



City of Fairfield, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2004

CITY OF FAIRFIELD, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

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

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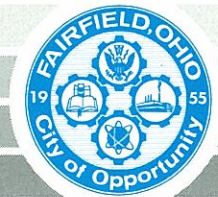
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INTRODUCTORY SECTION



June 30, 2005

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

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

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

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

CITY OVERVIEW

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

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

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

MAJOR INITIATIVES

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

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

FUTURE PROJECTS

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

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

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

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

CASH MANAGEMENT

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

DEBT ADMINISTRATION

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

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

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

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CITY INCOME TAX

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

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

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

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

RISK MANAGEMENT

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

INDEPENDENT AUDIT

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

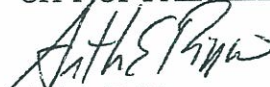
CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairfield for its Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2003. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,
CITY OF FAIRFIELD



Arthur E. Pizzano
City Manager



James A. Hanson
Director of Finance

CITY OF FAIRFIELD
PUBLIC OFFICIALS

MAYOR

Erick Cook

COUNCIL MEMBERS

Vice Mayor – Steve Miller

Jill Kinder
Marty Judd
Howard Dirksen

Mark Scharringhausen
Mitch Rhodus
Michael Snyder

APPOINTED OFFICIALS

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

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

DEPARTMENT OF FINANCE

Director

James A. Hanson

Division of Accounting

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

Division of Income Tax

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

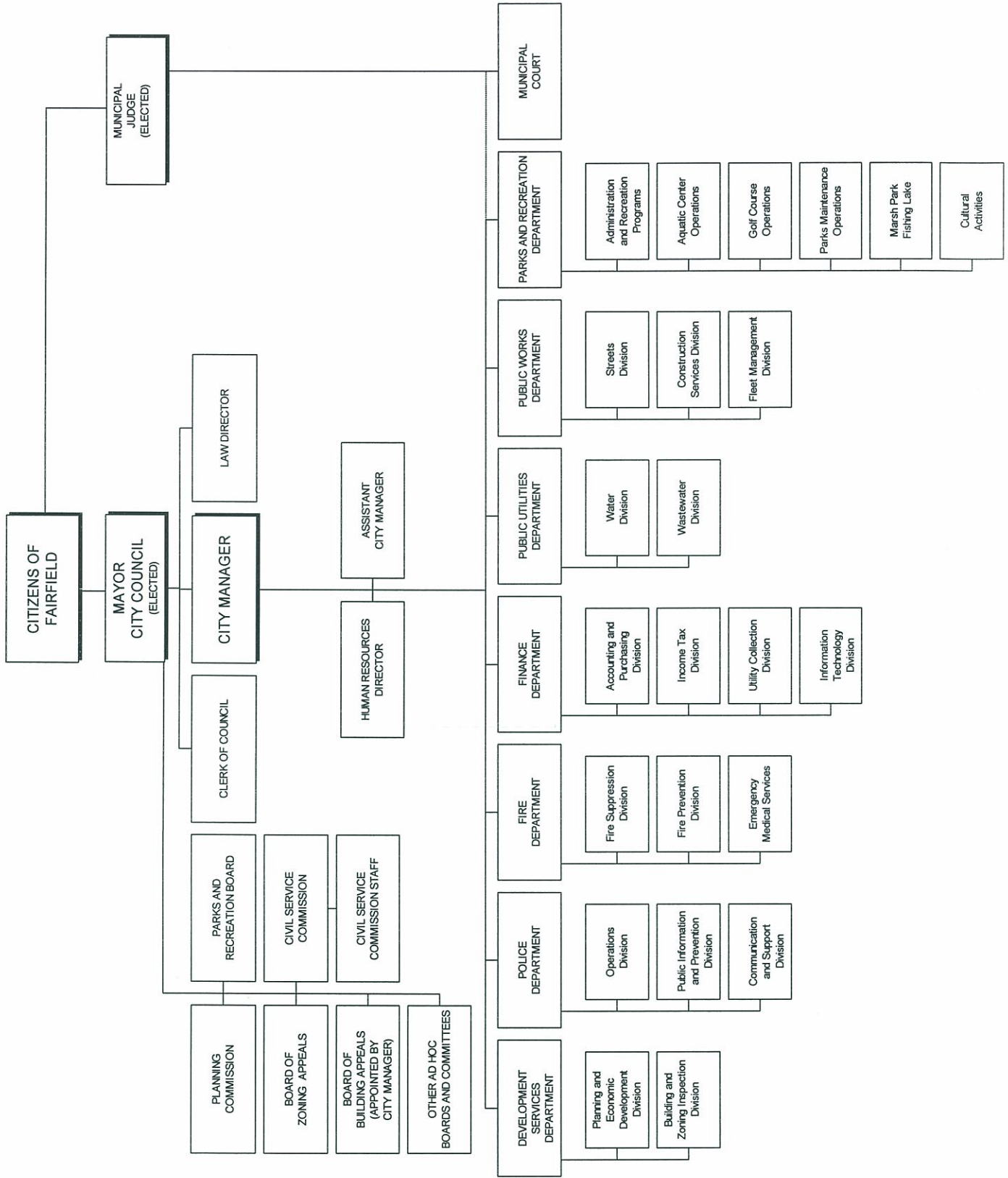
Division of Utility Billing and Collection

