



City of Fairfield, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2010

City of Fairfield, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2010

Prepared By:
Department of Finance
Mary Hopton, Director

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| | <u>Page</u> |
|--|--------------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | vii |
| Public Officials | xiv |
| Service Delivery Chart | xv |
| Certificate of Achievement for Excellence in Financial Reporting | xvi |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 15 |
| Statement of Activities | 16 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 18 |
| Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities | 19 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds | 21 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities | 22 |
| Statement of Net Assets - Proprietary Funds | 24 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds | 25 |
| Statement of Cash Flows - Proprietary Funds | 26 |
| Statement of Fiduciary Assets and Liabilities | 27 |
| Notes to the Basic Financial Statements | 28 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund | 54 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund | 55 |
| Notes to the Required Supplementary Information | 56 |
| Combining Statements and Individual Fund Schedules: | |
| Major Governmental Funds | 59 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - .2% Street Improvement Fund | 60 |
| Nonmajor Governmental Funds | 61 |
| Combining Balance Sheet | 62 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 63 |

City of Fairfield, Ohio
Table of Contents
For the Year Ended December 31, 2010

| | <u>Page</u> |
|---|-------------|
| Nonmajor Special Revenue Funds: | |
| Fund Descriptions | 64 |
| Combining Balance Sheet | 66 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 70 |
| Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - | |
| Budget and Actual (Non-GAAP Budgetary Basis): | |
| Street Construction, Maintenance and Repair Fund | 73 |
| State Highway Improvement Fund | 74 |
| County Motor Vehicle Registration Fund | 75 |
| Tax Recreation Fund | 76 |
| Law Enforcement Fund | 77 |
| Municipal Motor Vehicle Registration Fund | 78 |
| Law Enforcement and Education Fund | 79 |
| Drug and Alcohol Treatment Fund | 80 |
| Local Law Enforcement Fund | 81 |
| Probation Services Fund | 82 |
| Court Computer Fund | 83 |
| Special Projects Fund | 84 |
| Mediation Services Fund | 85 |
| Tax Increment Equivalent Fund | 86 |
| Indigent Driver Interlock Fund | 87 |
| Nonmajor Debt Service Funds: | |
| Fund Descriptions | 88 |
| Combining Balance Sheet | 89 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 90 |
| Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - | |
| Budget and Actual (Non-GAAP Budgetary Basis): | |
| General Bond Retirement Fund | 91 |
| Special Assessment Fund | 92 |
| Nonmajor Capital Projects Funds: | |
| Fund Descriptions | 93 |
| Combining Balance Sheet | 94 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 95 |
| Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - | |
| Budget and Actual (Non-GAAP Budgetary Basis): | |
| .2% Capital Improvement Fund | 96 |
| Flood Protection Fund | 97 |
| State Issue II Fund | 98 |
| Downtown Development Fund | 99 |

City of Fairfield, Ohio
Table of Contents
For the Year Ended December 31, 2010

| | <u>Schedule</u> | <u>Page</u> |
|--|-----------------|-------------|
| Nonmajor Funds: | | |
| Fund Descriptions | | 100 |
| Internal Service Funds: | | |
| Combining Statement of Net Assets | | 101 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Assets | | 102 |
| Combining Statement of Cash Flows | | 103 |
| Agency Funds: | | |
| Statement of Changes in Assets and Liabilities | | 104 |
| STATISTICAL SECTION | | |
| Net Assets by Component | 1 | 109 |
| Changes in Net Assets | 2 | 110 |
| Fund Balances, Governmental Funds | 3 | 113 |
| Changes in Fund Balances, Governmental Funds | 4 | 114 |
| Assessed Value and Estimated Actual Value of Taxable Property | 5 | 116 |
| Direct and Overlapping Property Tax Rates | 6 | 117 |
| Principal Property Tax Payers | 7 | 118 |
| Property Tax Levies and Collections | 8 | 119 |
| Income Tax by Payer Type and Income Tax Rate | 9 | 120 |
| Principal Income Taxpayers | 10 | 121 |
| Ratios of Outstanding Debt by Type | 11 | 122 |
| Ratios of General Bonded Debt Outstanding | 12 | 123 |
| Direct and Overlapping Governmental Activities Debt | 13 | 124 |
| Legal Debt Margin Information | 14 | 125 |
| Pledged-Revenue Coverage | 15 | 126 |
| Demographic and Economic Statistics - Butler County | 16 | 127 |
| Major Employers | 17 | 128 |
| Full-Time Equivalent City Government Employees by Function/Program | 18 | 129 |
| Operating Indicators by Function/Program | 19 | 130 |
| Capital Asset Statistics by Function/Program | 20 | 132 |

