of this construction was approximately \$2.2 million.
- 2) In late 2008, the first phase is a redesign of the Council Chambers began. The redesign is to accommodate more seating and more efficient use of space. In 2007, the City of Fairfield has contracted with the firm of MSA to redesign and improve parts of the Municipal Building in phases. This phase of the project is estimated to cost \$500,000 with completion by mid-2009.
- 3) Improvement to State Route 4 at Crescentville began in 2008. The improvements are at the southern corridor of State Route 4 and will add additional lanes to accommodate traffic. The cost of this project is estimated at \$2.8 million with funding from the Ohio Department of Transportation for \$1.45 million and the City of Springdale for \$238,000.
- 4) In 2008, construction began on the improvements to a baseball park to honor Joe Nuxhall, former Cincinnati Reds pitcher and radio announcer. The improvements include a pavilion and a sculpture of Joe Nuxhall at a cost of approximately \$300,000. The project will be completed by mid-June 2009.

## **FUTURE PROJECTS**

Accomplishments and significant capital projects to look forward to in 2009 include the following:

- 1) The second phase of the Municipal Building improvements includes internal maintenance repairs, such as upgrading the HVAC system and computer and phone technology improvements. This phase is expected to cost \$256,000 and work will begin in 2009.
- 2) Work will begin on the Northern Route 4 Gateway Stanchion project. This project will cost approximately \$300,000 with over \$230,000 coming from a Community Development Block Grant (CDBG.) This stanchion will be placed in front of the railroad overpass at the Fairfield/Hamilton border.
- 3) In 2009, the resurfacing of State Route 127, Pleasant Avenue, will begin. The project is estimated to cost \$1,167,747 with over \$470,000 in funding from the Ohio Department of Transportation.
- 4) In 2009, the City created a tax increment financing (TIF) district in the northern area of the City. The use of the TIF monies will assist a developer with the redevelopment a plaza on Patterson Drive. The cost of the first phase is estimated at \$700,000. This project is part of the City's ongoing efforts to foster economic development.

## **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, 2008.

## CASH MANAGEMENT

Excluding investments held by trustees, cash temporarily idle during the year 2008 was invested in State Treasury Asset Reserves or U.S Treasury Notes (collateralized by U.S. Treasury Bills). As of year-end, the City has invested 2% in U.S. Treasury Notes, 41% in Federal Home Loan Bank, 10% in Federal Farm Credit Bank, 9% in Freddie Mac and 38% in STAROhio. Yields on these investment instruments ranged from 4.06% to 5.45% the amount of interest earned during the year was \$1,776,675 as compared to \$2,361,437 earned in 2007.

## 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, 2008 was as follows:

<b>2008 Population (Estimated)</b>	<u><u>42,386</u></u>
<b>Assessed Valuation</b>	<u><u>\$1,041,025,919</u></u>
<b>Total General Obligation (G.O.) Debt</b>	<b>\$21,860,000</b>
<b>Less Amount Available in Debt Service Fund</b>	<u><u>117,740</u></u>
<b>Net General Obligation Debt</b>	<u><u>\$21,742,260</u></u>
<b>Ratio of Net G.O. Debt to Assessed Valuation</b>	<b>2.09%</b>
<b>Debt per Capita</b>	<u><u>\$512.96</u></u>

The City's total debt at the close of 2008 included the above mentioned \$21,860,000 in net General Obligation debt and \$11,862,653 in enterprise debt. The City's General Obligation bonds continue to have an excellent rating, which they have carried for the past several years. In 2003, Moody's Investors Service upgraded the City's bonds to carry an "Aa2" credit rating with reaffirmation of the bond rating in early 2009.

## 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. An allocation was approved by the citizens in 2003 to allow the City's fiscal flexibility beginning January 1, 2004 with the tax rate remaining at 1.5%. The allocation is for 1.1% of the tax revenues to the General Fund, .2% to the Street Improvement Fund and .2% to the Capital Improvement Fund.

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:

	<b>2008</b>	<b>2007</b>
Allocated to <b>General Fund</b>	\$17,727,592	\$17,685,355
Allocated to <b>.2% Street Improvement Fund</b>	3,223,198	3,215,519
Allocated to <b>.2% Capital Improvement Fund</b>	<u>3,223,198</u>	<u>3,215,519</u>
<b>Gross Revenues</b>	<u>\$24,173,988</u>	<u>\$24,116,393</u>

### **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. For more information on risk management, see Note 4 in the Notes to the Basic Financial Statements.

### **INDEPENDENT AUDIT**

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

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairfield for its Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2007. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

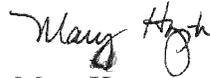
## ACKNOWLEDGEMENTS

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

Respectfully submitted,  
CITY OF FAIRFIELD



Arthur E. Pizzano  
City Manager



Mary Hopton  
Director of Finance

**CITY OF FAIRFIELD  
PUBLIC OFFICIALS**

**MAYOR**

Ron D'Epifanio

**COUNCIL MEMBERS**

Vice Mayor – Mike Oler

Mike Snyder  
Steve Miller  
Tim Meyers

Mitch Rhodus  
Tim Abbott  
Marty Judd

**APPOINTED OFFICIALS**

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

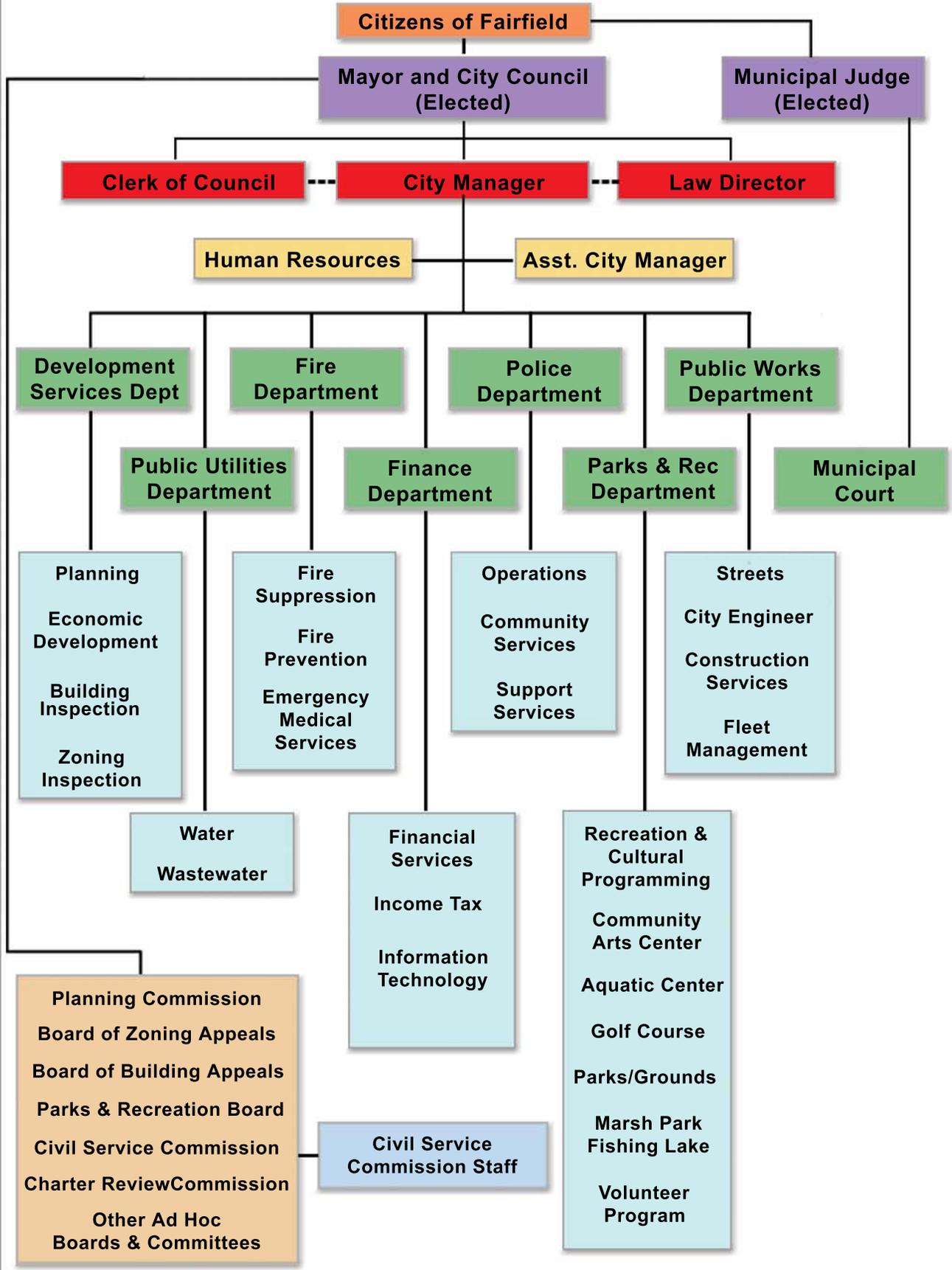
Arthur E. Pizzano  
Dennis R. Stuckey  
Mary Hopton  
John H. Clemmons  
Dave Butsch  
James Bell  
Dave Crouch  
Timothy Bachman  
Michael Dickey  
Donald Bennett  
Dena Morsch

**DEPARTMENT OF FINANCE**

Mary Hopton, MBA  
Tina Williams, CPA  
Tom Hedge  
Joseph Waldmann  
Karen Broughton

Finance Director  
Financial Services Manager  
Income Tax Administrator  
Information Technology Manager  
Payroll Administrator

# City of Fairfield, OH Service Delivery 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, 2007

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

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

Executive Director



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## Financial Section

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## INDEPENDENT AUDITORS' REPORT

To The City Council  
City of Fairfield, Ohio:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 14 and 58 through 61, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

160 north breiel blvd.  
middletown, oh 45042

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

*Clark, Schaefer, Hackett & Co.*

Middletown, Ohio  
June 30, 2009

**City of Fairfield, Ohio**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2008**  
**(Unaudited)**

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The City of Fairfield's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2008. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter and the City's financial statements.

**Financial Highlights**

- The City's total net assets increased \$146,244. Net assets of governmental activities decreased \$132,003, net assets of business-type activities increased by \$278,247.
- The general fund reported a fund balance of \$13,124,989.
- Business-type operations reflected operating (loss) of (\$760,606).
- The City issued \$5 million in General Obligation Bond Anticipation Notes for the City's new Justice Center, \$1.5 million in General Obligation Bond Anticipation Notes for golf course improvements and \$2 million in General Obligation Bond Anticipation Notes for improvements to the wastewater treatment plant.
- The City had \$40,091,723 in expenses relating to governmental activities; program revenues offset \$8,278,810 of these expenses. General revenues of \$32,960,910 were also used to provide for these programs.

**Overview of the Financial Statements**

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

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

## **Government-wide Financial Statements**

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

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

In the Government-wide Financial Statements, the City is divided into two kinds of activities.

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

## **Fund Financial Statements**

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

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

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

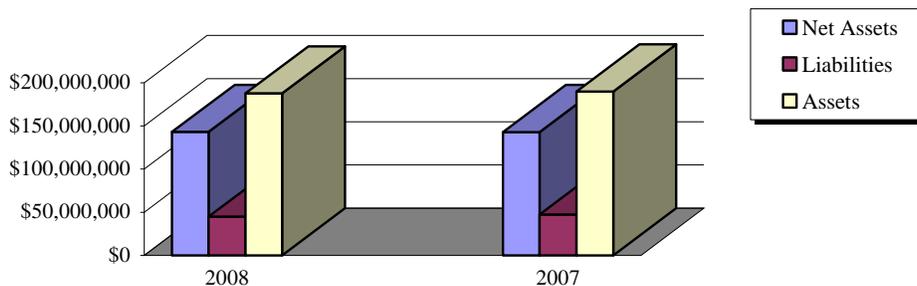
**Fiduciary Funds** - The City is the fiscal agent for the Municipal Court and Warranty Bonds. The City's fiduciary responsibility is reported in the Statement of Fiduciary Assets and Liabilities and the Statement of Changes in Assets and Liabilities. We exclude these balances from the City's other financial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

### The City as a Whole

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2008 compared to 2007.

**Table 1**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current and Other Assets	\$42,718,889	\$42,825,881	\$15,200,781	\$15,545,372	\$57,919,670	\$58,371,253
Capital Assets	80,015,826	81,343,629	49,640,864	50,203,760	129,656,690	131,547,389
<b>Total Assets</b>	<b>122,734,715</b>	<b>124,169,510</b>	<b>64,841,645</b>	<b>65,749,132</b>	<b>187,576,360</b>	<b>189,918,642</b>
<b>Liabilities:</b>						
Long-Term Liabilities	14,493,771	15,042,096	12,404,669	13,439,624	26,898,440	28,481,720
Other Liabilities	14,784,821	15,539,288	2,898,069	3,048,848	17,682,890	18,588,136
<b>Total Liabilities</b>	<b>29,278,592</b>	<b>30,581,384</b>	<b>15,302,738</b>	<b>16,488,472</b>	<b>44,581,330</b>	<b>47,069,856</b>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	61,855,826	60,813,629	35,778,211	34,821,973	97,634,037	95,635,602
Restricted	16,285,100	10,331,713	1,270,771	1,207,193	17,555,871	11,538,906
Unrestricted	15,315,197	22,442,784	12,489,925	13,231,494	27,805,122	35,674,278
<b>Total Net Assets</b>	<b>\$93,456,123</b>	<b>\$93,588,126</b>	<b>\$49,538,907</b>	<b>\$49,260,660</b>	<b>\$142,995,030</b>	<b>\$142,848,786</b>



Total net assets of the City as a whole increased \$146,244. Net assets of the City's governmental activities decreased \$132,003, while the net assets of the City's business-type activities increased \$278,247 from 2007. The largest portion of the City's net assets reflect its investment in capital assets, less any related debt to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens of the City. The City had an unrestricted net assets balance of \$27,805,122 that may be used to meet the government's ongoing obligations to citizens and creditors.

Total net assets remained relatively consistent from 2007 to 2008. Capital assets decreased mainly due to depreciation expenses exceeding additions in 2008. Long term liabilities decreased mainly due to the City making scheduled payments on its long term debt obligations.

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Table 2 shows the changes in net assets at year-end and revenue and expense comparisons to 2007.

**Table 2**  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Program Revenues:</b>						
Charges for Services	\$4,437,908	\$4,337,488	\$12,121,306	\$11,646,576	\$16,559,214	\$15,984,064
Operating Grants and Contributions	3,193,430	2,751,313	0	0	3,193,430	2,751,313
Capital Grants and Contributions	647,472	1,410,875	0	0	647,472	1,410,875
<b>Total Program Revenues</b>	<b>8,278,810</b>	<b>8,499,676</b>	<b>12,121,306</b>	<b>11,646,576</b>	<b>20,400,116</b>	<b>20,146,252</b>
<b>General Revenues:</b>						
Income Taxes	23,770,850	23,491,536	0	0	23,770,850	23,491,536
Property Taxes	4,413,079	6,076,079	0	0	4,413,079	6,076,079
Grants and Entitlements	3,008,438	3,111,723	0	0	3,008,438	3,111,723
Investment Earnings	1,416,837	1,676,017	359,838	685,420	1,776,675	2,361,437
Other Revenues	351,706	246,560	108,814	275,158	460,520	521,718
<b>Total General Revenues</b>	<b>32,960,910</b>	<b>34,601,915</b>	<b>468,652</b>	<b>960,578</b>	<b>33,429,562</b>	<b>35,562,493</b>
<b>Total Revenues</b>	<b>41,239,720</b>	<b>43,101,591</b>	<b>12,589,958</b>	<b>12,607,154</b>	<b>53,829,678</b>	<b>55,708,745</b>
<b>Program Expenses:</b>						
General Government	7,801,044	7,239,804	0	0	7,801,044	7,239,804
Public Safety	15,725,351	15,016,636	0	0	15,725,351	15,016,636
Leisure Time Activities	3,085,978	2,866,626	0	0	3,085,978	2,866,626
Community Development	1,702,850	1,617,775	0	0	1,702,850	1,617,775
Basic Utility Service	453,750	461,934	0	0	453,750	461,934
Transportation and Street Repair	10,437,041	10,279,823	0	0	10,437,041	10,279,823
Public Health and Welfare	23,457	24,166	0	0	23,457	24,166
Interest and Fiscal Charges	862,252	917,208	0	0	862,252	917,208
Water Utility	0	0	4,263,391	4,269,598	4,263,391	4,269,598
Sewer Utility	0	0	4,966,224	5,113,311	4,966,224	5,113,311
Solid Waste	0	0	2,266,099	2,007,021	2,266,099	2,007,021
Recreation	0	0	2,095,997	1,936,693	2,095,997	1,936,693
<b>Total Program Expenses</b>	<b>40,091,723</b>	<b>38,423,972</b>	<b>13,591,711</b>	<b>13,326,623</b>	<b>53,683,434</b>	<b>51,750,595</b>
Increase (Decrease) in Net Assets before Transfers	1,147,997	4,677,619	(1,001,753)	(719,469)	146,244	3,958,150
Transfers - Internal Activities	(1,280,000)	(640,000)	1,280,000	640,000	0	0
<b>Change in Net Assets</b>	<b>(132,003)</b>	<b>4,037,619</b>	<b>278,247</b>	<b>(79,469)</b>	<b>146,244</b>	<b>3,958,150</b>
Net Assets Beginning of Year	93,588,126	89,550,507	49,260,660	49,340,129	142,848,786	138,890,636
<b>Net Assets End of Year</b>	<b>\$93,456,123</b>	<b>\$93,588,126</b>	<b>\$49,538,907</b>	<b>\$49,260,660</b>	<b>\$142,995,030</b>	<b>\$142,848,786</b>

### ***Governmental Activities***

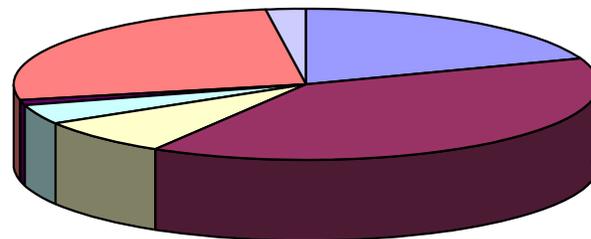
The City had a decrease in revenues mainly due to a decrease in property tax delinquents. Total expenses increased a modest 4% which was mostly due to general inflationary costs and the City increased efforts to maintain and repair the streets through-out the City.