Mary Lawson	Sandra Cotton	Roxanne Leak	Kim Lunsford
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Division of Information Systems

J. Ben Warner	Tanya Kaiser	Derek Hunter	Yvette Scott
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CITY OF FAIRFIELD, OHIO, ORGANIZATIONAL CHART



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairfield,
Ohio

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

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



Nancy L. Zelle

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Fairfield:

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

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

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

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

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

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

Clark, Schaefer, Hachett & Co.

Middletown, Ohio
June 12, 2006

City of Fairfield

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

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

USING THIS ANNUAL FINANCIAL REPORT

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

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

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REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

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

THE CITY AS A WHOLE

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

Table 1
Net Assets

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

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

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

Table 2
Changes in Net Assets

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

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

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

Governmental Activities

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

Governmental activities program expenses for 2004 were as follows:

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

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

Income Tax

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

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

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

Business-Type Activities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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THE CITY'S FUNDS

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

General Fund Budgeting Highlights

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 3
Capital Assets

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

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

Debt

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

Table 4
Outstanding Debt at Year End

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

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

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

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

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

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City of Fairfield
Statement of Net Assets
December 31, 2004

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

See accompanying notes to the basic financial statements.

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

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

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements.

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

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City of Fairfield
Balance Sheet
Governmental Funds
December 31, 2004

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

See accompanying notes to the basic financial statements.

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Total
Governmental
Funds

\$25,102,328

10,392,312

37,581

80,357

1,733,459

55,719

37,401,756

695,871

834,596

10,007,683

11,538,150

6,630,220

3,800

7,911,739

1,364,045

1,582,749

8,371,053

25,863,606

\$37,401,756

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

Total Governmental Fund Balance	\$25,863,606
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	71,107,267
--	------------

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

Income Taxes	2,762,608	
Delinquent Property Taxes	575,897	
Interest	3,014	
Intergovernmental	1,290,018	
Other	<u>55,719</u>	
		4,687,256

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

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

Compensated Absences	<u>(1,998,797)</u>	
		(1,998,797)

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

Net Assets of Governmental Activities	<u><u>\$84,305,062</u></u>
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See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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Total
Governmental
Funds

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

35,152,192

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

914,716
676,748

39,800,919

(4,648,727)

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

(712,428)

(5,361,155)

31,224,761

\$25,863,606

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

Net Change in Fund Balance - Total Governmental Funds (55,361,155)

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

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

Capital assets used in governmental activities	10,386,682	
Depreciation Expense	(3,823,059)	
		6,563,623

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

(33,115)

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

Income Taxes	87,717	
Interest	960	
Intergovernmental	1,290,018	
Other	(30,719)	
		1,347,976

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

914,716

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

Compensated Absences	(406,426)	
		(406,426)

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

(144,864)

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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City of Fairfield

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Basis of Presentation

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

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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.