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Introductory Section

June 30, 2011

The Honorable Ronald A. D'Epifanio, Mayor
Members of City Council
City of Fairfield
5350 Pleasant Avenue
Fairfield, Ohio 45014

The Comprehensive Annual Financial Report of the City of Fairfield, Ohio for the fiscal year ended December 31, 2010 is submitted herewith. The Department of Finance prepared the report. The responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the City of Fairfield, specifically with the Department of Finance. We believe that the enclosed data is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. We further believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

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

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

City Overview

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

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

The City provides many of the municipal services normally associated with a municipality, including emergency services, street construction and maintenance, engineering, building and planning services, recreational facilities and activities and economic development. In addition, water, sanitary sewer, solid waste collection and disposal, and recreation facilities are provided under an Enterprise Fund concept with user charges set by City Council to ensure adequate coverage of expenses and payments on outstanding debt.

Economic Conditions and Outlook

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

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

The City's Income Tax has remained stable through most of 2010. The City's Income Tax base had a set back in late 2009 due to the economic recession; however, through 2010 and into 2011 has seen a gradual rebound. Due to the stability of Income Taxes and the City's large employers, Fairfield is in sound financial standing, which has helped the City weather the economic shift over the past few years.

Relevant Financial Policies

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

Major Initiatives

The following were among the many diverse activities and/or programs to which both the elected officials and staff devoted their energies in 2010:

- 1) Work began on the Northern Route 4 Landscaping project. This project will provide landscaping enhancements in the right of way and on the outside edge of Route 4 to compliment the stanchion project that was completed in 2009. This project will cost approximately \$156,000. Of the total cost, outside funding from a Transportation Enhancement Grant (TEG) will be approximately \$125,000 with the remaining \$31,000 from City funds.
- 2) Work began on streetscape for Patterson Drive. This project is in conjunction with the TIF district for the redevelopment of Patterson Drive. This project will cost approximately \$216,000 and entirely funded by a Community Development Block Grant (CDBG).
- 3) Improvements to By-Pass 4 will began June 2010. These improvements will add two lanes to By-Pass 4 from State Route 4 at the south end, north to Port Union Road. The intersection of Symmes Road and By-Pass 4 is being constructed by the Butler County Transportation Improvement District. This project will also include modifying the intersection of By-Pass 4 and Dixie Highway by creating a diversion road to carry all left turn movements. This project is projected to cost \$10.2 million with outside funding of \$1.2 million.
- 4) Preliminary work began on improvements to Exit 39 on I-275. The improvements include widening of the bridge, ramps and interchange along Gilmore Road, Mack Road and Kolb Drive. This project is expected to cost \$14 million with outside funding from grants and the City of Forest Park totaling \$13.7 million.
- 5) An Energy Efficiency Conservation and Block Grant from the Department of Energy funded projects for energy efficiency totaling \$187,500. The project included replacement of the Municipal Building HVAC system, lighting improvements and improvements to the Justice Center HVAC system.

Future Projects

Accomplishments and significant capital projects to look forward to in 2011 include the following:

- 1) Work will begin on Resor Road. The improvements will total approximately \$924,000 and address public and resident safety on the steep hill portion of the road. While the road work is in process, water line replacement will also take place.

- 2) Work will begin on the Groh Lane project. This project will cost approximately \$250,000. This project deals with road improvements to access the youth football fields as well as the Wastewater Treatment Plant. A community project called the Field of Dreams, which is a privately funded project to create a handicapped accessible baseball field, will also benefit from this road improvement.
- 3) The replacement of the Municipal Building Boiler and Chiller is expected to occur. Since both units are approaching their end of life, the City is opting to replace the equipment before it fails. Both units are crucial to maintaining the Municipal Building.
- 4) The project to upgrade the Department Radio Systems to the new countywide 800 MHz system will be completed in 2011. Public safety forces received their radios through Butler County; however, the other City departments need to purchase the equipment on their own. Police, Fire, Public Works, Public Utilities and Parks will all be on the new radio system.
- 5) A Community Development Block Grant will be used to fund a project to demolish a blighted vacant area owned by First Highland. This property was formerly a Fisher Body (General Motors) stamping plant. The demolition will allow for further economic growth at that property.

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 department 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, 2010.