Council was active in promoting economic growth in Fairfield in 2008, as this economic growth does increase the earnings tax base as well. Fairfield has continued attracting employers to our City in the year 2008, thereby injecting the local economy with jobs and increasing the City's commercial tax base. The 1.50% income tax is the largest source of revenue for the City.

Revenues generated by the earnings tax represent more than 72% of the City's governmental activities general revenues. During 2008, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2008 earnings tax revenues increased approximately 1.2% over 2007 tax revenues.

Governmental Activities  
 Program Expenses for 2008

	Percentage
General Government	19.46%
Public Safety	39.22%
Leisure Time Activities	7.70%
Community Development	4.25%
Basic Utility Service	1.13%
Transportation and Street Repair	26.03%
Public Health and Welfare	0.06%
Interest and Fiscal Charges	2.15%
<b>Total</b>	<b>100.00%</b>



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

## **Income Tax**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Waste Collection** – The City contract with Rumpke, a private organization, to provide waste removal and recycling services to residential customers in the City of Fairfield. In 2007, Council authorized a five-year contract with an option to renew for five additional years with Rumpke for Fairfield residents' waste and recycling collection. Per the City's contract the 2008 rate was \$12.00 per month for curbside service and \$6.80 per month for dumpster service. Annual increases are scheduled throughout the contract which will result in the curbside rate to be \$14.00 and the dumpster rate to be \$7.90 at the end of the five year contract.

The City charges a portion of the waste collection contract back to the residential customers of the service while the City subsidizes the difference with an operating transfer from the General Fund. In 2008, City Council passed an ordinance that structured user charges at \$8.79 per month for curbside service and \$5.80 per month for dumpster service. Annual increases were scheduled through the year 2011.

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

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

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

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

### **The City's Funds**

The City has five major governmental funds: the General Fund, Fire Levy Fund, .2% Street Improvement Fund, .2% Capital Improvement Fund and Downtown Development Fund. Assets of the general fund comprised \$19,054,964 (44%), the fire levy fund comprised \$5,195,501 (12%), the .2% street improvement fund comprised \$7,421,572 (17%), the .2% capital improvement fund comprised \$4,476,749 (10%) and the downtown development fund comprised \$294,111 (1%) of the total \$43,073,818 governmental funds assets.

**General Fund:** Fund balance at December 31, 2008 was \$13,124,989 a decrease in fund balance of \$567,784 from 2007. The general fund had a decrease in intergovernmental revenue due to a decrease in the amount of grant monies received from 2007 to 2008.

**Fire Levy Fund:** Fund balance at December 31, 2008 was \$279,470 an increase in fund balance of \$118,251 from 2007. The fire levy fund had an increase in fund balance due to an increase in charges for services due to an increase in monies received for services rendered.

**.2% Street Improvement Fund:** Fund balance at December 31, 2008 was \$6,806,760 a decrease in fund balance of \$733,519 from 2007. The .2% street improvement fund had an increase in fund balance primarily due to a decrease in taxes revenues received in 2008 as compared to 2007.

**.2% Capital Improvement Fund:** Fund balance at December 31, 2008 was \$2,375,324 an increase in fund balance of \$583,152 from 2007. The .2% capital improvement fund had an increase in fund balance primarily due to a decrease in capital outlay due to various improvements to the City in 2007.

**Downtown Development Fund:** Fund deficit at December 31, 2008 was (\$4,735,542) an increase in fund balance of \$959,049 from 2007. The downtown development fund saw an increase from 2007 in fund balance due to a transfer in from the general fund in 2008.

### ***General Fund Budgeting Highlights***

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

For the General Fund, the final budgeted expenditures was \$24,135,962 and the final actual expenditures was \$22,558,893. The difference was \$1,577,069. Variations from the final budgeted expenditures to the final actual expenditures are primarily due to the following: the City overestimated the general government and public safety for 2008. As the City completed the year, its General Fund balance reported an actual fund balance of \$12,118,148, on a Non-GAAP Budgetary Basis.

## Capital Assets and Debt Administration

### Capital Assets

At year end, the City had \$129,656,690 invested in land, construction in progress, buildings and improvements, equipment and infrastructure. Table 3 shows 2008 balances compared to 2007:

**Table 3**  
**Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$14,663,023	\$14,223,323	\$1,641,949	\$1,497,829	\$16,304,972	\$15,721,152
Construction in Progress	999,237	2,640,048	402,795	168,537	1,402,032	2,808,585
Buildings and Improvements	45,215,383	42,853,806	46,746,235	46,746,235	91,961,618	89,600,041
Equipment	14,853,104	14,261,795	3,668,992	2,770,643	18,522,096	17,032,438
Infrastructure	74,850,466	74,012,437	31,102,769	31,102,769	105,953,235	105,115,206
Accumulated Depreciation	<u>(70,565,387)</u>	<u>(66,647,780)</u>	<u>(33,921,876)</u>	<u>(32,082,253)</u>	<u>(104,487,263)</u>	<u>(98,730,033)</u>
Total Net Capital Assets	<u>\$80,015,826</u>	<u>\$81,343,629</u>	<u>\$49,640,864</u>	<u>\$50,203,760</u>	<u>\$129,656,690</u>	<u>\$131,547,389</u>

Capital Assets, net of accumulated depreciation, decreased mainly due to current year depreciation expense exceeding current year additions.

See Note 5 to the notes to the basic financial statements for further details on the City's capital assets.

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## ***Debt***

The City had \$11,660,000 in unvoted general obligation bonds for Governmental Activities and \$11,862,653 in Business-Type Activities long-term debt.

**Table 4**  
**Outstanding Debt at Year End**

		<u>2008</u>	<u>2007</u>
Governmental Activities:			
Fire Station Bond	6.90%	\$170,000	\$245,000
Various Purpose - 1999	4.50 - 4.60%	2,740,000	2,950,000
Various Purpose - 2002	4.00 - 4.90%	2,725,000	3,005,000
Community Arts Center Bond	2.00-4.20%	<u>6,025,000</u>	<u>6,330,000</u>
Total Governmental Activities		<u>\$11,660,000</u>	<u>\$12,530,000</u>
Business Type Activities:			
OWDA Wastewater Improvement Loan	3.79-4.12%	\$7,362,653	\$8,041,787
Various Purpose Recreation Bonds	4.34%	1,700,000	1,795,000
Water Refunding Mortgage Revenue Bond	3.76-5.05%	<u>2,800,000</u>	<u>3,045,000</u>
Total Business Type Activities		<u>\$11,862,653</u>	<u>\$12,881,787</u>

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

See Note 8 to the notes to the basic financial statements for further details on the City's long-term debt.

### **CONTACTING THE CITY'S FINANCE DEPARTMENT**

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

City of Fairfield, Ohio  
Statement of Net Assets  
December 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$29,472,795	\$12,262,800	\$41,735,595
Restricted Cash and Investments	0	1,270,771	1,270,771
Receivables:			
Taxes	10,799,489	0	10,799,489
Accounts	99,150	1,319,793	1,418,943
Interest	174,153	57,981	232,134
Intergovernmental	2,173,302	0	2,173,302
Deferred Bond Issuance Costs	0	16,819	16,819
Inventory	0	272,617	272,617
Nondepreciable Capital Assets	15,662,260	2,044,744	17,707,004
Depreciable Capital Assets, Net	64,353,566	47,596,120	111,949,686
<b>Total Assets</b>	<b>122,734,715</b>	<b>64,841,645</b>	<b>187,576,360</b>
Liabilities:			
Accounts Payable	778,094	392,346	1,170,440
Accrued Wages and Benefits	1,686,801	284,123	1,970,924
Accrued Interest Payable	73,863	32,825	106,688
Unearned Revenue	5,723,686	0	5,723,686
Other Liabilities	0	143,514	143,514
Claims Payable	22,377	0	22,377
Due To Other Governments	0	45,261	45,261
Bond Anticipated Notes Payable	6,500,000	2,000,000	8,500,000
Long-Term Liabilities:			
Due Within One Year	910,461	1,071,695	1,982,156
Due In More Than One Year	13,583,310	11,332,974	24,916,284
<b>Total Liabilities</b>	<b>29,278,592</b>	<b>15,302,738</b>	<b>44,581,330</b>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	61,855,826	35,778,211	97,634,037
Restricted for:			
Debt Service	1,488,334	1,270,771	2,759,105
Capital Projects	10,049,399	0	10,049,399
Other Purposes	4,747,367	0	4,747,367
Unrestricted	15,315,197	12,489,925	27,805,122
<b>Total Net Assets</b>	<b>\$93,456,123</b>	<b>\$49,538,907</b>	<b>\$142,995,030</b>

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio  
Statement of Activities  
For the Fiscal Year Ended December 31, 2008

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$7,801,044	\$2,146,381	\$0	\$0
Public Safety	15,725,351	1,108,266	533,396	0
Leisure Time Activities	3,085,978	238,651	0	0
Community Development	1,702,850	446,641	0	195,003
Basic Utility Service	453,750	491,304	0	0
Transportation and Street Repair	10,437,041	6,665	2,660,034	452,469
Public Health and Welfare	23,457	0	0	0
Interest and Fiscal Charges	862,252	0	0	0
<b>Total Governmental Activities</b>	<b>40,091,723</b>	<b>4,437,908</b>	<b>3,193,430</b>	<b>647,472</b>
<b>Business-Type Activities:</b>				
Water Utility	4,263,391	3,873,447	0	0
Sewer Utility	4,966,224	4,612,647	0	0
Solid Waste	2,266,099	1,620,155	0	0
Recreation	2,095,997	2,015,057	0	0
<b>Total Business-Type Activities</b>	<b>13,591,711</b>	<b>12,121,306</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$53,683,434</b>	<b>\$16,559,214</b>	<b>\$3,193,430</b>	<b>\$647,472</b>

General Revenues:  
Income Taxes  
Property Taxes Levied for:  
General Purposes  
Special Revenue Purposes  
Grants and Entitlements not Restricted to Specific Programs - Unrestricted  
Investment Earnings  
Refunds  
Other Revenues  
Transfers-Internal Activities  
  
Total General Revenues and Transfers  
  
Change in Net Assets  
  
Net Assets Beginning of Year  
  
Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$5,654,663)	\$0	(\$5,654,663)
(14,083,689)	0	(14,083,689)
(2,847,327)	0	(2,847,327)
(1,061,206)	0	(1,061,206)
37,554	0	37,554
(7,317,873)	0	(7,317,873)
(23,457)	0	(23,457)
(862,252)	0	(862,252)
<u>(31,812,913)</u>	<u>0</u>	<u>(31,812,913)</u>
0	(389,944)	(389,944)
0	(353,577)	(353,577)
0	(645,944)	(645,944)
0	(80,940)	(80,940)
<u>0</u>	<u>(1,470,405)</u>	<u>(1,470,405)</u>
<u>(31,812,913)</u>	<u>(1,470,405)</u>	<u>(33,283,318)</u>
23,770,850	0	23,770,850
1,106,422	0	1,106,422
3,306,657	0	3,306,657
3,008,438	0	3,008,438
1,416,837	359,838	1,776,675
179,369	0	179,369
172,337	108,814	281,151
(1,280,000)	1,280,000	0
<u>31,680,910</u>	<u>1,748,652</u>	<u>33,429,562</u>
(132,003)	278,247	146,244
<u>93,588,126</u>	<u>49,260,660</u>	<u>142,848,786</u>
<u>\$93,456,123</u>	<u>\$49,538,907</u>	<u>\$142,995,030</u>

City of Fairfield, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2008

	General	Fire Levy	.2% Street Improvement	.2% Capital Improvement	Downtown Development
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$12,395,669	\$672,866	\$6,692,114	\$3,775,948	\$294,111
<b>Receivables:</b>					
Taxes	5,095,226	4,342,627	680,818	680,818	0
Accounts	99,150	0	0	0	0
Interest	105,530	0	48,640	19,983	0
Intergovernmental	868,792	180,008	0	0	0
Interfund	490,597	0	0	0	0
<b>Total Assets</b>	<b>19,054,964</b>	<b>5,195,501</b>	<b>7,421,572</b>	<b>4,476,749</b>	<b>294,111</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	235,865	19,083	174,576	170,013	0
Accrued Wages and Benefits	1,156,214	378,646	0	0	0
Accrued Interest Payable	0	0	0	4,333	29,653
Interfund Payable	0	0	0	0	0
Deferred Revenue	4,537,896	4,518,302	440,236	427,079	0
Bond Anticipated Notes Payable	0	0	0	1,500,000	5,000,000
<b>Total Liabilities</b>	<b>5,929,975</b>	<b>4,916,031</b>	<b>614,812</b>	<b>2,101,425</b>	<b>5,029,653</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	432,065	4,478	1,793,435	1,379,487	9,531
<b>Unreserved, Undesignated, Reported in:</b>					
General Fund	12,692,924	0	0	0	0
Special Revenue Funds	0	274,992	0	0	0
Debt Service Funds	0	0	0	0	0
Capital Projects Funds	0	0	5,013,325	995,837	(4,745,073)
<b>Total Fund Balances</b>	<b>13,124,989</b>	<b>279,470</b>	<b>6,806,760</b>	<b>2,375,324</b>	<b>(4,735,542)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$19,054,964</b>	<b>5,195,501</b>	<b>\$7,421,572</b>	<b>\$4,476,749</b>	<b>\$294,111</b>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$5,506,419	\$29,337,127
0	10,799,489
0	99,150
0	174,153
1,124,502	2,173,302
0	490,597
<u>6,630,921</u>	<u>43,073,818</u>
171,670	771,207
123,476	1,658,336
0	33,986
490,597	490,597
967,284	10,890,797
0	6,500,000
<u>1,753,027</u>	<u>20,344,923</u>
614,398	4,233,394
0	12,692,924
3,636,315	3,911,307
1,528,211	1,528,211
(901,030)	363,059
<u>4,877,894</u>	<u>22,728,895</u>
<u>\$6,630,921</u>	<u>\$43,073,818</u>

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City of Fairfield, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 December 31, 2008

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Total Governmental Fund Balance \$22,728,895

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

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the funds. 80,015,826

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

Income Taxes	\$3,053,217	
Delinquent Property Taxes	162,118	
Interest	158,653	
Intergovernmental	1,793,123	
		5,167,111

An internal service fund is used by management to charge  
 back costs to individual funds. The assets and  
 liabilities of the internal service fund are included in  
 governmental activities in the statement of net assets. 2,202

In the statement of net assets interest payable is accrued when  
 incurred, whereas in the governmental funds interest is  
 reported as a liability only when it will require the use of  
 current financial resources. (39,877)

Some liabilities reported in the statement of net assets do not  
 require the use of current financial resources and therefore  
 are not reported as liabilities in governmental funds.  
 Compensated Absences (2,758,034)

Long-term liabilities, are not due and payable in the current  
 period and therefore are not reported in the funds. (11,660,000)

Net Assets of Governmental Activities \$93,456,123

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2008

	General	Fire Levy	.2% Street Improvement	.2% Capital Improvement	Downtown Development
<b>Revenues:</b>					
Taxes	\$18,402,319	\$3,952,273	\$3,073,189	\$3,073,189	\$0
Fines, Licenses & Permits	1,497,446	5,875	0	0	0
Charges for Services	760,224	1,049,216	0	0	0
Investment Earnings	684,021	2,533	402,620	240,510	17,926
Intergovernmental	2,837,362	393,268	159,294	0	0
Special Assessments	74,581	0	0	0	0
Other Revenues	285,265	3,963	0	15,827	0
<b>Total Revenues</b>	<b>24,541,218</b>	<b>5,407,128</b>	<b>3,635,103</b>	<b>3,329,526</b>	<b>17,926</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	6,996,427	0	0	0	0
Public Safety	9,638,649	5,280,899	0	0	0
Leisure Time Activities	2,449,825	0	0	0	0
Community Development	1,385,328	0	0	0	0
Basic Utility Service	453,750	0	0	0	0
Transportation and Street Repair	0	0	3,485,200	1,145,676	47,049
Public Health and Welfare	23,457	0	0	0	0
Capital Outlay	338,590	7,988	476,462	824,046	0
<b>Debt Service:</b>					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	78,778	215,828
<b>Total Expenditures</b>	<b>21,286,026</b>	<b>5,288,887</b>	<b>3,961,662</b>	<b>2,048,500</b>	<b>262,877</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,255,192</b>	<b>118,241</b>	<b>(326,559)</b>	<b>1,281,026</b>	<b>(244,951)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Assets	12,024	10	0	4,100	0
Transfers In	0	0	0	579,778	1,204,000
Transfers (Out)	(3,835,000)	0	(406,960)	(1,281,752)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(3,822,976)</b>	<b>10</b>	<b>(406,960)</b>	<b>(697,874)</b>	<b>1,204,000</b>
<b>Net Change in Fund Balance</b>	<b>(567,784)</b>	<b>118,251</b>	<b>(733,519)</b>	<b>583,152</b>	<b>959,049</b>
<b>Fund Balance (Deficit) Beginning of Year</b>	<b>13,692,773</b>	<b>161,219</b>	<b>7,540,279</b>	<b>1,792,172</b>	<b>(5,694,591)</b>
<b>Fund Balance (Deficit) End of Year</b>	<b>\$13,124,989</b>	<b>\$279,470</b>	<b>\$6,806,760</b>	<b>\$2,375,324</b>	<b>(\$4,735,542)</b>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$0	\$28,500,970
860,157	2,363,478
0	1,809,440
109,135	1,456,745
3,880,397	7,270,321
205,001	279,582
14,825	319,880
<u>5,069,515</u>	<u>42,000,416</u>
306,022	7,302,449
12,542	14,932,090
0	2,449,825
203,020	1,588,348
0	453,750
3,582,715	8,260,640
0	23,457
721,711	2,368,797
870,000	870,000
561,090	855,696
<u>6,257,100</u>	<u>39,105,052</u>
<u>(1,187,585)</u>	<u>2,895,364</u>
0	16,134
4,138,712	5,922,490
<u>(1,878,778)</u>	<u>(7,402,490)</u>
<u>2,259,934</u>	<u>(1,463,866)</u>
1,072,349	1,431,498
<u>3,805,545</u>	<u>21,297,397</u>
<u>\$4,877,894</u>	<u>\$22,728,895</u>

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City of Fairfield, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2008

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Net Change in Fund Balance - Total Governmental Funds \$1,431,498

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

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

Capital assets used in governmental activities	\$3,075,645	
Depreciation Expense	<u>(4,382,971)</u>	
		(1,307,326)

Governmental funds only report the disposal of assets to the  
 extent proceeds are received from the sale. In the statement  
 of activities, a gain or loss is reported for each disposal. The  
 amount of the proceeds must be removed and the gain or loss  
 on the disposal of capital assets must be recognized. This is the  
 amount of the difference between the proceeds and the gain or loss. (20,477)

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

Income Taxes	\$550,902	
Delinquent Property Taxes	(869,750)	
Interest	(39,910)	
Intergovernmental	<u>(401,938)</u>	
		(760,696)

Repayment of bond principal is an expenditure in the  
 governmental funds, but the repayment reduces long-term  
 liabilities in the statement of net assets. 870,000

In the statement of activities interest expense is accrued when incurred,  
 whereas in governmental funds an interest expenditure is reported  
 when due. (6,556)

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

Compensated Absences		(357,334)
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The internal service fund used by management to charge back costs  
 to individual funds is not reported in the district-wide statement of  
 activities. Governmental fund expenditures and the related internal  
 service fund revenues are eliminated. The net revenue (expense) of  
 the internal service fund is allocated among the governmental activities. 18,888

Change in Net Assets of Governmental Activities		<u><u>(\$132,003)</u></u>
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See accompanying notes to the basic financial statements.