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Fund Financial Statements

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

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

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

Proprietary Funds

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

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

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

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

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

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

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

Fiduciary Funds

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

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

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

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

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

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

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

Inventory

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

Capital Assets

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

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

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

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

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

Net Assets

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

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

Operating Revenues and Expenses

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

Interfund Activity

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

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

Estimates

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

Restricted Assets

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

2. DEPOSITS AND INVESTMENTS

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

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty day;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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

Deposits:

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

Investments:

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

A. Deposits

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

B. Investments

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

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

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

3. RECEIVABLES

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

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

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

Property Taxes

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

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

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

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

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

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

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

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

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

Income Taxes

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

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

4. RISK MANAGEMENT

Description

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

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

Claim Liabilities

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

Unpaid Claim Liabilities

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

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

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5. CAPITAL ASSETS

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

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

Depreciation expense was charged to governmental functions as follows:

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

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6. COMPENSATED ABSENCES

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

7. NOTES PAYABLE

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

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

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

8. LONG-TERM DEBT

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

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

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

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

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

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

9. DEFEASANCE OF BONDS

Mortgage Revenue Bonds

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

Special Assessment Bonds

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

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10. INDUSTRIAL AND ECONOMIC DEVELOPMENT REVENUE BONDS

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

11. LEASES

A. Capital Leases

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

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

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

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

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

Equipment	\$446,348
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12. SERVICE AGREEMENTS

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

Minimum future payments as of December 31, 2004 are:

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

13. PENSION PLANS

Public Employees Retirement System

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

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

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

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

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

14. POSTEMPLOYMENT BENEFITS

Public Employees Retirement System

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

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

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

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

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

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

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during the current year. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

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

15. CONSTRUCTION COMMITMENTS

The City had the following outstanding commitments at year end:

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

16. INTERFUND TRANSFERS

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

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

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

17. PRIOR PERIOD ADJUSTMENT

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

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

18. SUBSEQUENT EVENT

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

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

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

See accompanying notes to the required supplementary information.

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

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

See accompanying notes to the required supplementary information.

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1. BUDGETARY PROCESS

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

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

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

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

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

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

Net Change in Fund Balance

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

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**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

NONMAJOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

.2% Street
Improvement
Fund

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

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

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

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

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

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

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

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

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

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STATISTICAL SECTION

City of Fairfield

Table 1

General Government Expenditures by Function (1)

Last Ten Fiscal Years

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

Source: City of Fairfield Finance Department.

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

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City of Fairfield

Table 2

General Revenues by Source (1)

Last Ten Fiscal Years

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

Source: City of Fairfield Finance Department.

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

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

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

Source: County Auditor's Office, Butler County.

City of Fairfield

Table 4

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

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

Source: County Auditor's Office, Butler County.

City of Fairfield

Table 5

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

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

Source: County Auditor's Office, Butler County.

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City of Fairfield

Table 6

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

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

Source: County Auditor's Office, Butler County.

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

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

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

City of Fairfield

Table 7

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

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

Source: County Auditor's Office, Butler County.

City of Fairfield

Table 8

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

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

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

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

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City of Fairfield

Table 9

Computation of Net Direct and Overlapping Debt
December 31, 2004

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

Source: Ohio Municipal Advisory Council

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City of Fairfield

Table 10

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

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

Source: City of Fairfield Finance Department.

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

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

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City of Fairfield

Table 11

Computation of Legal Debt Margin

December 31, 2004

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

Note: (1) - Direct Debt Limitation Based on Section 133, The Uniform Bond Act of the Ohio Revised Code.

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

Schedule of Revenue Bond Coverage - Water and Sewer Systems
Last Ten Fiscal Years

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

Source: City of Fairfield Finance Department.

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

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

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City of Fairfield

Table 13

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

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

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

(2) - Federal Reserve Bank of Cleveland.

(3) - City of Fairfield Building Inspection Division.

City of Fairfield

Table 14

Ten Largest Taxpayers

December 31, 2004

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

Source: County Auditor's Office, Butler County.

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City of Fairfield
Table 15
Demographic Statistics
December 31, 2004

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

Source: City of Fairfield Planning Department.
OKI Regional Planning Authority.

(1) - 1980, 1990 and 2000 Population figures taken from the Federal Census Data.



City of Fairfield
Table 16
Miscellaneous Statistics
December 31, 2004

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

Source: City of Fairfield Finance Department

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