Cash Management

Excluding investments held by trustees, cash temporarily idle during the year 2010 was invested in State Treasury Asset Reserves and Certificates of Deposits. As of year-end, the City has invested 25% in Federal Home Loan Bank, 4% in Federal Farm Credit Bank, and 71% in STAROhio. Yields on these investment instruments ranged from 4.06% to 5.45% the amount of interest earned during the year was \$312,123 as compared to \$524,645 earned in 2009.

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, 2010 was as follows:

| | |
|---|-------------------------------|
| 2010 Population | <u>42,510</u> |
| Assessed Valuation | <u>\$1,002,635,680</u> |
| Total General Obligation (G.O.) Debt | \$28,316,645 |
| Less: Amount Available in Debt Service Fund | <u>54,895</u> |
| Net General Obligation Debt | <u>\$28,261,750</u> |
| Ratio of Net G.O. Debt to Assessed Valuation | 2.82% |
| Debt per Capita | <u>\$664.83</u> |

The City's total debt at the close of 2010 included the above mentioned \$28,316,645 in net General Obligation debt, \$275,282 in capital leases, \$1,700,000 in notes payable and \$5,920,185 in Ohio Water Development Authority loans. The City's General Obligation bonds continue to have an excellent rating, which they have carried for the past several years. In 2010, Moody's Investors Service affirms the City's bonds to carry an "Aa1" credit rating.

City Income Tax

The 1.5% locally levied tax applies to gross salaries, wages and other personal service compensation earned by residents, both in and out of the City and upon earnings of non-residents earned in the City. It also applies to net income of business organizations derived from business activities conducted in the City. An allocation was approved by the citizens in 2003 to allow the City's fiscal flexibility beginning January 1, 2004 with the tax rate remaining at 1.5%. The allocation is for 1.1% of the tax revenues to the General Fund, .2% to the Street Improvement Fund and .2% to the Capital Improvement Fund.

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

| | 2010 | 2009 |
|--|---------------------|---------------------|
| Allocated to General Fund | \$17,303,351 | \$16,325,147 |
| Allocated to .2% Street Improvement Fund | 3,146,064 | 2,968,209 |
| Allocated to .2% Capital Improvement Fund | <u>3,146,064</u> | <u>2,968,209</u> |
| Gross Revenues | <u>\$23,595,479</u> | <u>\$22,261,565</u> |

Risk Management

By statute and court decisions, Ohio retains only limited tort immunity for local government. In addition to potential tort liabilities, the City is liable for employees' Workers' Compensation claims, plus the risk of casualty loss to real and personal property owned by the City, and must provide faithful performance bonds for certain City officials. The City must also manage the risk of dental expense claims by employees eligible for health care coverage as a fringe benefit. For more information on risk management, see Note 5 in the Notes to the Basic Financial Statements.

Independent Audit

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

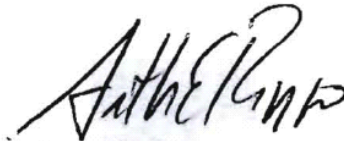
Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairfield for its Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2009. 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

A handwritten signature in black ink, appearing to read "Arthur E. Pizzano".

Arthur E. Pizzano
City Manager

A handwritten signature in blue ink, appearing to read "Mary Hopton".