City of Fairfield, Ohio  
Statement of Net Assets  
Proprietary Funds  
December 31, 2008

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Management	Recreation Facilities
Current Assets:				
Equity in Pooled Cash and Investments	\$8,654,669	\$3,073,792	\$95,396	\$438,943
Restricted Cash and Investments	1,270,771	0	0	0
Receivables:				
Accounts	449,020	625,575	245,198	0
Interest	55,068	2,913	0	0
Deferred Bond Issuance Costs	16,819	0	0	0
Inventory	261,849	0	0	10,768
<b>Total Current Assets</b>	<b>10,708,196</b>	<b>3,702,280</b>	<b>340,594</b>	<b>449,711</b>
Noncurrent Assets:				
Nondepreciable Capital Assets	992,593	545,151	0	507,000
Depreciable Capital Assets, Net	15,819,101	27,992,530	0	3,784,489
<b>Total Noncurrent Assets</b>	<b>16,811,694</b>	<b>28,537,681</b>	<b>0</b>	<b>4,291,489</b>
<b>Total Assets</b>	<b>27,519,890</b>	<b>32,239,961</b>	<b>340,594</b>	<b>4,741,200</b>
Liabilities:				
Accounts Payable	278,302	102,265	1,683	10,096
Accrued Wages and Benefits	111,047	125,923	1,157	45,996
Compensated Absences	0	6,384	0	8,486
Accrued Interest Payable	11,177	15,500	0	6,148
Other Liabilities	143,514	0	0	0
Claims Payable	0	0	0	0
Due To Other Governments	0	45,261	0	0
Bond Anticipated Notes Payable	0	2,000,000	0	0
Long-Term Liabilities Due Within One Year	255,000	706,825	0	95,000
<b>Total Current Liabilities</b>	<b>799,040</b>	<b>3,002,158</b>	<b>2,840</b>	<b>165,726</b>
Long-Term Liabilities:				
Compensated Absences	201,795	232,271	655	92,425
Bonds, Notes & Loans Payable	2,545,000	6,655,828	0	1,605,000
<b>Total Long-Term Liabilities</b>	<b>2,746,795</b>	<b>6,888,099</b>	<b>655</b>	<b>1,697,425</b>
<b>Total Liabilities</b>	<b>3,545,835</b>	<b>9,890,257</b>	<b>3,495</b>	<b>1,863,151</b>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	14,011,694	19,175,028	0	2,591,489
Restricted for:				
Debt Service	1,270,771	0	0	0
Unrestricted	8,691,590	3,174,676	337,099	286,560
<b>Total Net Assets</b>	<b>\$23,974,055</b>	<b>\$22,349,704</b>	<b>\$337,099</b>	<b>\$2,878,049</b>

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Fund
\$12,262,800	\$135,668
1,270,771	0
1,319,793	0
57,981	0
16,819	0
272,617	0
15,200,781	135,668
2,044,744	0
47,596,120	0
49,640,864	0
64,841,645	135,668
392,346	6,887
284,123	28,465
14,870	0
32,825	0
143,514	0
0	22,377
45,261	0
2,000,000	0
1,056,825	0
3,969,764	57,729
527,146	75,737
10,805,828	0
11,332,974	75,737
15,302,738	133,466
35,778,211	0
1,270,771	0
12,489,925	2,202
\$49,538,907	\$2,202

City of Fairfield, Ohio  
Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2008

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Management	Recreation Facilities
Operating Revenues:				
Fines, Licenses & Permits	\$39,320	\$70,417	\$0	\$0
Charges for Services	3,834,127	4,542,230	1,620,155	2,015,057
Other Revenues	70,120	8,990	7,973	21,731
Total Operating Revenues	3,943,567	4,621,637	1,628,128	2,036,788
Operating Expenses:				
Personal Services	1,785,465	2,183,309	21,443	962,588
Contractual Services	1,042,142	732,032	2,244,147	592,647
Materials and Supplies	698,874	486,787	509	328,213
Depreciation	533,820	1,166,103	0	172,709
Other Expenses	39,938	0	0	0
Total Operating Expenses	4,100,239	4,568,231	2,266,099	2,056,157
Operating Income (Loss)	(156,672)	53,406	(637,971)	(19,369)
Non-Operating Revenues (Expenses):				
Investment Earnings	303,730	52,338	0	3,770
Interest (Expense)	(163,952)	(398,643)	0	(39,840)
Gain (Loss) on Disposal of Capital Assets	800	650	0	0
Total Non-Operating Revenues (Expenses)	140,578	(345,655)	0	(36,070)
Income (Loss) Before Transfers	(16,094)	(292,249)	(637,971)	(55,439)
Transfers In	0	300,000	785,000	195,000
Change in Net Assets	(16,094)	7,751	147,029	139,561
Net Assets Beginning of Year	23,990,149	22,341,953	190,070	2,738,488
Net Assets End of Year	\$23,974,055	\$22,349,704	\$337,099	\$2,878,049

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Fund
\$109,737	\$0
\$12,011,569	3,930,467
108,814	40
<u>12,230,120</u>	<u>3,930,507</u>
4,952,805	508,721
4,610,968	3,295,124
1,514,383	309,087
1,872,632	0
39,938	0
<u>12,990,726</u>	<u>4,112,932</u>
<u>(760,606)</u>	<u>(182,425)</u>
359,838	1,313
(602,435)	0
1,450	0
<u>(241,147)</u>	<u>1,313</u>
(1,001,753)	(181,112)
<u>1,280,000</u>	<u>200,000</u>
278,247	18,888
<u>49,260,660</u>	<u>(16,686)</u>
<u>\$49,538,907</u>	<u>\$2,202</u>

City of Fairfield, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2008

Business-Type Activities - Enterprise Funds

	Water Utility	Sewer Utility	Solid Waste Management	Recreation Facilities
Cash Flows from Operating Activities:				
Cash Received from Customers	\$3,750,137	\$4,538,934	\$1,557,613	\$2,036,788
Cash Payments to Employees	(1,831,205)	(2,083,331)	(20,862)	(968,501)
Cash Payments to Suppliers	(1,542,863)	(1,182,979)	(2,243,714)	(916,606)
Net Cash Provided (Used) by Operating Activities	376,069	1,272,624	(706,963)	151,681
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	300,000	785,000	195,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	300,000	785,000	195,000
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(887,069)	(361,313)	0	(61,354)
Debt Proceeds	0	2,000,000	0	0
Debt Principal Payments	(245,000)	(3,179,134)	0	(95,000)
Debt Interest Payments	(149,023)	(417,310)	0	(40,184)
Proceeds from sale of capital assets	800	650	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,280,292)	(1,957,107)	0	(196,538)
Cash Flows from Investing Activities:				
Earnings on Investments	318,254	79,941	0	3,770
Net Cash Provided (Used) by Cash Flows from Investing Activities	318,254	79,941	0	3,770
Net Increase (Decrease) in Cash and Cash Equivalents	(585,969)	(304,542)	78,037	153,913
Cash and Cash Equivalents Beginning of Year	10,511,409	3,378,334	17,359	285,030
Cash and Cash Equivalents End of Year	9,925,440	3,073,792	95,396	438,943
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(156,672)	53,406	(637,971)	(19,369)
Adjustments:				
Depreciation	533,820	1,166,103	0	172,709
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(193,430)	(82,703)	(70,515)	0
(Increase) Decrease in Inventory	(28,153)	0	0	2,797
Increase (Decrease) in Payables	226,306	35,840	942	1,457
Increase (Decrease) in Accrued Liabilities	(5,802)	99,978	581	(5,913)
Net Cash Provided (Used) by Operating Activities	\$376,069	\$1,272,624	(\$706,963)	\$151,681

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Fund
\$11,883,472	\$3,930,507
(4,903,899)	(471,774)
(5,886,162)	(3,590,519)
<u>1,093,411</u>	<u>(131,786)</u>
 1,280,000	 200,000
<u>1,280,000</u>	<u>200,000</u>
 (1,309,736)	 0
2,000,000	0
(3,519,134)	0
(606,517)	0
1,450	0
<u>(3,433,937)</u>	<u>0</u>
 401,965	 1,313
<u>401,965</u>	<u>1,313</u>
 (658,561)	 69,527
<u>14,192,132</u>	<u>66,141</u>
<u>\$13,533,571</u>	<u>135,668</u>
 (\$760,606)	 (182,425)
1,872,632	0
(346,648)	0
(25,356)	0
264,545	13,692
88,844	36,947
<u>\$1,093,411</u>	<u>(\$131,786)</u>

City of Fairfield, Ohio  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Fund  
December 31, 2008

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$145,837</u>
Total Assets	<u><u>145,837</u></u>
Liabilities:	
Other Liabilities	<u>145,837</u>
Total Liabilities	<u><u>\$145,837</u></u>

See accompanying notes to the basic financial statements.

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Year Ended December 31, 2008**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

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

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

**Basis of Presentation**

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

## Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The services provided and used of the internal service fund are eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

## Fund Financial Statements

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

## **Measurement Focus**

### Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

## Fund Financial Statements

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

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

## **Fund Accounting**

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

### Governmental Funds

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

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

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

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

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

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

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

### Proprietary Funds

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

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

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

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

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

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

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

### Fiduciary Funds

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

## **Basis of Accounting**

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

### Revenues - Exchange and Non-exchange Transactions

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

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

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

### Deferred Revenue

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

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

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

### Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because such amounts have not yet been earned.

### Expenses/Expenditures

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

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

### **Equity in Pooled Cash and Investments**

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

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

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

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

Following the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during 2008 amounted to \$684,021 in the general fund, \$2,533 in the fire levy fund, \$402,620 in the .2% street improvement fund, \$240,510 in the .2% capital improvement fund, \$17,926 in the downtown development fund, \$109,135 in other governmental funds, \$303,730 in the water utility fund, \$52,338 in the sewer utility fund, \$3,770 in the recreation facilities fund and \$1,313 in the employees' benefits (internal service) fund.

## **Inventory**

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

## **Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The City will capitalize capital assets with a cost of \$1,000 or more, depending on the Asset Class.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-50 years
Equipment	5-10 years
Infrastructure	10-50 years

## **Compensated Absences**

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

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

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

### **Accrued Liabilities and Long-Term Obligations**

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

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

### **Fund Balance Reserves**

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

### **Restricted Assets**

Restricted assets consist of resources whose use is restricted by bond covenant agreements.

### **Net Assets**

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the City's \$17,555,871 in restricted net assets, none was restricted by enabling legislation.

## **Operating Revenues and Expenses**

The City, in its proprietary funds, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **Interfund Activity**

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

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

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

## **Estimates**

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

## **NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS**

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

State statute requires the classification of monies held by the City into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the City. Such monies must by law be maintained either as cash in the City treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

## Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2008, \$11,063,377 of the City's bank balance of \$12,461,835 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

## Investments

As of December 31, 2008, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury Notes	\$502,801	0.00
Freddie Mac	2,787,233	2.78
Federal Home Loan Bank	12,824,318	3.22
Federal Farm Credit Bank	3,177,810	3.18
STAROhio	12,000,000	0.15
Total Fair Value	\$31,292,162	
Portfolio Weighted Average Maturity		1.95

Interest rate risk - In accordance with the investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years, unless matched to a specified obligation or debt of the City.

Credit Risk – It is the City’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The City’s investments in Federal Home Loan Bank, Freddie Mac, and Federal Farm Credit Bank were rated AAA by Standard and Poor’s and Fitch ratings and Aaa by Moody’s Investors Service. Investments in STAROhio were rated AAAM by Standard & Poors. The U.S. Treasury Notes were not rated.

Concentration of credit risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 2% in U.S. Treasury Notes, 41% in Federal Home Loan Bank, 9% in Freddie Mac, 10% in Federal Farm Credit Bank, and 38% in STAROhio.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City’s securities are either insured and registered in the name of the City or at least registered in the name of the City.

### **NOTE 3 – RECEIVABLES**

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

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

#### **Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes were levied after October 1, 2007, on the value as of December 31, 2007. Collections were made in 2008. Tangible personal property assessments are 25 percent of true value.

The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending in 2009. This phase-out applies to most businesses and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reported on the 2006 and subsequent year returns is not subject to the personal property tax.

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

	<u>Amount</u>
Real Property	\$953,317,810
Public Utility	24,221,990
Tangible Personal Property	<u>63,486,119</u>
Total	<u><u>\$1,041,025,919</u></u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of year end for which there is an enforceable legal claim.

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2008. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2008 operations. The receivable is therefore offset by a credit to deferred revenue.

## Income Taxes

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

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

## **NOTE 4 – RISK MANAGEMENT**

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### Description

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

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

### Claim Liabilities

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

### Unpaid Claim Liabilities

The following figures represent the changes in dental claims liabilities for the City from January 1, 2007 to December 31, 2008:

Claims Liability, 1/1/07	\$12,104
Claims net of changes in estimates	182,750
Payments	<u>(179,816)</u>
Claims Liability, 12/31/07	15,038
Claims net of changes in estimates	241,554
Payments	<u>(234,215)</u>
Claims Liability, 12/31/08	<u><u>\$22,377</u></u>

## NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$14,223,323	\$439,700	\$0	\$14,663,023
Construction in Progress	2,640,048	1,327,397	2,968,208	999,237
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	42,853,806	2,361,577	0	45,215,383
Equipment	14,261,795	1,077,150	485,841	14,853,104
Infrastructure	74,012,437	838,029	0	74,850,466
Totals at Historical Cost	<u>147,991,409</u>	<u>6,043,853</u>	<u>3,454,049</u>	<u>150,581,213</u>
Less Accumulated Depreciation:				
Buildings and Improvements	12,755,705	1,325,858	0	14,081,563
Equipment	10,163,405	1,156,675	465,364	10,854,716
Infrastructure	43,728,670	1,900,438	0	45,629,108
Total Accumulated Depreciation	<u>66,647,780</u>	<u>4,382,971</u>	<u>465,364</u>	<u>70,565,387</u>
Governmental Activities Capital Assets, Net	<u><u>\$81,343,629</u></u>	<u><u>\$1,660,882</u></u>	<u><u>\$2,988,685</u></u>	<u><u>\$80,015,826</u></u>
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,497,829	\$144,120	\$0	\$1,641,949
Construction in Progress	168,537	234,258	0	402,795
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	46,746,235	0	0	46,746,235
Equipment	2,770,643	931,358	33,009	3,668,992
Infrastructure	31,102,769	0	0	31,102,769
Totals at Historical Cost	<u>82,286,013</u>	<u>1,309,736</u>	<u>33,009</u>	<u>83,562,740</u>
Less Accumulated Depreciation:				
Buildings and Improvements	18,234,247	943,247	0	19,177,494
Equipment	2,109,608	208,624	33,009	2,285,223
Infrastructure	11,738,398	720,761	0	12,459,159
Total Accumulated Depreciation	<u>32,082,253</u>	<u>1,872,632</u>	<u>33,009</u>	<u>33,921,876</u>
Business-Type Activities Capital Assets, Net	<u><u>\$50,203,760</u></u>	<u><u>(\$562,896)</u></u>	<u><u>\$0</u></u>	<u><u>\$49,640,864</u></u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$357,160
Public Safety	987,856
Leisure Time Activities	684,425
Community Development	35,333
Transportation and Street Repair	2,318,197
Total Depreciation Expense	<u><u>\$4,382,971</u></u>

**NOTE 6 – COMPENSATED ABSENCES**

**Accumulated Unpaid Vacation**

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

**Accumulated Unpaid Sick Leave**

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

**NOTE 7 – NOTES PAYABLE**

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
Downtown Development Fund:				
3.45% Justice Center Bond Anticipation Note	\$6,000,000	\$0	\$6,000,000	\$0
3.50% Justice Center Bond Anticipation Note	0	5,000,000	0	5,000,000
4.00% Golf Center Bond Anticipation Note	2,000,000	0	2,000,000	0
4.00% Golf Center Bond Anticipation Note	0	1,500,000	0	1,500,000
Sewer Utility Fund:				
4.00% Sewer Expansion	2,500,000	0	2,500,000	0
2.25% Sewer Expansion	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>
Total Notes Payable	<u>\$10,500,000</u>	<u>\$8,500,000</u>	<u>(\$10,500,000)</u>	<u>\$8,500,000</u>

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

## NOTE 8 – LONG-TERM DEBT

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

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
<u>General Obligation Bonds</u>						
Fire Station	6.90%	\$245,000	\$0	(\$75,000)	\$170,000	\$80,000
Various Purpose - 1999	4.50 - 4.60%	2,950,000	0	(210,000)	2,740,000	220,000
Various Purpose - 2002	4.00 - 4.90%	3,005,000	0	(280,000)	2,725,000	290,000
Community Arts Center	2.00 - 4.20%	6,330,000	0	(305,000)	6,025,000	315,000
Total Long-Term Liabilities		<u>12,530,000</u>	<u>0</u>	<u>(870,000)</u>	<u>11,660,000</u>	<u>905,000</u>
Compensated Absences		2,512,096	438,584	(116,909)	2,833,771	5,461
Total Governmental Activities		<u>\$15,042,096</u>	<u>\$438,584</u>	<u>(\$986,909)</u>	<u>\$14,493,771</u>	<u>\$910,461</u>
<b>Business Type Activities</b>						
<u>Loans</u>						
OWDA Wastewater Improvement	3.79-4.12%	\$8,041,787	\$0	(\$679,134)	\$7,362,653	\$706,825
<u>General Obligation Bonds</u>						
Various Purpose Recreation	4.34%	1,795,000	0	(95,000)	1,700,000	95,000
<u>Mortgage Revenue Bonds</u>						
Water Refunding	3.76-5.05%	3,045,000	0	(245,000)	2,800,000	255,000
Compensated Absences		557,837	58,632	(74,453)	542,016	14,870
Total Business-Type Activities		<u>\$13,439,624</u>	<u>\$58,632</u>	<u>(\$1,093,587)</u>	<u>\$12,404,669</u>	<u>\$1,071,695</u>

The City's bonds and loan will be paid from the General Bond Retirement Fund, Water Utility Fund, Sewer Utility Fund and Recreation Facilities Fund. Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund, a Special Revenue Fund, or an Enterprise Fund.

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

Year Ending December 31	General Obligation Bonds		Mortgage Revenue Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$1,000,000	\$552,746	\$255,000	\$137,874	\$706,825	\$289,894
2010	1,045,000	514,366	265,000	126,018	735,643	261,075
2011	995,000	472,966	280,000	113,562	765,640	231,080
2012	1,035,000	431,965	295,000	100,262	796,858	199,863
2013	1,085,000	388,875	310,000	86,102	829,350	167,368
2014-2018	5,330,000	1,253,770	1,395,000	180,287	3,485,228	323,147
2019-2023	2,870,000	351,416	0	0	43,109	817
Total	<u>\$13,360,000</u>	<u>\$3,966,104</u>	<u>\$2,800,000</u>	<u>\$744,105</u>	<u>\$7,362,653</u>	<u>\$1,473,244</u>

## **NOTE 9 – DEFEASANCE OF BONDS**

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### **Special Assessment Bonds**

The Special Assessment Fund purchased special assessment sidewalk bonds issued by the City. The value of the bonds at December 31, 2008 was \$34,938. 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 10 – INDUSTRIAL AND ECONOMIC DEVELOPMENT REVENUE BONDS**

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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, 2008 \$2,365,000 was outstanding. The bonds are not a liability nor are the proceeds of the issues assets of the City and, accordingly, they are not reflected on the City's financial records. Debt service on these issues is payable solely from the revenues of the Company and/or individual for whom the debt was issued.

## **NOTE 11 – PENSION PLANS**

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### **Ohio Public Employees Retirement System**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at [www.opers.org](http://www.opers.org).

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2008, 2007 and 2006 were \$1,711,802, \$1,588,970 and \$1,502,126, respectively. The full amount has been contributed for 2007 and 2006 and 92% has been contributed for 2008.

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

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

Police and firefighters are required to contribute 10% of their annual covered salary to fund pension obligations and the City is required to contribute 19.5% for police and 24% for firefighters. The City's required contributions to the OP&F for the years ending December 31, 2008, 2007 and 2006 were \$907,751 for police \$530,999 for fire, \$786,866 for police, \$596,104 for fire, and \$835,022 for police and \$445,164 for fire, respectively. The full amount has been contributed for 2007 and 2006 and 76% for police and 76% for fire has been contributed for 2008.

## **NOTE 12 – POST EMPLOYMENT BENEFITS**

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### **Ohio Public Employees Retirement System**

#### Plan Description

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

### Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

### Information from City's Records

The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$855,901 for 2008, \$632,308 for 2007 and \$493,448 for 2006.

### OPERS Retirement Board Implements its Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

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

### Plan Description

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

### Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2008 were \$314,092 for police and \$149,211 for fire; for the year ending December 31, 2007 were \$272,756 for police and \$167,505 for fire; and for the year ending December 31, 2006 were \$331,504 for police and \$143,788 for fire, respectively, was allocated to the healthcare plan.

**NOTE 13 – CONSTRUCTION COMMITMENTS**

The City had the following outstanding commitments at year end:

<u>Project</u>	<u>Spent-to-date</u>	<u>Commitment Remaining</u>
Repairs to Hunter Rd. Standpipe	\$0	\$487,100
Waterworks / Nuxhall	0	451,744
US 127 Resurfacing	0	432,304
I-275 / Exit 39	0	425,700
Install Traffic Arm Signals	53,408	388,377
Totals	<u>\$53,408</u>	<u>\$2,185,225</u>

**NOTE 14 – INTERFUND TRANSFERS**

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Interfund transfers for the year ended December 31, 2008, consisted of the following:

	Interfund		Transfers	
	Receivable	Payable	In	Out
Major Funds:				
General	\$490,597	\$0	\$0	\$3,835,000
.2% Street Improvement	0	0	0	406,960
.2% Capital Improvement	0	0	579,778	1,281,752
Downtown Development	0	0	1,204,000	0
Sewer Utility	0	0	300,000	0
Solid Waste Management	0	0	785,000	0
Recreation Facilities	0	0	195,000	0
Internal Service Fund	0	0	200,000	0
Other Governmental Funds	0	490,597	4,138,712	1,878,778
Total All Funds	<u>\$490,597</u>	<u>\$490,597</u>	<u>\$7,402,490</u>	<u>\$7,402,490</u>

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

**NOTE 15 – ACCOUNTABILITY AND COMPLIANCE**

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**Accountability**

The following individual funds had deficit fund balances/net assets at year end:

Downtown Development	\$4,735,542
Municipal Motor Vehicle Registration	49,855
Flood Protection	436,453
State Issue II	76,228
Municipal Garage	91,516

## **Compliance**

Ohio Revised Code 5705.39 states that total appropriations from each fund should not exceed total estimated resources.

The City had appropriations in excess of total estimated resources at the beginning of the year in the following funds Street Construction Maintenance and Repair Fund, Municipal Motor Vehicle Registration Fund, General Bond Retirement Fund, Downtown Development Fund and the Flood Protection Fund.

The City had appropriations in excess of total estimated resources at the end of the year in the following funds Street Construction Maintenance and Repair Fund, Municipal Motor Vehicle Registration Fund, Tax Increment Equivalent Fund, Downtown Development Fund, Flood Protection Fund and the State Issue II Fund.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$19,085,000	\$19,085,000	\$19,468,078	\$383,078
Fines, Licenses & Permits	299,800	299,800	277,841	(21,959)
Intergovernmental	2,479,700	2,479,700	2,836,741	357,041
Charges for Services	939,200	939,200	830,950	(108,250)
Fines, Licenses & Permits	1,318,500	1,318,500	1,219,605	(98,895)
Special Assessments	20,000	20,000	449	(19,551)
Investment Earnings	550,000	550,000	585,797	35,797
Other Revenues	412,000	412,000	285,335	(126,665)
<b>Total Revenues</b>	<b>25,104,200</b>	<b>25,104,200</b>	<b>25,504,796</b>	<b>400,596</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	7,954,623	8,543,259	7,912,324	630,935
Public Safety	9,485,606	9,863,580	9,479,455	384,125
Leisure Time Activities	2,460,829	2,599,578	2,495,036	104,542
Community Development	1,435,246	1,456,259	1,363,433	92,826
Basic Utility Service	632,000	632,000	452,514	179,486
Public Health & Welfare Services	30,000	30,000	23,457	6,543
Capital Outlay	265,543	1,011,286	832,674	178,612
<b>Total Expenditures</b>	<b>22,263,847</b>	<b>24,135,962</b>	<b>22,558,893</b>	<b>1,577,069</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,840,353</b>	<b>968,238</b>	<b>2,945,903</b>	<b>1,977,665</b>
<b>Other Financing Sources (uses):</b>				
Proceeds from Sale of Capital Assets	10,000	10,000	12,024	2,024
Transfers (Out)	(2,850,000)	(4,090,400)	(3,835,000)	255,400
<b>Total Other Financing Sources (Uses)</b>	<b>(2,840,000)</b>	<b>(4,080,400)</b>	<b>(3,822,976)</b>	<b>257,424</b>
<b>Net Change in Fund Balance</b>	<b>353</b>	<b>(3,112,162)</b>	<b>(877,073)</b>	<b>2,235,089</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>12,995,221</b>	<b>12,995,221</b>	<b>12,995,221</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$12,995,574</b>	<b>\$9,883,059</b>	<b>\$12,118,148</b>	<b>\$2,235,089</b>

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$4,104,000	\$4,104,000	\$3,952,273	(\$151,727)
Fines, Licenses & Permits	7,500	7,500	5,875	(1,625)
Intergovernmental	476,500	476,500	388,935	(87,565)
Charges for Services	975,000	975,000	1,060,010	85,010
Investment Earnings	15,000	15,000	2,630	(12,370)
Other Revenues	5,500	5,500	3,964	(1,536)
<b>Total Revenues</b>	<b>5,583,500</b>	<b>5,583,500</b>	<b>5,413,687</b>	<b>(169,813)</b>
Expenditures:				
Current:				
Public Safety	4,955,781	5,524,114	5,290,905	233,209
Capital Outlay	16,000	15,000	7,988	7,012
<b>Total Expenditures</b>	<b>4,971,781</b>	<b>5,539,114</b>	<b>5,298,893</b>	<b>240,221</b>
Excess of Revenues Over (Under) Expenditures	611,719	44,386	114,794	70,408
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	2,000	2,000	10	(1,990)
<b>Total Other Financing Sources (Uses)</b>	<b>2,000</b>	<b>2,000</b>	<b>10</b>	<b>(1,990)</b>
Net Change in Fund Balance	613,719	46,386	114,804	68,418
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	534,502	534,502	534,502	0
<b>Fund Balance End of Year</b>	<b>\$1,148,221</b>	<b>\$580,888</b>	<b>\$649,306</b>	<b>\$68,418</b>

See accompanying notes to the required supplementary information.

**City of Fairfield, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Ended December 31, 2008**

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**NOTE 1 – BUDGETARY PROCESS**

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

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

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

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

**Net Change in Fund Balance**

	General	Fire Levy
GAAP Basis	(\$567,784)	\$118,251
Net Adjustment for Revenue Accruals	963,578	6,559
Net Adjustment for Expenditure Accruals	(604,937)	13,555
Encumbrances	(667,930)	(23,561)
Budget Basis	(\$877,073)	\$114,804

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**COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

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## ***NONMAJOR GOVERNMENTAL FUNDS***

### ***Special Revenue Funds***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tax Increment Equivalent - To account for the recording of revenues and expenditures related to the tax increment financing project with the Cincinnati Mills Mall.

Indigent Driver Interlock - To account for monies collected from court fines. Monies generated under this fund shall be used for electronic monitoring devices for indigent offenders in conjunction with treatment programs.

### **Debt Service Funds**

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

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

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

### **Capital Projects Funds**

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

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

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

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City of Fairfield, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$3,978,208	\$1,528,211	\$0	\$5,506,419
Receivables:				
Intergovernmental	932,053	0	192,449	1,124,502
<b>Total Assets</b>	<b>4,910,261</b>	<b>1,528,211</b>	<b>192,449</b>	<b>6,630,921</b>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	95,167	0	76,503	171,670
Accrued Wages and Benefits	123,476	0	0	123,476
Interfund Payable	54,419	0	436,178	490,597
Deferred Revenue	774,835	0	192,449	967,284
<b>Total Liabilities</b>	<b>1,047,897</b>	<b>0</b>	<b>705,130</b>	<b>1,753,027</b>
Fund Balances:				
Reserved for Encumbrances	226,049	0	388,349	614,398
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	3,636,315	0	0	3,636,315
Debt Service Funds	0	1,528,211	0	1,528,211
Capital Projects Funds	0	0	(901,030)	(901,030)
<b>Total Fund Balances</b>	<b>3,862,364</b>	<b>1,528,211</b>	<b>(512,681)</b>	<b>4,877,894</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$4,910,261</b>	<b>\$1,528,211</b>	<b>\$192,449</b>	<b>\$6,630,921</b>

City of Fairfield, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2008

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Assets:					
Equity in Pooled Cash and Investments	\$17,409	\$76,374	\$484,634	\$242,767	\$45,721
Receivables:					
Intergovernmental	712,163	57,744	0	0	0
Total Assets	<u>729,572</u>	<u>134,118</u>	<u>484,634</u>	<u>242,767</u>	<u>45,721</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	38,829	0	48,306	0	0
Accrued Wages and Benefits	74,826	9,003	0	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	593,038	48,085	0	0	0
Total Liabilities	<u>706,693</u>	<u>57,088</u>	<u>48,306</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Reserved for Encumbrances	38,778	0	184,089	0	1,830
Unreserved, Undesignated, Reported in: Special Revenue Funds	(15,899)	77,030	252,239	242,767	43,891
Total Fund Balances	<u>22,879</u>	<u>77,030</u>	<u>436,328</u>	<u>242,767</u>	<u>45,721</u>
Total Liabilities and Fund Balances	<u>\$729,572</u>	<u>\$134,118</u>	<u>\$484,634</u>	<u>\$242,767</u>	<u>\$45,721</u>

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	\$86,348	\$144,883	\$35,048	\$1,566,206	\$621,634	\$424,931
162,146	0	0	0	0	0	0
162,146	86,348	144,883	35,048	1,566,206	621,634	424,931
0	0	0	7,604	428	0	0
23,870	0	0	0	15,777	0	0
54,419	0	0	0	0	0	0
133,712	0	0	0	0	0	0
212,001	0	0	7,604	16,205	0	0
0	0	0	0	1,352	0	0
(49,855)	86,348	144,883	27,444	1,548,649	621,634	424,931
(49,855)	86,348	144,883	27,444	1,550,001	621,634	424,931
\$162,146	\$86,348	\$144,883	\$35,048	\$1,566,206	\$621,634	\$424,931

Continued

City of Fairfield, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2008

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$223,451	\$2,137	\$6,665	\$3,978,208
Receivables:				
Intergovernmental	0	0	0	932,053
Total Assets	<u>223,451</u>	<u>2,137</u>	<u>6,665</u>	<u>4,910,261</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	0	95,167
Accrued Wages and Benefits	0	0	0	123,476
Interfund Payable	0	0	0	54,419
Deferred Revenue	0	0	0	774,835
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,047,897</u>
Fund Balances:				
Reserved for Encumbrances	0	0	0	226,049
Unreserved, Undesignated, Reported in: Special Revenue Funds	223,451	2,137	6,665	3,636,315
Total Fund Balances	<u>223,451</u>	<u>2,137</u>	<u>6,665</u>	<u>3,862,364</u>
Total Liabilities and Fund Balances	<u>\$223,451</u>	<u>\$2,137</u>	<u>\$6,665</u>	<u>\$4,910,261</u>

City of Fairfield, Ohio  
 Combining Balance Sheet  
 Nonmajor Debt Service Funds  
 December 31, 2008

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$117,740	\$1,410,471	\$1,528,211
Total Assets	<u>117,740</u>	<u>1,410,471</u>	<u>1,528,211</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:			
Unreserved, Undesignated, Reported in:			
Debt Service Funds	<u>117,740</u>	<u>1,410,471</u>	<u>1,528,211</u>
Total Fund Balances	<u>117,740</u>	<u>1,410,471</u>	<u>1,528,211</u>
Total Liabilities and Fund Balances	<u>\$117,740</u>	<u>\$1,410,471</u>	<u>\$1,528,211</u>

City of Fairfield, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2008

	Flood Protection	State Issue II	Total Nonmajor Capital Projects Funds
Assets:			
Receivables:			
Intergovernmental	\$116,221	\$76,228	\$192,449
<b>Total Assets</b>	<b>116,221</b>	<b>76,228</b>	<b>192,449</b>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	275	76,228	76,503
Interfund Payable	436,178	0	436,178
Deferred Revenue	116,221	76,228	192,449
<b>Total Liabilities</b>	<b>552,674</b>	<b>152,456</b>	<b>705,130</b>
Fund Balances:			
Reserved for Encumbrances	273,948	114,401	388,349
Unreserved, Undesignated, Reported in: Capital Projects Funds	(710,401)	(190,629)	(901,030)
<b>Total Fund Balances</b>	<b>(436,453)</b>	<b>(76,228)</b>	<b>(512,681)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$116,221</b>	<b>\$76,228</b>	<b>\$192,449</b>