Mary Hopton
Director of Finance

City of Fairfield, Ohio
Public Officials

MAYOR

Ron D'Epifanio

COUNCIL MEMBERS

Vice Mayor – Terry Senger

Mike Snyder
Mike Oler
Tim Meyers

Mitch Rhodus
Tim Abbott
Marty Judd

APPOINTED OFFICIALS

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

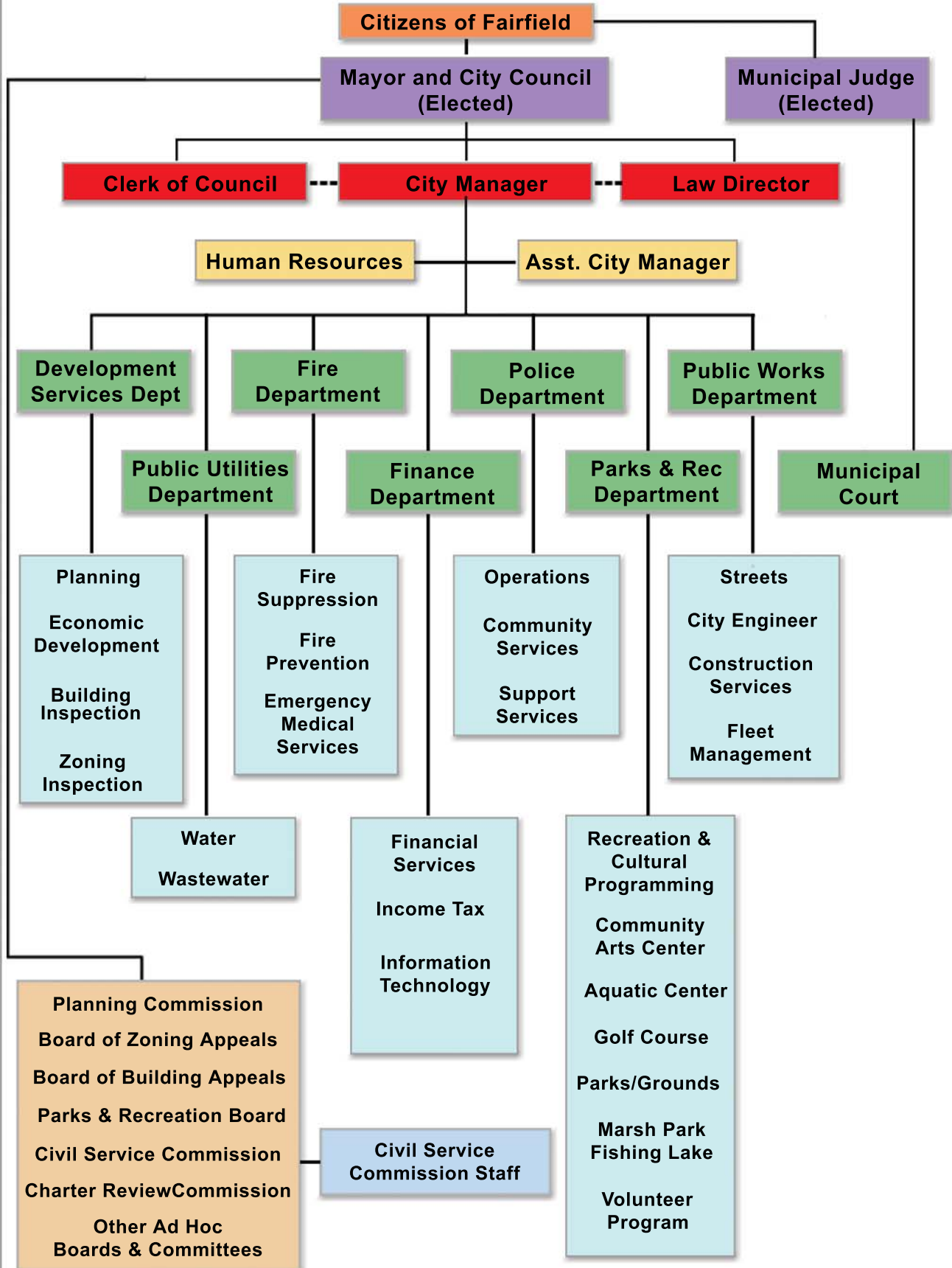
Arthur E. Pizzano
Dennis R. Stuckey
Mary Hopton
John H. Clemmons
Dave Butsch
James Bell
Dave Crouch
Timothy Bachman
Michael Dickey
Donald Bennett
Angela Johns

DEPARTMENT OF FINANCE

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

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

City of Fairfield, OH Service Delivery Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairfield
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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.



President

Executive Director



Financial Section

INDEPENDENT AUDITORS' REPORT

To The City Council
City of Fairfield, Ohio:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio (the City) as of and for the year ended December 31, 2010, 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, 2010, 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 29, 2011 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 14 and 54 through 55, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Clark Schaefer, Harold & G.

Middletown, Ohio
June 29, 2011

City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

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, 2010. 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 decreased \$2,507,484. Net assets of governmental activities decreased \$1,970,436, net assets of business-type activities decreased by \$537,048.
- The general fund reported a fund balance of \$ \$9,229,922.
- Business-type operations reflected operating (loss) of (\$1,119,565).
- The City issued \$9.125 million in Roadway Improvement Bonds.
- The City renewed \$1.7 million in General Obligation Bond Anticipation Notes for improvements to the wastewater treatment plant.
- The City had \$40,413,218 in expenses relating to governmental activities; program revenues offset \$8,232,047 of these expenses. General revenues of \$31,128,807 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