City of Fairfield, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Fines, Licenses & Permits	\$860,157	\$0	\$0	\$860,157
Investment Earnings	50,265	58,870	0	109,135
Intergovernmental	2,680,321	0	1,200,076	3,880,397
Special Assessments	83,334	121,667	0	205,001
Other Revenues	8,154	0	6,671	14,825
<b>Total Revenues</b>	<b>3,682,231</b>	<b>180,537</b>	<b>1,206,747</b>	<b>5,069,515</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	296,500	9,522	0	306,022
Public Safety	12,542	0	0	12,542
Community Development	82,508	120,512	0	203,020
Transportation and Street Repair	3,196,075	0	386,640	3,582,715
Capital Outlay	280,329	0	441,382	721,711
<b>Debt Service:</b>				
Principal Retirement	0	870,000	0	870,000
Interest and Fiscal Charges	0	561,090	0	561,090
<b>Total Expenditures</b>	<b>3,867,954</b>	<b>1,561,124</b>	<b>828,022</b>	<b>6,257,100</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(185,723)</b>	<b>(1,380,587)</b>	<b>378,725</b>	<b>(1,187,585)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	850,000	3,288,712	0	4,138,712
Transfers (Out)	0	(1,878,778)	0	(1,878,778)
<b>Total Other Financing Sources (Uses)</b>	<b>850,000</b>	<b>1,409,934</b>	<b>0</b>	<b>2,259,934</b>
<b>Net Change in Fund Balance</b>	<b>664,277</b>	<b>29,347</b>	<b>378,725</b>	<b>1,072,349</b>
<b>Fund Balance Beginning of Year</b>	<b>3,198,087</b>	<b>1,498,864</b>	<b>(891,406)</b>	<b>3,805,545</b>
<b>Fund Balance End of Year</b>	<b>\$3,862,364</b>	<b>\$1,528,211</b>	<b>(\$512,681)</b>	<b>\$4,877,894</b>

City of Fairfield, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended December 31, 2008

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
<b>Revenues:</b>					
Fines, Licenses & Permits	\$0	\$0	\$0	\$2,150	\$27,396
Investment Earnings	0	0	3,770	6,283	0
Intergovernmental	1,850,271	150,023	358,625	0	0
Special Assessments	0	0	0	0	0
Other Revenues	8,154	0	0	0	0
<b>Total Revenues</b>	<b>1,858,425</b>	<b>150,023</b>	<b>362,395</b>	<b>8,433</b>	<b>27,396</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	2,938
Community Development	0	0	0	0	0
Transportation and Street Repair	2,667,654	142,867	0	0	0
Capital Outlay	40,008	0	160,016	20,702	0
<b>Total Expenditures</b>	<b>2,707,662</b>	<b>142,867</b>	<b>160,016</b>	<b>20,702</b>	<b>2,938</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(849,237)</b>	<b>7,156</b>	<b>202,379</b>	<b>(12,269)</b>	<b>24,458</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	850,000	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>850,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>763</b>	<b>7,156</b>	<b>202,379</b>	<b>(12,269)</b>	<b>24,458</b>
<b>Fund Balance Beginning of Year</b>	<b>22,116</b>	<b>69,874</b>	<b>233,949</b>	<b>255,036</b>	<b>21,263</b>
<b>Fund Balance End of Year</b>	<b>\$22,879</b>	<b>\$77,030</b>	<b>\$436,328</b>	<b>\$242,767</b>	<b>\$45,721</b>

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	\$25,779	\$13,803	\$0	\$532,025	\$119,702	\$69,742
0	2,513	2,513	0	18,850	8,796	5,027
321,402	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>321,402</u>	<u>28,292</u>	<u>16,316</u>	<u>0</u>	<u>550,875</u>	<u>128,498</u>	<u>74,769</u>
0	0	4,210	0	262,036	23,830	5,826
0	2,000	0	7,604	0	0	0
0	0	0	0	0	0	0
385,554	0	0	0	0	0	0
0	51,025	0	0	0	8,578	0
<u>385,554</u>	<u>53,025</u>	<u>4,210</u>	<u>7,604</u>	<u>262,036</u>	<u>32,408</u>	<u>5,826</u>
<u>(64,152)</u>	<u>(24,733)</u>	<u>12,106</u>	<u>(7,604)</u>	<u>288,839</u>	<u>96,090</u>	<u>68,943</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(64,152)</u>	<u>(24,733)</u>	<u>12,106</u>	<u>(7,604)</u>	<u>288,839</u>	<u>96,090</u>	<u>68,943</u>
<u>14,297</u>	<u>111,081</u>	<u>132,777</u>	<u>35,048</u>	<u>1,261,162</u>	<u>525,544</u>	<u>355,988</u>
<u>(\$49,855)</u>	<u>\$86,348</u>	<u>\$144,883</u>	<u>\$27,444</u>	<u>\$1,550,001</u>	<u>\$621,634</u>	<u>\$424,931</u>

Continued

City of Fairfield, Ohio  
Combining Statement of Revenues, Expenditure  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended December 31, 2008

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Revenues:				
Fines, Licenses & Permits	\$62,895	\$0	\$6,665	\$860,157
Investment Earnings	2,513	0	0	50,265
Intergovernmental	0	0	0	2,680,321
Special Assessments	0	83,334	0	83,334
Other Revenues	0	0	0	8,154
<b>Total Revenues</b>	<b>65,408</b>	<b>83,334</b>	<b>6,665</b>	<b>3,682,231</b>
Expenditures:				
Current:				
General Government	598	0	0	296,500
Public Safety	0	0	0	12,542
Community Development	0	82,508	0	82,508
Transportation and Street Repair	0	0	0	3,196,075
Capital Outlay	0	0	0	280,329
<b>Total Expenditures</b>	<b>598</b>	<b>82,508</b>	<b>0</b>	<b>3,867,954</b>
Excess of Revenues Over (Under) Expenditures	64,810	826	6,665	(185,723)
Other Financing Sources (Uses):				
Transfers In	0	0	0	850,000
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>850,000</b>
Net Change in Fund Balance	64,810	826	6,665	664,277
Fund Balance Beginning of Year	158,641	1,311	0	3,198,087
<b>Fund Balance End of Year</b>	<b>\$223,451</b>	<b>\$2,137</b>	<b>\$6,665</b>	<b>\$3,862,364</b>

City of Fairfield, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Fiscal Year Ended December 31, 2008

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$20,316	\$38,554	\$58,870
Special Assessments	0	121,667	121,667
<b>Total Revenues</b>	<b>20,316</b>	<b>160,221</b>	<b>180,537</b>
Expenditures:			
Current:			
General Government	7,623	1,899	9,522
Community Development	0	120,512	120,512
Debt Service:			
Principal Retirement	870,000	0	870,000
Interest and Fiscal Charges	559,263	1,827	561,090
<b>Total Expenditures</b>	<b>1,436,886</b>	<b>124,238</b>	<b>1,561,124</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,416,570)</b>	<b>35,983</b>	<b>(1,380,587)</b>
Other Financing Sources (Uses):			
Transfers In	3,288,712	0	3,288,712
Transfers (Out)	(1,878,778)	0	(1,878,778)
<b>Total Other Financing Sources (Uses)</b>	<b>1,409,934</b>	<b>0</b>	<b>1,409,934</b>
<b>Net Change in Fund Balance</b>	<b>(6,636)</b>	<b>35,983</b>	<b>29,347</b>
<b>Fund Balance Beginning of Year</b>	<b>124,376</b>	<b>1,374,488</b>	<b>1,498,864</b>
<b>Fund Balance End of Year</b>	<b>\$117,740</b>	<b>\$1,410,471</b>	<b>\$1,528,211</b>

City of Fairfield, Ohio  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Capital Projects Funds  
 For the Fiscal Year Ended December 31, 2008

	Flood Protection	State Issue II	Total Nonmajor Capital Projects Funds
Revenues:			
Intergovernmental	\$889,664	\$310,412	\$1,200,076
Other Revenues	6,671	0	6,671
Total Revenues	<u>896,335</u>	<u>310,412</u>	<u>1,206,747</u>
Expenditures:			
Current:			
Transportation and Street Repair	0	386,640	386,640
Capital Outlay	441,382	0	441,382
Total Expenditures	<u>441,382</u>	<u>386,640</u>	<u>828,022</u>
Net Change in Fund Balance	454,953	(76,228)	378,725
Fund Balance Beginning of Year	<u>(891,406)</u>	<u>0</u>	<u>(891,406)</u>
Fund Balance End of Year	<u>(\$436,453)</u>	<u>(\$76,228)</u>	<u>(\$512,681)</u>

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	Street Construction Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,750,000	\$1,750,000	\$1,859,911	\$109,911
Other Revenues	5,000	5,000	8,154	3,154
<b>Total Revenues</b>	<b>1,755,000</b>	<b>1,755,000</b>	<b>1,868,065</b>	<b>113,065</b>
Expenditures:				
Current:				
Transportation and Street Repair	2,668,957	3,124,566	2,777,307	347,259
Capital Outlay	5,291	5,291	2,471	2,820
<b>Total Expenditures</b>	<b>2,674,248</b>	<b>3,129,857</b>	<b>2,779,778</b>	<b>350,079</b>
Excess of Revenues Over (Under) Expenditures	(919,248)	(1,374,857)	(911,713)	463,144
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	2,000	2,000	0	(2,000)
Transfers In	850,000	850,000	850,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>852,000</b>	<b>852,000</b>	<b>850,000</b>	<b>(2,000)</b>
Net Change in Fund Balance	(67,248)	(522,857)	(61,713)	461,144
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,513	1,513	1,513	0
<b>Fund Balance End of Year</b>	<b>(\$65,735)</b>	<b>(\$521,344)</b>	<b>(\$60,200)</b>	<b>\$461,144</b>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$160,000	\$160,000	\$150,804	(\$9,196)
Total Revenues	160,000	160,000	150,804	(9,196)
Expenditures:				
Current:				
Transportation and Street Repair	146,237	146,237	139,269	6,968
Total Expenditures	146,237	146,237	139,269	6,968
Net Change in Fund Balance	13,763	13,763	11,535	(2,228)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	64,839	64,839	64,839	0
Fund Balance End of Year	<u>\$78,602</u>	<u>\$78,602</u>	<u>\$76,374</u>	<u>(\$2,228)</u>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	County Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$110,000	\$352,625	\$358,625	\$6,000
Investment Earnings	6,000	6,000	3,770	(2,230)
<b>Total Revenues</b>	<b>116,000</b>	<b>358,625</b>	<b>362,395</b>	<b>3,770</b>
Expenditures:				
Current:				
Transportation and Street Repair	1,000	1,000	0	1,000
Capital Outlay	50,000	419,641	344,105	75,536
<b>Total Expenditures</b>	<b>51,000</b>	<b>420,641</b>	<b>344,105</b>	<b>76,536</b>
Net Change in Fund Balance	65,000	(62,016)	18,290	80,306
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	233,949	233,949	233,949	0
<b>Fund Balance End of Year</b>	<b>\$298,949</b>	<b>\$171,933</b>	<b>\$252,239</b>	<b>\$80,306</b>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	Tax Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$2,500	\$2,500	\$2,150	(\$350)
Investment Earnings	10,000	10,000	6,283	(3,717)
<b>Total Revenues</b>	<b>12,500</b>	<b>12,500</b>	<b>8,433</b>	<b>(4,067)</b>
Expenditures:				
Capital Outlay	0	21,500	20,702	798
<b>Total Expenditures</b>	<b>0</b>	<b>21,500</b>	<b>20,702</b>	<b>798</b>
<b>Net Change in Fund Balance</b>	<b>12,500</b>	<b>(9,000)</b>	<b>(12,269)</b>	<b>(3,269)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	255,036	255,036	255,036	0
<b>Fund Balance End of Year</b>	<b>\$267,536</b>	<b>\$246,036</b>	<b>\$242,767</b>	<b>(\$3,269)</b>

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$19,500	\$19,500	\$27,396	\$7,896
Investment Earnings	250	250	0	(250)
<b>Total Revenues</b>	<b>19,750</b>	<b>19,750</b>	<b>27,396</b>	<b>7,646</b>
Expenditures:				
Current:				
Public Safety	5,000	7,938	4,768	3,170
<b>Total Expenditures</b>	<b>5,000</b>	<b>7,938</b>	<b>4,768</b>	<b>3,170</b>
<b>Net Change in Fund Balance</b>	<b>14,750</b>	<b>11,812</b>	<b>22,628</b>	<b>10,816</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	21,264	21,264	21,264	0
<b>Fund Balance End of Year</b>	<b>\$36,014</b>	<b>\$33,076</b>	<b>\$43,892</b>	<b>\$10,816</b>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	Municipal Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$375,000	\$375,000	\$319,619	(\$55,381)
Total Revenues	375,000	375,000	319,619	(55,381)
Expenditures:				
Current:				
Transportation and Street Repair	394,860	394,860	376,023	18,837
Total Expenditures	394,860	394,860	376,023	18,837
Net Change in Fund Balance	(19,860)	(19,860)	(56,404)	(36,544)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,985	1,985	1,985	0
Fund Balance End of Year	<u>(\$17,875)</u>	<u>(\$17,875)</u>	<u>(\$54,419)</u>	<u>(\$36,544)</u>

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$45,000	\$45,000	\$25,779	(\$19,221)
Investment Earnings	3,750	3,750	2,513	(1,237)
<b>Total Revenues</b>	<b>48,750</b>	<b>48,750</b>	<b>28,292</b>	<b>(20,458)</b>
Expenditures:				
Current:				
Public Safety	5,000	5,000	2,000	3,000
Capital Outlay	0	57,228	51,025	6,203
<b>Total Expenditures</b>	<b>5,000</b>	<b>62,228</b>	<b>53,025</b>	<b>9,203</b>
<b>Net Change in Fund Balance</b>	<b>43,750</b>	<b>(13,478)</b>	<b>(24,733)</b>	<b>(11,255)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	111,081	111,081	111,081	0
<b>Fund Balance End of Year</b>	<b>\$154,831</b>	<b>\$97,603</b>	<b>\$86,348</b>	<b>(\$11,255)</b>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	Drug and Alcohol Treatment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$21,000	\$21,000	\$13,803	(\$7,197)
Investment Earnings	3,750	3,750	2,513	(1,237)
Total Revenues	<u>24,750</u>	<u>24,750</u>	<u>16,316</u>	<u>(8,434)</u>
Expenditures:				
Current:				
General Government	10,000	10,000	4,210	5,790
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>4,210</u>	<u>5,790</u>
Net Change in Fund Balance	14,750	14,750	12,106	(2,644)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>132,777</u>	<u>132,777</u>	<u>132,777</u>	<u>0</u>
Fund Balance End of Year	<u>\$147,527</u>	<u>\$147,527</u>	<u>\$144,883</u>	<u>(\$2,644)</u>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	Local Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Public Safety	10,000	10,000	6,996	3,004
Total Expenditures	10,000	10,000	6,996	3,004
Net Change in Fund Balance	(10,000)	(10,000)	(6,996)	3,004
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	35,048	35,048	35,048	0
Fund Balance End of Year	<u>\$25,048</u>	<u>\$25,048</u>	<u>\$28,052</u>	<u>\$3,004</u>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$440,000	\$440,000	\$532,025	\$92,025
Investment Earnings	35,000	35,000	18,849	(16,151)
Total Revenues	475,000	475,000	550,874	75,874
Expenditures:				
Current:				
General Government	294,092	293,659	257,046	36,613
Total Expenditures	294,092	293,659	257,046	36,613
Net Change in Fund Balance	180,908	181,341	293,828	112,487
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,270,598	1,270,598	1,270,598	0
Fund Balance End of Year	\$1,451,506	\$1,451,939	\$1,564,426	\$112,487

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	Court Computer Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$115,000	\$115,000	\$119,702	\$4,702
Investment Earnings	17,000	17,000	8,796	(8,204)
<b>Total Revenues</b>	<b>132,000</b>	<b>132,000</b>	<b>128,498</b>	<b>(3,502)</b>
Expenditures:				
Current:				
General Government	35,000	35,000	23,829	11,171
Capital Outlay	15,000	15,000	8,578	6,422
<b>Total Expenditures</b>	<b>50,000</b>	<b>50,000</b>	<b>32,407</b>	<b>17,593</b>
<b>Net Change in Fund Balance</b>	<b>82,000</b>	<b>82,000</b>	<b>96,091</b>	<b>14,091</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	525,545	525,545	525,545	0
<b>Fund Balance End of Year</b>	<b>\$607,545</b>	<b>\$607,545</b>	<b>\$621,636</b>	<b>\$14,091</b>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$75,000	\$75,000	\$69,742	(\$5,258)
Investment Earnings	7,500	7,500	5,027	(2,473)
Total Revenues	<u>82,500</u>	<u>82,500</u>	<u>74,769</u>	<u>(7,731)</u>
Expenditures:				
Current:				
General Government	81,668	81,668	5,826	75,842
Total Expenditures	<u>81,668</u>	<u>81,668</u>	<u>5,826</u>	<u>75,842</u>
Net Change in Fund Balance	832	832	68,943	68,111
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>355,989</u>	<u>355,989</u>	<u>355,989</u>	<u>0</u>
Fund Balance End of Year	<u>\$356,821</u>	<u>\$356,821</u>	<u>\$424,932</u>	<u>\$68,111</u>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	Mediation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$58,000	\$58,000	\$62,895	\$4,895
Investment Earnings	4,500	4,500	2,513	(1,987)
Total Revenues	<u>62,500</u>	<u>62,500</u>	<u>65,408</u>	<u>2,908</u>
Expenditures:				
Current:				
General Government	10,000	10,000	599	9,401
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>599</u>	<u>9,401</u>
Net Change in Fund Balance	52,500	52,500	64,809	12,309
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>158,640</u>	<u>158,640</u>	<u>158,640</u>	<u>0</u>
Fund Balance End of Year	<u>\$211,140</u>	<u>\$211,140</u>	<u>\$223,449</u>	<u>\$12,309</u>