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

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

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

Fund Financial Statements

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

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

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

City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

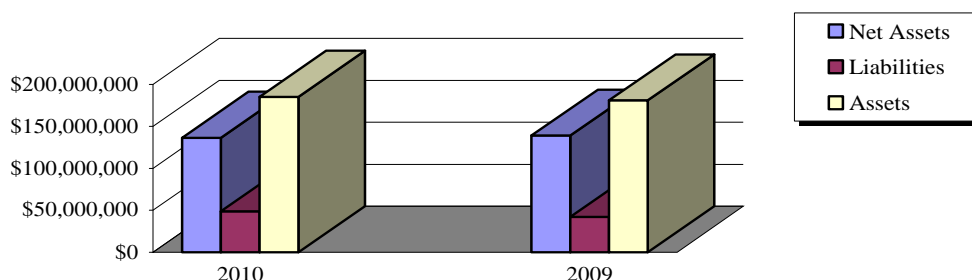
Fiduciary Funds - The City is the fiscal agent for the Municipal Court, Warranty Bonds and Joint Economic Development. The City's fiduciary responsibility is reported in the Statement of Fiduciary Assets and Liabilities. We exclude these balances from the City's other financial statements because the 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 2010 compared to 2009.

Table 1
Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Assets: | | | | | | |
| Current and Other Assets | \$40,607,961 | \$35,821,045 | \$12,239,235 | \$12,537,861 | \$52,847,196 | \$48,358,906 |
| Capital Assets | 84,232,622 | 83,155,824 | 48,200,587 | 49,513,929 | 132,433,209 | 132,669,753 |
| Total Assets | 124,840,583 | 118,976,869 | 60,439,822 | 62,051,790 | 185,280,405 | 181,028,659 |
| Liabilities: | | | | | | |
| Long-Term Liabilities | 28,976,719 | 20,606,420 | 9,953,705 | 11,103,029 | 38,930,424 | 31,709,449 |
| Other Liabilities | 7,167,102 | 7,703,251 | 2,688,147 | 2,613,743 | 9,855,249 | 10,316,994 |
| Total Liabilities | 36,143,821 | 28,309,671 | 12,641,852 | 13,716,772 | 48,785,673 | 42,026,443 |
| Net Assets: | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 66,371,105 | 65,966,427 | 37,096,724 | 37,114,611 | 103,467,829 | 103,081,038 |
| Restricted | 13,308,997 | 14,757,991 | 1,018,149 | 1,018,871 | 14,327,146 | 15,776,862 |
| Unrestricted | 9,016,660 | 9,942,780 | 9,683,097 | 10,201,536 | 18,699,757 | 20,144,316 |
| Total Net Assets | \$88,696,762 | \$90,667,198 | \$47,797,970 | \$48,335,018 | \$136,494,732 | \$139,002,216 |



City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

Total net assets of the City as a whole decreased \$2,507,484. Net assets of the City's governmental activities decreased \$1,970,436, while the net assets of the City's business-type activities decreased \$537,048 from 2009. The largest portion of the City's net assets reflect its investment in capital assets, less any related debt to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens of the City. The City had an unrestricted net assets balance of \$18,699,757 that may be used to meet the government's ongoing obligations to citizens and creditors.

Current and other assets increased mainly due to an increase in Equity in Pooled Cash and Investments. This increase is due to the 2010 issuance of the \$9.125 million in Roadway Improvements Bonds, in which, all of the proceeds that the City received from the issuance have not been spent at year end (\$1,878,268 of the proceeds has been spent at year end). Long-Term Liabilities increased mainly due to the City's 2010 issuance of \$9.125 million in Roadway Improvements Bonds.

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City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

Table 2 shows the changes in net assets at year-end and revenue and expense comparisons to 2009.