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	Tax Increment Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$86,000	\$86,000	\$83,334	-\$2,666
Total Revenues	86,000	86,000	83,334	(2,666)
Expenditures:				
Debt Service:				
Principal Retirement	60,000	82,600	82,508	92
Interest and Fiscal Charges	15,000	15,000	0	15,000
Total Expenditures	75,000	97,600	82,508	15,092
Net Change in Fund Balance	11,000	(11,600)	826	12,426
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,311	1,311	1,311	0
Fund Balance End of Year	\$12,311	(\$10,289)	\$2,137	\$12,426

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	Indigent Driver Interlock Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines, Licenses & Permits	\$0	\$0	\$6,665	\$6,665
Total Revenues	0	0	6,665	6,665
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	6,665	6,665
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$6,665</u>	<u>\$6,665</u>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	General Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$15,000	\$15,000	\$20,316	\$5,316
Other Revenues	0	0	7,291	7,291
<b>Total Revenues</b>	<b>15,000</b>	<b>15,000</b>	<b>27,607</b>	<b>12,607</b>
Expenditures:				
Current:				
General Government	10,000	7,625	7,623	2
Debt Service:				
Principal Retirement	2,470,000	2,465,090	2,465,000	90
Interest and Fiscal Charges	822,500	850,785	850,332	453
<b>Total Expenditures</b>	<b>3,302,500</b>	<b>3,323,500</b>	<b>3,322,955</b>	<b>545</b>
Excess of Revenues Over (Under) Expenditures	(3,287,500)	(3,308,500)	(3,295,348)	13,152
Other Financing Sources (uses):				
Transfers In	2,800,000	3,302,000	3,288,713	(13,287)
<b>Total Other Financing Sources (Uses)</b>	<b>2,800,000</b>	<b>3,302,000</b>	<b>3,288,713</b>	<b>(13,287)</b>
Net Change in Fund Balance	(487,500)	(6,500)	(6,635)	(135)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	124,374	124,374	124,374	0
<b>Fund Balance End of Year</b>	<b>(\$363,126)</b>	<b>\$117,874</b>	<b>\$117,739</b>	<b>(\$135)</b>

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$25,000	\$131,000	\$142,057	\$11,057
Investment Earnings	50,000	50,000	38,555	(11,445)
Total Revenues	<u>75,000</u>	<u>181,000</u>	<u>180,612</u>	<u>(388)</u>
Expenditures:				
Current:				
General Government	10,000	10,000	1,899	8,101
Debt Service:				
Principal Retirement	272,000	300,000	140,903	159,097
Interest and Fiscal Charges	7,500	17,500	1,827	15,673
Total Expenditures	<u>289,500</u>	<u>327,500</u>	<u>144,629</u>	<u>182,871</u>
Net Change in Fund Balance	(214,500)	(146,500)	35,983	182,483
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,374,484</u>	<u>1,374,484</u>	<u>1,374,484</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$1,159,984</u></u>	<u><u>\$1,227,984</u></u>	<u><u>\$1,410,467</u></u>	<u><u>\$182,483</u></u>

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	.2% Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,212,727	\$3,212,727	\$3,223,198	\$10,471
Intergovernmental	50,000	50,000	159,294	109,294
Investment Earnings	340,000	340,000	337,316	(2,684)
Other Revenues	1,000	1,000	0	(1,000)
Total Revenues	<u>3,603,727</u>	<u>3,603,727</u>	<u>3,719,808</u>	<u>116,081</u>
Expenditures:				
Current:				
Transportation and Street Repair	100,000	118,100	118,088	12
Capital Outlay	<u>1,366,149</u>	<u>6,284,209</u>	<u>5,840,455</u>	<u>443,754</u>
Total Expenditures	<u>1,466,149</u>	<u>6,402,309</u>	<u>5,958,543</u>	<u>443,766</u>
Excess of Revenues Over (Under) Expenditures	<u>2,137,578</u>	<u>(2,798,582)</u>	<u>(2,238,735)</u>	<u>559,847</u>
Other Financing Sources (uses):				
Transfers (Out)	<u>(411,960)</u>	<u>(411,960)</u>	<u>(406,960)</u>	<u>5,000</u>
Total Other Financing Sources (Uses)	<u>(411,960)</u>	<u>(411,960)</u>	<u>(406,960)</u>	<u>5,000</u>
Net Change in Fund Balance	1,725,618	(3,210,542)	(2,645,695)	564,847
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>7,289,907</u>	<u>7,289,907</u>	<u>7,289,907</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$9,015,525</u></u>	<u><u>\$4,079,365</u></u>	<u><u>\$4,644,212</u></u>	<u><u>\$564,847</u></u>

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	.2% Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,212,727	\$3,212,727	\$3,223,198	\$10,471
Investment Earnings	185,000	185,000	213,091	28,091
Other Revenues	1,000	1,000	17,135	16,135
Total Revenues	<u>3,398,727</u>	<u>3,398,727</u>	<u>3,453,424</u>	<u>54,697</u>
Expenditures:				
Current:				
General Government	0	119,410	119,396	14
Capital Outlay	1,438,753	4,130,902	3,840,852	290,050
Total Expenditures	<u>1,438,753</u>	<u>4,250,312</u>	<u>3,960,248</u>	<u>290,064</u>
Excess of Revenues Over (Under) Expenditures	<u>1,959,974</u>	<u>(851,585)</u>	<u>(506,824)</u>	<u>344,761</u>
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	10,000	10,000	4,100	(5,900)
Transfers (Out)	(1,300,000)	(1,300,000)	(1,281,752)	18,248
Total Other Financing Sources (Uses)	<u>(1,290,000)</u>	<u>(1,290,000)</u>	<u>(1,277,652)</u>	<u>12,348</u>
Net Change in Fund Balance	669,974	(2,141,585)	(1,784,476)	357,109
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>3,980,831</u>	<u>3,980,831</u>	<u>3,980,831</u>	<u>0</u>
Fund Balance End of Year	<u>\$4,650,805</u>	<u>\$1,839,246</u>	<u>\$2,196,355</u>	<u>\$357,109</u>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	Downtown Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$15,000	\$15,000	\$17,926	\$2,926
Total Revenues	15,000	15,000	17,926	2,926
Expenditures:				
Capital Outlay	493,883	544,483	60,548	483,935
Total Expenditures	493,883	544,483	60,548	483,935
Net Change in Fund Balance	(478,883)	(529,483)	(42,622)	486,861
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	327,204	327,204	327,204	0
Fund Balance End of Year	(\$151,679)	(\$202,279)	\$284,582	\$486,861

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2008

	Flood Protection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$100,000	\$886,500	\$889,664	\$3,164
Investment Earnings	2,500	2,500	0	(2,500)
Other Revenues	1,000	1,000	6,671	5,671
Total Revenues	<u>103,500</u>	<u>890,000</u>	<u>896,335</u>	<u>6,335</u>
Expenditures:				
Capital Outlay	1,024,446	1,024,446	721,696	302,750
Total Expenditures	<u>1,024,446</u>	<u>1,024,446</u>	<u>721,696</u>	<u>302,750</u>
Net Change in Fund Balance	(920,946)	(134,446)	174,639	309,085
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>(885,039)</u>	<u>(885,039)</u>	<u>(885,039)</u>	<u>0</u>
Fund Balance End of Year	<u>(\$1,805,985)</u>	<u>(\$1,019,485)</u>	<u>(\$710,400)</u>	<u>\$309,085</u>

City of Fairfield, Ohio  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2008

	State Issue II Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$500,000	\$500,000	\$310,412	(\$189,588)
Total Revenues	500,000	500,000	310,412	(189,588)
Expenditures:				
Capital Outlay	81,451	551,041	501,041	50,000
Total Expenditures	81,451	551,041	501,041	50,000
Net Change in Fund Balance	418,549	(51,041)	(190,629)	(139,588)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$418,549	(\$51,041)	(\$190,629)	(\$139,588)

### **Internal Service Funds**

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

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

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

### **Fiduciary Funds**

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

### **Agency Funds**

Municipal Courts Fund - To account for funds collected by the court until such time as the funds can be distributed to individuals, private organizations, other governmental units and/or other funds.

Warranty Bonds Fund - To account for warranty bonds collected.

City of Fairfield, Ohio  
Combining Statement of Net Assets  
Internal Service Funds  
December 31, 2008

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$116,562	\$19,106	\$135,668
Total Assets	116,562	19,106	135,668
Liabilities:			
Accounts Payable	467	6,420	6,887
Accrued Wages and Benefits	0	28,465	28,465
Claims Payable	22,377	0	22,377
Total Current Liabilities	22,844	34,885	57,729
Long-Term Liabilities:			
Compensated Absences	0	75,737	75,737
Total Long-Term Liabilities	0	75,737	75,737
Total Liabilities	22,844	110,622	133,466
Net Assets:			
Unrestricted	93,718	(91,516)	2,202
Total Net Assets	\$93,718	(\$91,516)	\$2,202

City of Fairfield, Ohio  
Combining Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Internal Service Funds  
For the Fiscal Year Ended December 31, 2008

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$3,323,118	\$607,349	\$3,930,467
Other Revenues	0	40	40
<b>Total Operating Revenues</b>	<b>3,323,118</b>	<b>607,389</b>	<b>3,930,507</b>
Operating Expenses:			
Personal Services	0	508,721	508,721
Contractual Services	3,281,338	13,786	3,295,124
Materials and Supplies	467	308,620	309,087
<b>Total Operating Expenses</b>	<b>3,281,805</b>	<b>831,127</b>	<b>4,112,932</b>
Operating Income (Loss)	41,313	(223,738)	(182,425)
Non-Operating Revenues (Expenses):			
Investment Earnings	1,313	0	1,313
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,313</b>	<b>0</b>	<b>1,313</b>
Income (Loss) Before Contributions and Transfers	42,626	(223,738)	(181,112)
Transfers In	0	200,000	200,000
Change in Net Assets	42,626	(23,738)	18,888
Net Assets Beginning of Year	51,092	(67,778)	(16,686)
Net Assets End of Year	\$93,718	(\$91,516)	\$2,202

City of Fairfield, Ohio  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended December 31, 2008

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$3,323,118	\$607,389	\$3,930,507
Cash Payments to Employees	0	(471,774)	(471,774)
Cash Payments to Suppliers	(3,273,999)	(316,520)	(3,590,519)
Net Cash Provided (Used) by Operating Activities	<u>49,119</u>	<u>(180,905)</u>	<u>(131,786)</u>
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	200,000	200,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>	<u>200,000</u>	<u>200,000</u>
Cash Flows from Investing Activities:			
Earnings on Investments	1,313	0	1,313
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>1,313</u>	<u>0</u>	<u>1,313</u>
Net Increase (Decrease) in Cash and Cash Equivalents	50,432	19,095	69,527
Cash and Cash Equivalents Beginning of Year	<u>66,130</u>	<u>11</u>	<u>66,141</u>
Cash and Cash Equivalents End of Year	<u><u>116,562</u></u>	<u><u>19,106</u></u>	<u><u>135,668</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	41,313	(223,738)	(182,425)
Changes in Assets & Liabilities:			
Increase (Decrease) in Payables	7,806	5,886	13,692
Increase (Decrease) in Accrued Liabilities	<u>0</u>	<u>36,947</u>	<u>36,947</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$49,119</u></u>	<u><u>(\$180,905)</u></u>	<u><u>(\$131,786)</u></u>

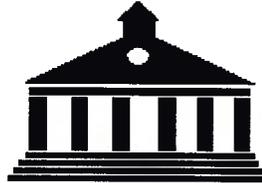
City of Fairfield, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2008

	Municipal Court			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$113,246	\$1,412,482	\$1,390,815	\$134,913
Total Assets	<u>113,246</u>	<u>1,412,482</u>	<u>1,390,815</u>	<u>134,913</u>
Liabilities:				
Other Liabilities	113,246	1,412,482	1,390,815	134,913
Total Liabilities	<u>\$113,246</u>	<u>\$1,412,482</u>	<u>\$1,390,815</u>	<u>\$134,913</u>

	Warranty Bonds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$10,909	\$15	\$0	\$10,924
Total Assets	<u>10,909</u>	<u>15</u>	<u>0</u>	<u>10,924</u>
Liabilities:				
Other Liabilities	10,909	15	0	10,924
Total Liabilities	<u>\$10,909</u>	<u>\$15</u>	<u>\$0</u>	<u>\$10,924</u>

	Total All Agency Funds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$124,155	\$1,412,497	\$1,390,815	\$145,837
Total Assets	<u>124,155</u>	<u>1,412,497</u>	<u>1,390,815</u>	<u>145,837</u>
Liabilities:				
Other Liabilities	124,155	1,412,497	1,390,815	145,837
Total Liabilities	<u>\$124,155</u>	<u>\$1,412,497</u>	<u>\$1,390,815</u>	<u>\$145,837</u>

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## Statistical Section

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## ***STATISTICAL SECTION***

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

### **Contents**

Financial Trends - These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

Revenue Capacity - These schedules contain information to help the reader understand and assess the City's most significant local revenue source, the income tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information - These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that fiscal year.

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City of Fairfield, Ohio  
 Net Assets by Component  
 Last Seven Calendar Years (1)  
 (accrual basis of accounting)  
 Schedule 1

	Calendar Year						
	2002	2003	2004	2005	2006	2007	2008
<b>Governmental Activities</b>							
Invested in Capital Assets, Net of Related Debt	\$49,060,051	\$42,799,518	\$55,787,920	\$54,410,081	\$57,602,463	\$60,813,629	\$61,855,826
Restricted	18,439,582	24,840,210	19,587,895	11,788,385	11,245,048	10,331,713	16,285,100
Unrestricted	8,736,673	7,213,215	8,929,247	18,606,085	20,702,996	22,442,784	15,315,197
<b>Total Governmental Activities Net Assets</b>	<b>\$76,236,306</b>	<b>\$74,852,943</b>	<b>\$84,305,062</b>	<b>\$84,804,551</b>	<b>\$89,550,507</b>	<b>\$93,588,126</b>	<b>\$93,456,123</b>
<b>Business-type activities</b>							
Invested in Capital Assets, Net of Related Debt	\$34,245,290	\$35,166,882	\$34,493,502	\$34,091,302	\$34,692,293	\$34,821,973	\$35,733,211
Restricted	0	0	1,438,321	1,131,986	1,193,743	1,207,193	1,270,771
Unrestricted	16,868,346	14,443,918	13,181,031	13,863,041	13,454,093	13,231,494	12,534,925
<b>Total Business-Type Activities Net Assets</b>	<b>\$51,113,636</b>	<b>\$49,610,800</b>	<b>\$49,112,854</b>	<b>\$49,086,329</b>	<b>\$49,340,129</b>	<b>\$49,260,660</b>	<b>\$49,538,907</b>
<b>Total Primary Government</b>							
Invested in Capital Assets, Net of Related Debt	\$83,305,341	\$77,966,400	\$90,281,422	\$88,501,383	\$92,294,756	\$95,635,602	\$97,589,037
Restricted	18,439,582	24,840,210	21,026,216	12,920,371	12,438,791	11,538,906	17,555,871
Unrestricted	25,605,019	21,657,133	22,110,278	32,469,126	34,157,089	35,674,278	27,850,122
<b>Total Primary Government Net Assets</b>	<b>\$127,349,942</b>	<b>\$124,463,743</b>	<b>\$133,417,916</b>	<b>\$133,890,880</b>	<b>\$138,890,636</b>	<b>\$142,848,786</b>	<b>\$142,995,030</b>

Source: City Records

(1) - The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002

City of Fairfield, Ohio  
Changes in Net Assets  
Last Seven Calendar Years (1)  
(accrual basis of accounting)  
Schedule 2

	Calendar Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities:							
General Government	\$6,377,765	\$5,569,878	\$7,274,175	\$7,172,448	\$7,817,572	\$7,239,804	\$7,801,044
Public Safety	12,033,560	12,233,671	13,603,790	13,502,174	14,603,318	15,016,636	15,725,351
Leisure Time Activities	2,051,333	1,914,984	2,794,947	2,126,895	2,732,748	2,866,626	3,085,978
Community Development	1,812,689	3,073,536	1,113,666	1,043,526	1,232,188	1,617,775	1,702,850
Basic Utility Service	521,909	481,265	509,633	506,372	508,183	461,934	453,750
Transportation and Street Repair	6,656,322	7,719,625	5,052,846	10,240,547	8,377,486	10,279,823	10,437,041
Public Health and Welfare	25,576	25,809	25,278	25,007	24,363	24,166	23,457
Interest and Fiscal Charges	539,959	615,988	676,748	842,065	870,047	917,208	862,252
Total Governmental Activities Expenses	30,019,113	31,634,756	31,051,083	35,459,034	36,165,905	38,423,972	40,091,723
Business-Type Activities:							
Water Utility	3,696,360	3,830,735	3,964,028	3,763,190	3,696,111	4,269,598	4,263,391
Sewer Utility	4,164,390	4,330,106	4,616,131	4,517,979	4,710,334	5,113,311	4,966,224
Solid Waste Management	1,749,193	1,685,265	1,728,745	1,751,984	1,851,371	2,007,021	2,266,099
Recreation Facilities	1,680,839	1,735,131	1,790,010	1,885,070	1,897,000	1,936,693	2,095,997
Total Business-Type Activities Expenses	11,290,782	11,581,237	12,098,914	11,918,223	12,154,816	13,326,623	13,591,711
Total Primary Government Expenses	\$41,309,895	\$43,215,993	\$43,149,997	\$47,377,257	\$48,320,721	\$51,750,595	\$53,683,434
Program Revenues							
Governmental Activities:							
Charges for Services and Sales:							
General Government	\$1,272,226	\$1,343,635	\$2,905,819	\$1,174,030	\$1,282,363	\$1,253,147	\$2,146,381
Public Safety	107,392	21,239	17,073	1,463,507	1,715,358	1,790,379	1,108,266
Leisure Time Activities	87,931	95,126	63,257	474,215	200,442	218,759	238,651
Community Development	530,645	487,169	394,855	65,027	487,966	341,793	446,641
Basic Utility Service	408,479	494,624	445,150	491,588	479,807	733,410	491,304
Transportation and Street Repair	0	0	0	0	0	0	6,665
Operating Grants and Contributions	3,507,178	1,481,204	1,279,580	2,628,669	3,356,835	2,751,313	3,193,430
Capital Grants and Contributions	335,590	150,233	1,797,917	1,556,398	781,952	1,410,875	647,472
Total Governmental Activities Program Revenues	6,249,441	4,073,230	6,903,651	7,853,434	8,304,723	8,499,676	8,278,810
Business-Type Activities:							
Charges for Services and Sales:							
Water Utility	3,346,234	3,295,461	3,382,911	3,509,115	3,468,314	3,813,675	3,873,447
Sewer Utility	3,576,138	3,995,556	4,234,392	4,170,483	4,569,010	4,569,801	4,612,647
Solid Waste Management	1,508,115	1,371,403	1,410,475	1,460,257	1,492,120	1,567,007	1,620,155
Recreation Facilities	1,409,174	1,486,307	1,417,897	1,533,572	1,644,698	1,696,093	2,015,057
Operating Grants and Contributions	0	0	273,206	0	0	0	0
Total Business-Type Activities Program Revenues	9,839,661	10,148,727	10,718,881	10,673,427	11,174,142	11,646,576	12,121,306
Total Primary Government Program Revenues	\$16,089,102	\$14,221,957	\$17,622,532	\$18,526,861	\$19,478,865	\$20,146,252	\$20,400,116

City of Fairfield, Ohio  
Changes in Net Assets  
Last Seven Calendar Years (1)  
(accrual basis of accounting)  
Schedule 2 (Continued)

	Calendar Year						
	2002	2003	2004	2005	2006	2007	2008
Net (Expense)/Revenue							
Governmental Activities	(\$23,769,672)	(\$27,561,526)	(\$24,147,432)	(\$27,605,600)	(\$27,861,182)	(\$29,924,296)	(\$31,812,913)
Business-type activities	(1,451,121)	(1,432,510)	(1,380,033)	(1,244,796)	(980,674)	(1,680,047)	(1,470,405)
Total Primary Government Net Expenses	(\$25,220,793)	(\$28,994,036)	(\$25,527,465)	(\$28,850,396)	(\$28,841,856)	(\$31,604,343)	(\$33,283,318)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Income Taxes	\$19,114,762	\$18,457,637	\$20,228,063	\$20,316,676	\$22,302,563	\$23,491,536	\$23,770,850
Property Taxes Levied for:							
General Purposes	4,558,801	4,958,234	5,958,198	4,954,867	1,293,193	1,560,761	1,106,422
Special Revenue Purposes	0	449,200	0	0	3,679,353	4,515,318	3,306,657
Grants and Entitlements not Restricted	2,916,695	1,725,249	2,728,213	2,263,680	3,197,933	3,111,723	3,008,438
Unrestricted Contributions	1,400	33,320	0	0	0	0	0
Investment Earnings	729,920	543,188	380,569	946,699	1,464,849	1,676,017	1,416,837
Refunds	304,120	47,791	0	0	0	90,431	179,369
Other Revenues	129,755	68,403	317,431	273,167	1,219,247	156,129	172,337
Transfers-Internal Activities	(550,000)	(396,000)	(650,000)	(650,000)	(550,000)	(640,000)	(1,280,000)
Total Governmental Activities	27,205,453	25,887,022	28,962,474	28,105,089	32,607,138	33,961,915	31,680,910
Business-Type Activities:							
Investment Earnings	442,843	300,408	162,472	428,305	647,220	685,420	359,838
Other Revenues	387,152	37,895	69,615	139,966	37,254	275,158	108,814
Transfers-Internal Activities	550,000	396,000	650,000	650,000	550,000	640,000	1,280,000
Total Business-Type Activities	1,379,995	734,303	882,087	1,218,271	1,234,474	1,600,578	1,748,652
Total Primary Government	\$28,585,448	\$26,621,325	\$29,844,561	\$29,323,360	\$33,841,612	\$35,562,493	\$33,429,562
Change in Net Assets							
Governmental Activities	\$3,435,781	(\$1,674,504)	\$4,815,042	\$499,489	\$4,745,956	\$4,037,619	(\$132,003)
Business-Type Activities	(71,126)	(698,207)	(497,946)	(26,525)	253,800	(79,469)	278,247
Total Primary Government	\$3,364,655	(\$2,372,711)	\$4,317,096	\$472,964	\$4,999,756	\$3,958,150	\$146,244

Source: City Records

(1) - The City began to report accrual information when it implemented GASB Statement 34 in 2002

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City of Fairfield, Ohio  
Fund Balances, Governmental Funds  
Last Ten Calendar Years  
(modified accrual basis of accounting)  
Schedule 3

	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Fund</b>										
Reserved	\$554,703	\$522,932	\$818,400	\$160,638	\$161,563	\$121,876	\$43,987	\$74,657	\$37,690	\$432,065
Unreserved	5,138,937	6,215,653	6,979,338	7,933,176	6,821,257	7,911,739	9,273,993	10,510,419	13,655,083	12,692,924
<b>Total General Fund</b>	<b>5,693,640</b>	<b>6,738,585</b>	<b>7,797,738</b>	<b>8,093,814</b>	<b>6,982,820</b>	<b>8,033,615</b>	<b>9,317,980</b>	<b>10,585,076</b>	<b>13,692,773</b>	<b>13,124,989</b>
<b>All Other Governmental Funds</b>										
Reserved	7,589,883	8,076,069	4,379,646	5,783,624	10,885,107	6,512,144	6,792,569	5,254,491	2,606,357	3,801,329
Unreserved, Reported in:										
Special Revenue Funds	1,738,326	1,243,907	1,463,759	1,439,711	1,243,418	1,364,045	2,062,987	2,617,729	3,353,296	3,911,307
Debt Service Funds	0	0	0	0	1,551,097	1,582,749	1,652,542	1,991,644	1,498,864	1,528,211
Capital Projects Funds	7,986,546	8,905,054	8,061,210	10,030,048	10,562,319	8,371,053	194,779	(10,454)	146,107	363,059
<b>Total all Other Governmental Funds</b>	<b>\$17,314,755</b>	<b>\$18,225,030</b>	<b>\$13,904,615</b>	<b>\$17,253,383</b>	<b>\$24,241,941</b>	<b>\$17,829,991</b>	<b>\$10,702,877</b>	<b>\$9,853,410</b>	<b>\$7,604,624</b>	<b>\$9,603,906</b>

Source: City Records

City of Fairfield, Ohio  
Changes in Fund Balances, Governmental Funds  
Last Ten Calendar Years  
(modified accrual basis of accounting)  
Schedule 4

	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues:</b>										
Taxes	\$21,847,050	\$23,935,601	\$22,042,604	\$22,579,590	\$23,392,077	\$26,220,071	\$25,961,492	\$27,105,520	\$28,828,205	\$28,500,970
Fines, Licenses & Permits	1,149,910	1,197,181	1,402,165	1,462,843	1,596,540	2,858,235	1,974,885	2,437,555	2,136,564	2,363,478
Charges for Services	432,979	399,394	450,036	610,245	645,196	851,781	1,573,729	1,525,192	1,962,620	1,809,440
Investment Earnings	1,442,894	1,705,009	1,376,349	718,590	541,134	379,609	815,309	1,441,262	1,635,445	1,456,745
Intergovernmental	484,917	1,159,005	6,478,071	5,311,046	4,803,384	4,504,553	6,767,918	6,489,289	6,767,796	7,270,321
Special Assessments	194,228	180,190	170,028	157,814	84,479	63,649	61,048	173,721	253,763	279,582
Other Revenues	156,298	1,382,632	1,597,086	787,342	295,901	274,294	436,861	1,322,942	312,794	319,880
<b>Total Revenues</b>	<b>\$25,708,276</b>	<b>\$29,959,012</b>	<b>\$33,516,339</b>	<b>\$31,627,470</b>	<b>\$31,358,711</b>	<b>\$35,152,192</b>	<b>\$37,591,242</b>	<b>\$40,495,481</b>	<b>\$41,897,187</b>	<b>\$42,000,416</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General Government	\$3,449,168	\$4,217,147	\$5,081,666	\$6,049,495	\$6,055,799	\$6,036,322	\$6,451,328	\$7,355,804	\$6,697,012	\$7,302,449
Public Safety	8,200,367	9,158,689	10,104,904	11,861,430	11,855,307	12,344,876	12,958,223	13,570,140	14,094,273	14,932,090
Leisure Time Activities	788,275	842,935	994,972	1,754,887	1,219,328	1,314,111	1,887,376	2,083,769	2,215,832	2,449,825
Community Development	955,929	915,681	886,016	5,283,792	2,297,100	1,033,798	1,107,022	1,183,209	1,573,045	1,588,348
Basic Utility Service	342,155	402,185	401,395	521,909	481,265	509,030	506,372	508,183	461,934	453,750
Transportation and Street Repair	1,998,534	1,980,761	2,280,900	5,612,924	2,817,083	2,528,611	7,908,631	6,058,791	7,946,070	8,260,640
Public Health and Welfare	27,521	27,315	26,731	25,576	25,809	25,278	25,007	24,363	24,166	23,457
Capital Outlay	10,081,517	10,554,288	16,326,623	0	6,480,035	14,417,429	10,226,385	7,349,867	5,363,198	2,368,797
<b>Debt Service:</b>										
Principal Retirement	335,000	350,000	355,000	651,910	658,519	914,716	953,756	945,591	890,000	870,000
Interest and Fiscal Charges	359,868	361,833	472,071	539,959	615,988	676,748	642,186	998,885	954,928	855,696
<b>Total Expenditures</b>	<b>\$26,538,334</b>	<b>\$28,810,834</b>	<b>\$36,930,278</b>	<b>\$32,301,882</b>	<b>\$32,506,233</b>	<b>\$39,800,919</b>	<b>\$42,666,286</b>	<b>\$40,078,602</b>	<b>\$40,220,458</b>	<b>\$39,105,052</b>

City of Fairfield, Ohio  
Changes in Fund Balances, Governmental Funds  
Last Ten Calendar Years  
(modified accrual basis of accounting)  
Schedule 4 (Continued)

	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Excess (Deficiency) of Revenues Over Expenditures	(\$830,058)	\$1,148,178	(\$3,413,939)	(\$674,412)	(\$1,147,522)	(\$4,648,727)	(\$5,075,044)	\$416,879	\$1,676,729	\$2,895,364
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	\$627,309	\$30,615	\$208,032	\$28,662	\$21,086	\$37,572	\$17,295	\$636,750	\$12,002	\$16,134
Proceeds from Capital Lease	0	0	394,645	0	0	0	0	0	0	0
Proceeds of Long-Term Capital-Rela Transfers In	4,500,000	0	0	4,500,000	7,500,000	0	0	0	0	0
Transfers (Out)	5,203,657	3,761,082	2,331,616	2,824,720	3,469,673	2,958,603	3,092,588	6,168,926	4,818,767	5,922,490
	(5,608,657)	(4,311,082)	(2,781,616)	(3,424,720)	(3,965,673)	(3,708,603)	(3,877,588)	(6,804,926)	(5,648,587)	(7,402,490)
Total Other Financing Sources (Uses)	4,722,309	(519,385)	152,677	3,928,662	7,025,086	(712,428)	(767,705)	750	(817,818)	(1,463,866)
Net Change in Fund Balances	\$3,892,251	\$628,793	(\$3,261,262)	\$3,254,250	\$5,877,564	(\$5,361,155)	(\$5,842,749)	\$417,629	\$858,911	\$1,431,498
Debt service as a percentage of noncapital expenditures (1)	4.2%	3.9%	4.0%	4.6%	4.4%	5.4%	5.0%	5.9%	5.3%	4.7%

Source: City Records

(1) - Noncapital expenditures is total expenditures minus capital assets used in governmental activities

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

Calendar Year	Real Property Assessed Value	Tangible Personal Property Assessed Value	Public Utilities Personal Assessed Value	Total Assessed Value	Total Estimated Actual Value	Total Direct Rate
1999	\$631,172,270	\$88,625,751	\$37,098,140	\$756,896,161	\$2,162,560,460	4.54
2000	698,696,370	94,392,458	37,139,060	830,227,888	2,372,079,680	4.54
2001	713,313,820	86,791,735	33,922,640	834,028,195	2,382,937,700	5.94
2002	726,716,790	96,412,084	26,214,800	849,343,674	2,426,696,211	5.94
2003	842,270,440	89,464,979	26,456,830	958,192,249	2,737,692,140	5.94
2004	855,233,590	92,277,743	26,640,650	974,151,983	2,783,291,380	5.94
2005	860,513,110	96,878,011	28,395,480	985,786,601	2,816,533,146	5.94
2006 (1)	925,860,030	100,613,661	28,118,140	1,054,591,831	3,079,635,732	5.94
2007 (1)	940,328,360	83,540,896	26,584,060	1,050,453,316	3,051,025,200	5.94
2008 (1)	953,317,810	63,486,119	24,221,990	1,041,025,919	2,892,796,448	5.94

Source: County Auditor

(1) - Both Tangible Personal Property and Public Utility Personal Property are expected to further decrease over the next three years due to a change made by the State of Ohio in its tax structure. Currently the State is reimbursing the City for these lost revenues and plans to reimburse 100% of these losses through 2010 at which time the reimbursement is expected to be reduced until 2017.

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed.

City of Fairfield, Ohio  
 Direct and Overlapping Property Tax Rates  
 Last Ten Calendar Years  
 Schedule 6

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Calendar Year	City Levy	Total Direct Rate	Overlapping Rates		
			County Levy	School Levy	Voactional School Levy
1999	4.54	4.54	8.44	54.16	1.93
2000	4.54	4.54	8.45	54.46	1.93
2001	5.94	5.94	8.45	54.23	1.93
2002	5.94	5.94	8.75	54.10	1.93
2003	5.94	5.94	8.75	53.82	1.93
2004	5.94	5.94	8.74	53.82	1.93
2005	5.94	5.94	8.74	58.66	1.93
2006	5.94	5.94	9.44	58.60	1.93
2007	5.94	5.94	10.95	58.60	1.93
2008	5.94	5.94	10.45	58.60	1.93

Source: County Auditor

Note: Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

City of Fairfield, Ohio  
Principal Property Tax Payers  
Current Year and Three Years Ago (1)  
Schedule 7

2008 (2)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy	\$23,129,960	2.22%
Cincinnati Financial Corp.	16,913,280	1.62%
Sam Boymel Trustee	9,720,740	0.93%
Ohio Casualty Insurance Co.	7,533,520	0.72%
Faith-Village Park Apartments	5,709,930	0.55%
Alliance TP Portfolio LTD	5,540,810	0.53%
TGM Camelot, Inc.	5,260,550	0.51%
Timber Hollow Apartments	5,105,830	0.49%
Rajole LLC	4,691,700	0.45%
Meijer Stores LTD PRT	4,691,700	0.45%
	<u>\$88,298,020</u>	<u>8.47%</u>

2005 (3)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Cincinnati Gas & Electric Company	\$20,629,170	2.09%
Cincinnati Financial Corp.	15,927,450	1.62%
Sam Boymel Trustee	9,142,420	0.93%
Ohio Casualty Insurance Co.	6,952,730	0.71%
Faith-Village Park Apartments	5,437,970	0.55%
Cincinnati Bell Telephone	5,309,690	0.54%
Alliance TP Portfolio LTD	5,243,500	0.53%
Teacher Retirement System	5,045,490	0.51%
TGM Camelot, Inc.	5,009,330	0.51%
Cincinnati-Oxford Assn.	4,655,000	0.47%
	<u>\$83,352,750</u>	<u>8.46%</u>

Source: County Auditor

(1) - Current and two years ago information only available

(2) - 2008 tax year

(3) - 2005 tax year

Property Tax Levies and Collections  
 Last Ten Calendar Years  
 Schedule 8

Calendar Year	Taxes Levied for the Calendar Year	Collected within the		Delinquent Taxes Collected	Total Collections to Date	
		Calendar Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
		Amount			Amount	
1999	\$2,403,795	\$2,391,493	99.49%	\$69,951	\$2,461,444	102.40%
2000	2,565,713	2,481,304	96.71%	45,275	2,526,579	98.47%
2001	4,424,612	4,213,486	95.23%	114,510	4,327,996	97.82%
2002	5,027,858	4,451,961	88.55%	130,067	4,582,028	91.13%
2003	4,701,032	4,723,070	100.47%	147,215	4,870,285	103.60%
2004	4,831,100	4,618,793	95.61%	133,406	4,752,199	98.37%
2005	4,761,737	4,632,520	97.29%	98,853	4,731,373	99.36%
2006	5,598,860	5,256,965	93.89%	166,681	5,423,646	96.87%
2007	5,528,641	5,197,981	94.02%	155,648	5,353,629	96.83%
2008	5,435,599	4,973,339	91.50%	242,262	5,215,601	95.95%

Source: County Auditor

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

Calendar Year	Income Tax Rate	Percentage of Total							
		Withholding	Business	Individuals	Total	Withholding	Business	Individuals	Total
1999	1.50%	\$11,215,932	\$1,508,454	\$2,695,471	\$15,419,857	72.7%	9.8%	17.5%	100.0%
2000	1.50%	12,208,006	1,640,703	2,995,555	16,841,779	72.5%	9.7%	17.8%	100.0%
2001	1.50%	13,578,070	1,484,352	3,060,897	18,123,319	74.9%	8.2%	16.9%	100.0%
2002	1.50%	13,613,373	1,513,207	3,100,696	18,227,276	74.7%	8.3%	17.0%	100.0%
2003	1.50%	14,323,319	2,033,946	2,628,683	18,985,948	75.4%	10.7%	13.8%	100.0%
2004	1.50%	15,268,560	2,149,376	3,013,100	20,431,036	74.7%	10.5%	14.7%	100.0%
2005	1.50%	16,077,087	2,481,067	2,861,497	21,419,651	75.1%	11.6%	13.4%	100.0%
2006	1.50%	16,835,490	2,453,588	2,884,054	22,173,132	75.9%	11.1%	13.0%	100.0%
2007	1.50%	18,435,779	3,030,632	2,650,151	24,116,562	76.4%	12.6%	11.0%	100.0%
2008	1.50%	24,159,495	3,555,855	2,647,340	30,362,690	79.6%	11.7%	8.7%	100.0%

Source: City Finance Department

City of Fairfield, Ohio  
Principal Income Taxpayers  
Current Year and Two Years Ago(1)  
(cash basis of accounting)  
Schedule 10

<u>2008</u>	
<u>Name</u>	<u>Amount</u>
Cincinnati Insurance	\$2,802,660
Liberty Mutual	904,441
Mercy Regional Health	862,051
Fairfield Board of Education	721,562
Medco Health Solutions	702,459
City of Fairfield	302,805
Pacific Mfg Ohio Inc.	297,496
Koch Meat Co Inc	281,846
Takumi stamping Inc	177,682
Pease Industries	166,188
Total Collections - Principal Taxpayers	<u>\$7,219,191</u>
Total Collections	\$24,159,495
Combined percentage of total income taxes	29.9%

<u>2006</u>	
<u>Name</u>	<u>Amount</u>
Cincinnati Insurance	\$2,556,982
Ohio Casualty Group	1,132,127
Mercy Regional Health System	737,669
Fairfield Board of Education	632,349
Medco Health Solutions	510,152
City of Fairfield	259,417
Pacific Mfg Ohio Inc	226,750
FedEx Freight East Inc	182,398
PNG Telecommunications Inc	159,146
Koch Meat Co Inc	228,501
Total Collections - Principal Taxpayers	<u>\$6,625,491</u>
Total Collections	\$22,173,132
Combined percentage of total income taxes	29.9%

Source: City Finance Department

(1) - Current and two years ago information only available

City of Fairfield, Ohio  
Ratios of Outstanding Debt by Type  
Last Ten Calendar Years  
Schedule 11

Calendar Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	Special Assessment Bonds	Capital Leases	Loans	General Obligation Bonds	Mortgage Revenue Bonds	Notes Payable			
1999	\$5,455,000	\$995,000	\$405,000	\$0	\$13,679,505	\$0	\$6,500,000	\$1,900,000	\$28,934,505	0.32%	\$1,053
2000	5,205,000	745,000	305,000	0	12,975,110	0	6,060,000	3,000,000	28,290,110	0.30%	989
2001	4,945,000	4,500,000	210,000	382,998	11,827,062	0	5,600,000	2,550,000	30,015,060	0.31%	1,039
2002	8,945,000	0	130,000	311,088	11,162,823	2,220,000	5,115,000	1,500,000	29,383,911	0.30%	1,004
2003	15,930,000	0	75,000	222,569	10,502,496	2,140,000	4,605,000	1,500,000	34,975,065	0.34%	1,165
2004	15,120,000	0	50,000	149,347	9,923,688	2,060,000	4,070,000	1,500,000	32,873,035	0.30%	1,049
2005	14,275,000	9,000,000	25,000	65,591	9,321,282	1,975,000	3,505,000	4,000,000	42,166,873	0.38%	1,332
2006	13,420,000	9,200,000	0	0	8,694,316	1,885,000	3,280,000	3,000,000	39,479,316	0.34%	1,192
2007	12,530,000	8,000,000	0	0	8,041,787	1,795,000	3,045,000	2,500,000	35,911,787	0.30%	1,061
2008	11,660,000	6,500,000	0	0	7,362,653	1,700,000	2,800,000	2,000,000	32,022,653	N/A	N/A

Source: City Finance Department

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements

N/A - Information not available

City of Fairfield, Ohio  
Ratios of General Bonded Debt Outstanding  
Last Ten Calendar Years  
Schedule 12

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Calendar Year	General Bonded Debt Outstanding  General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1999	\$5,455,000	0.25%	\$130
2000	5,205,000	0.22%	124
2001	4,945,000	0.21%	115
2002	8,945,000	0.37%	206
2003	15,930,000	0.58%	358
2004	15,120,000	0.54%	360
2005	14,275,000	0.51%	337
2006	13,420,000	0.44%	317
2007	12,530,000	0.41%	296
2008	11,660,000	0.40%	275

Source: City Finance Department

Notes: Details regarding the city's outstanding debt can be found in the notes to the basic financial statements

City of Fairfield, Ohio  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2008  
 Schedule 13

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Fairfield
Fairfield City	\$21,860,000	99.97%	\$21,853,442
Butler County	71,428,087	13.10%	9,357,079
Fairfield City School District	29,900,991	70.37%	21,041,327
Lakota Local School District	160,728,841	0.44%	707,207
Northwest Local School District	19,405,000	0.01%	1,941
Butler Technology & Career Center Jt. Voc. School District	6,000,000	14.90%	894,000
Total Direct and Overlapping Debt	\$309,322,919		\$53,854,996

Source: Ohio Municipal Advisory Council

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the City by the total assessed valuation of the government.

City of Fairfield, Ohio  
 Legal Debt Margin Information  
 Last Ten Calendar Years  
 Schedule 14

Legal Debt Margin Calculation for Calendar Year 2008

Assessed Value	\$1,041,025,919	\$1,041,025,919
Statutory Legal Debt Limitation (1)	10.5%	5.5%
Total Debt Limitation	109,307,721	57,256,426
Debt Applicable to Limit:		
Gross Indebtedness	12,530,000	12,530,000
Less: Bond Retirement Fund Balance	117,740	117,740
Total Net Debt Applicable to Limit	12,412,260	12,412,260
Legal Debt Margin	\$96,895,461	\$44,844,166

	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Debt Limit (1)										
Debt Limit (10.5%)	\$79,474,097	\$87,173,928	\$87,572,960	\$89,181,086	\$100,610,186	\$102,285,958	\$103,507,593	\$110,732,142	\$110,297,598	\$109,307,721
Total Net Debt Applicable to Limit	6,096,616	5,580,076	9,281,783	8,478,368	15,512,938	14,707,804	13,860,169	12,738,213	12,405,624	12,412,260
Legal Debt Margin	\$73,377,481	\$81,593,852	\$78,291,177	\$80,702,718	\$85,097,248	\$87,578,154	\$89,647,424	\$97,993,929	\$97,891,974	\$96,895,461
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.7%	6.4%	10.6%	9.5%	15.4%	14.4%	13.4%	11.5%	11.2%	11.4%

	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Unvoted Debt Limit (1) Debt Limit (5.5%)	\$41,629,289	\$45,662,534	\$45,871,551	\$46,713,902	\$52,700,574	\$53,578,359	\$54,218,263	\$58,002,551	\$57,774,932	\$57,256,426
Total Net Debt Applicable to Limit	6,096,616	5,580,076	9,281,783	8,478,368	15,512,938	14,707,804	13,860,169	12,738,213	12,405,624	12,412,260
Legal Debt Margin	\$35,532,673	\$40,082,458	\$36,589,768	\$38,235,534	\$37,187,636	\$38,870,555	\$40,358,094	\$45,264,338	\$45,369,308	\$44,844,166
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.6%	12.2%	20.2%	18.1%	29.4%	27.5%	25.6%	22.0%	21.5%	21.7%

Source: City Records

(1) - Direct debt limitation based upon Section 133, the Uniform Bond Act of the Ohio Revised Code. Total debt limit should not exceed 10.5% of net assessed property value.  
 Total unvoted debt limit should not exceed 5.5% of net assessed property value.

City of Fairfield, Ohio  
Pledged-Revenue Coverage  
Last Ten Calendar Years  
Schedule 15

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Calendar Year	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
1999	\$202,191	\$405,000	\$30,885	0.46
2000	186,351	305,000	23,259	0.57
2001	174,797	210,000	16,015	0.77
2002	160,275	130,000	10,587	1.14
2003	53,988	75,000	5,719	0.67
2004	76,098	50,000	3,813	1.41
2005	161,327	25,000	1,906	6.00
2006	76,373	0	0	N/A
2007	165,387	0	0	N/A
2008	142,506	0	0	N/A

Source: County Auditor

Note: Details regarding the city's outstanding debt can be found in the notes to the basic financial statements.

N/A - Information not available

City of Fairfield, Ohio  
Demographic and Economic Statistics - Butler County  
Last Ten Calendar Years  
Schedule 16

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Calendar Year	Population	Personal Income (Thousands of Dollars) (1)	Per Capita Personal Income (2)	Unemployment Rate (3)
1999	41,968	\$9,087,357	\$27,475	2.20%
2000	42,097	9,547,252	28,608	2.90%
2001	43,149	9,729,127	28,881	3.20%
2002	43,365	9,938,473	29,273	4.30%
2003	44,449	10,285,549	30,014	4.60%
2004	41,981	10,844,563	31,332	4.80%
2005	42,370	11,080,584	31,662	4.70%
2006	42,370	11,707,628	33,130	4.50%
2007	42,386	12,114,458	33,848	5.10%
2008	42,386	N/A	N/A	6.20%

- Sources:
- (1) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts
  - (2) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Accounts Regional Economic
  - (3) - Ohio Bureau of Employment Services

N/A - Information not available

City of Fairfield, Ohio  
Major Employers (1)  
Current Fiscal Year (2)  
Schedule 17

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<u>Major Employers (3)</u>	<u>Type (4)</u>
AK Steel Holding Corp.	Mfg
Amylin Pharmaceuticals, Inc.	Mfg
Armor Holdings, Inc.	Mfg
Butler County Government	Govt
Cincinnati Financial Corp.	Ins
Cornerstone Brands, Inc.	Ret
Fairfield City Board of Education	Govt
Ft. Hamilton Memorial Hospital	Health
Hamilton City Board of Education	Govt
Lakota Local Board of Education	Govt
Liberty Mutual/Ohio Casualty Corp.	Ins
Mercy Regional Hospital	Health
Miami University	Edu
Middletown Regional Health System	Health

Source: Ohio Department of Development

(1) - For all of Butler County

(2) - Only current fiscal year information available

(3) - In alphabetical order only

(4) - Number of employees and percentage of population  
employed not available

City of Fairfield, Ohio  
 Full-Time Equivalent City Government Employees by Function/Program  
 Last Ten Calendar Years  
 Schedule 18

Function/Program	Full-Time Equivalent Employees as of December 31									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
City Administration	6	6	6	5	6	6	5	5	5	5
City Council	1	2	2	2	2	2	2	2	2	2
Engineering	7	7	8	8	8	8	7	7	7	7
Facility/Janitors	2	2	2	2	2	2	2	2	2	2
Municipal Court	12	16	18	17	19	19	18	19	21	21
Finance	15	16	19	19	19	20	21	20	20	21
Public Safety										
Police										
Officers	52	57	50	59	60	59	61	60	60	60
Non-Sworn	19	18	18	19	20	20	19	20	21	21
Fire	15	21	23	23	24	24	27	30	30	30
Leisure Time Activities										
Parks and recreation	14	14	18	17	21	21	23	22	22	22
Community Development										
Planning and Zoning	6	6	5	5	4	4	4	4	4	4
Building Inspection	8	8	7	7	7	8	8	9	9	10
Economic Development	0	0	0	1	1	1	1	1	1	1
Basic Utility Service										
Water	20	20	21	21	22	22	21	20	22	21
Wastewater	24	22	21	23	22	23	21	22	22	22
Transportation and Street Repair	23	24	27	27	26	30	30	30	30	30
Total	224	239	245	255	263	269	270	273	278	279

Source: City Finance Department

City of Fairfield, Ohio  
 Operating Indicators by Function/Program  
 Last Ten Calendar Years  
 Schedule 19

Function/Program	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Community Environment										
Planning and Development										
Building permits issued	1,735	2,203	2,011	2,164	2,140	2,237	2,192	1,910	1,739	1,902
Building inspections conducted	6,629	5,699	5,959	6,847	5,343	5,733	4,895	4,030	3,491	4,196
Economic Development										
Value of Residential Construction	\$10,435,556	\$14,853,756	\$13,891,545	\$15,291,021	\$19,381,595	\$18,884,763	\$19,727,985	\$15,292,249	\$8,266,873	\$5,987,184
Value of Commercial Construction	\$28,133,086	\$32,012,242	\$36,009,579	\$39,900,230	\$76,493,987	\$28,039,382	\$45,152,931	\$68,682,460	\$31,323,193	\$40,943,871
General Government										
Finance Department - Income Tax										
Income Tax Refunds	1,016	1,008	1,166	1,228	1,322	1,122	1,126	1,050	1,163	932
Dollar Amount of Refunds	\$332,367	\$461,841	\$446,399	\$400,338	\$551,286	\$490,110	\$514,281	\$435,208	\$650,850	\$886,280
Average Refund Amount	\$327	\$458	\$383	\$326	\$417	\$437	\$457	\$414	\$560	\$951
Court										
Number of Criminal Cases	2,479	2,356	2,024	2,759	4,111	2,744	3,432	4,066	4,063	4,123
Number of Civil Cases	1,107	1,114	1,217	1,540	1,638	1,928	1,876	1,905	2,014	2,136
Construction Services										
Square Footage of Sidewalk Repairs	11,071	10,835	16,787	47,330	12,823	14,769	1,110	16,439	17,198	26,999
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	1,528	1,514	1,299	1,387	1,483	1,236	1,223	1,178	1,929	3,798
Juvenile	438	462	394	393	385	382	474	565	441	497
Citations	8099	9058	8922	7207	7,036	5,428	7,354	5,758	3,438	3,847
Accidents	1,744	1,611	1,615	1,563	1,516	1,516	1,470	1,514	1,403	1,628
Fire										
Emergency responses	2,914	3,041	3,226	3,484	3,574	3,681	3,818	4,247	5,257	3,929
Fire Calls	182	169	153	167	172	143	3,172	4,461	1,244	2,366
Inspections	2,800	2,850	2,900	3,000	3,300	3,200	3,560	3,600	2,841	2,032
Transportation										
Public Works										
Number of Street Miles Resurfaced	7	8	6	8	9	6	6	5	8	7
Tons of Street Salt Used	3,412	5,284	1,449	3,240	6,725	4,159	3,811	949	5,648	6,663
Cubic Yards of Leaves Picked-up	8,066	6,264	5,697	7,346	3,053	5,770	5,985	8,054	5,300	4,056

City of Fairfield, Ohio  
 Operating Indicators by Function/Program  
 Last Ten Calendar Years  
 Schedule 19 (Continued)

Function/Program	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Leisure</b>										
<b>Parks and Recreation</b>										
Number of Theater Patrons	(a)	(a)	(a)	(a)	(a)	(a)	8,113	11,842	12,645	13,775
Number of Pool Admissions	29,197	31,708	34,810	36,550	38,000	40,139	42,614	43,124	42,204	41,747
<b>Program Attendance:</b>										
Youth/Preschool	5,939	6,784	6,823	7,224	8,168	9,259	15,245	18,968	33,535	26,464
Fitness	223	185	172	320	725	950	6,800	8,311	11,225	12,695
Senior Activities	250	250	275	320	350	420	5,500	9,883	11,152	12,957
<b>Water</b>										
Water main breaks	53	47	35	43	43	55	55	35	66	65
Average daily consumption (millions of gallons)	5.512	5.572	5.017	5.057	4.789	4.986	5.125	5.040	5.760	5.360
Peak daily consumption (millions of gallons)	6.983	6.430	5.670	7.020	5.366	5.739	6.076	6.546	7.883	8.208
<b>Wastewater</b>										
Average daily sewage treatment (millions of gallons)	5.237	5.553	5.389	5.724	5.717	5.605	5.977	5.308	5.900	5.679

Source: Various City Departments

(a) - Not available. The City's Community Arts Center Theater opened May, 2005.

(b) - Not available.

City of Fairfield, Ohio  
 Capital Asset Statistics by Function/Program  
 Last Ten Calendar Years  
 Schedule 20

Function/Program	Calendar Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Municipal Building (square footage)	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,284
Municipal Building Annex (square footage)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	7,424	7,424	7,424
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	17,795	17,795	17,795	17,795	17,795	17,795	17,795	50,033	50,033	50,033
Police Cruisers	19	20	20	20	21	21	21	26	26	26
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	4	4	4	4	4	4	4	4	5	5
Number of EMS Vehicles	4	4	4	4	4	4	4	4	4	4
Public Works										
Area of City (square miles)	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18
Streets (miles)	135.5	135.5	147.0	147.0	147.0	160.5	160.5	160.5 #	160.5	160.5
Highways (miles)	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14 #	7.14	7.14
Streetlights	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525
Traffic signals	46	47	49	52	53	53	53	55	58	58
Parks and Recreation										
Number of Parks	20	22	24	24	24	24	24	25	25	25
Area of Parks (acreage)	436.00	438.05	438.50	438.50	438.50	438.50	438.50	469	469	469
Playgrounds	8	9	9	10	11	11	12	12	12	12
Baseball/softball diamonds	16	16	16	16	16	16	16	16	16	16
Soccer/football fields	10	10	11	11	11	11	11	11	11	11
Aquatic Center /Swimming pools	1	1	1	1	1	1	1	1	1	1
Community Arts centers	0	0	0	0	0	0	1	1	1	1
Golf Courses	1	1	1	2	2	2	2	2	2	2
Municipal Water										
Storage Capacity (millions of gallons)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water Mains (miles)	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00
Fire hydrants	2,217	2,221	2,238	2,255	2,278	2,299	2,301	2,326	2,326	2,384
Sewers										
Treatment Capacity (millions of gallons)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Sanitary Sewers (miles)	153.80	157.20	159.80	160.20	160.40	161.00	164.00	166.10	166.10	175.00

Source: Various City Departments

(a) - Not available. Building was renovated in 2006 to house the City's Income Tax Division and IT Division.



**Mary Taylor, CPA**  
Auditor of State

**CITY OF FAIRFIELD**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 17, 2009**