Table 2
Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Program Revenues: | | | | | | |
| Charges for Services | \$4,430,702 | \$4,542,993 | \$12,594,795 | \$12,312,049 | \$17,025,497 | \$16,855,042 |
| Operating Grants and Contributions | 3,010,499 | 3,352,963 | 65,667 | 33,290 | 3,076,166 | 3,386,253 |
| Capital Grants and Contributions | 790,846 | 1,331,917 | 0 | 0 | 790,846 | 1,331,917 |
| Total Program Revenues | 8,232,047 | 9,227,873 | 12,660,462 | 12,345,339 | 20,892,509 | 21,573,212 |
| General Revenues: | | | | | | |
| Income Taxes | 23,206,157 | 20,975,945 | 0 | 0 | 23,206,157 | 20,975,945 |
| Property Taxes | 5,350,819 | 5,468,680 | 0 | 0 | 5,350,819 | 5,468,680 |
| Grants and Entitlements | 2,143,796 | 1,571,533 | 0 | 0 | 2,143,796 | 1,571,533 |
| Investment Earnings | 216,726 | 403,898 | 95,397 | 120,747 | 312,123 | 524,645 |
| Other Revenues | 211,309 | 543,142 | 142,321 | 126,228 | 353,630 | 669,370 |
| Total General Revenues | 31,128,807 | 28,963,198 | 237,718 | 246,975 | 31,366,525 | 29,210,173 |
| Total Revenues | 39,360,854 | 38,191,071 | 12,898,180 | 12,592,314 | 52,259,034 | 50,783,385 |
| Program Expenses: | | | | | | |
| General Government | 8,219,146 | 8,302,202 | 0 | 0 | 8,219,146 | 8,302,202 |
| Public Safety | 17,357,175 | 16,505,748 | 0 | 0 | 17,357,175 | 16,505,748 |
| Leisure Time Activities | 3,449,071 | 3,275,415 | 0 | 0 | 3,449,071 | 3,275,415 |
| Community Development | 1,438,118 | 1,489,030 | 0 | 0 | 1,438,118 | 1,489,030 |
| Basic Utility Service | 510,171 | 524,491 | 0 | 0 | 510,171 | 524,491 |
| Transportation and Street Repair | 8,622,712 | 9,604,526 | 0 | 0 | 8,622,712 | 9,604,526 |
| Public Health and Welfare | 22,441 | 23,074 | 0 | 0 | 22,441 | 23,074 |
| Interest and Fiscal Charges | 794,384 | 687,450 | 0 | 0 | 794,384 | 687,450 |
| Water Utility | 0 | 0 | 4,450,415 | 4,780,644 | 4,450,415 | 4,780,644 |
| Sewer Utility | 0 | 0 | 5,030,761 | 4,987,541 | 5,030,761 | 4,987,541 |
| Solid Waste | 0 | 0 | 2,513,726 | 2,373,306 | 2,513,726 | 2,373,306 |
| Recreation | 0 | 0 | 2,358,398 | 2,222,772 | 2,358,398 | 2,222,772 |
| Total Program Expenses | 40,413,218 | 40,411,936 | 14,353,300 | 14,364,263 | 54,766,518 | 54,776,199 |
| Increase (Decrease) in Net Assets before Transfers | (1,052,364) | (2,220,865) | (1,455,120) | (1,771,949) | (2,507,484) | (3,992,814) |
| Transfers - Internal Activities | (918,072) | (568,060) | 918,072 | 568,060 | 0 | 0 |
| Change in Net Assets | (1,970,436) | (2,788,925) | (537,048) | (1,203,889) | (2,507,484) | (3,992,814) |
| Net Assets Beginning of Year | 90,667,198 | 93,456,123 | 48,335,018 | 49,538,907 | 139,002,216 | 142,995,030 |
| Net Assets End of Year | \$88,696,762 | \$90,667,198 | \$47,797,970 | \$48,335,018 | \$136,494,732 | \$139,002,216 |

Governmental Activities

The City had an increase in revenues mainly due to an increase in income tax collections and grant monies that the City received in 2010. Total expenses decrease less than 1%.

Council was active in promoting economic growth in Fairfield in 2010, as this economic growth does increase the earnings tax base as well. Fairfield has continued attracting employers to our

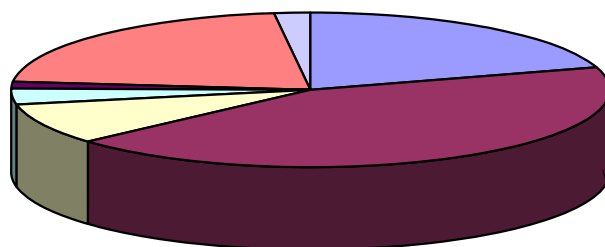
City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

City in the year 2010, 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 approximately 75% of the City's governmental activities general revenues. During 2010, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2010 earnings tax revenues increased approximately 10.6% over 2009 earnings tax revenues.

Governmental Activities
Program Expenses for 2010

| | Percentage |
|----------------------------------|------------|
| General Government | 20.3% |
| Public Safety | 42.9% |
| Leisure Time Activities | 8.5% |
| Community Development | 3.6% |
| Basic Utility Service | 1.3% |
| Transportation and Street Repair | 21.3% |
| Public Health and Welfare | 0.1% |
| Interest and Fiscal Charges | 2.0% |
| Total | 100.0% |



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

Income Tax

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

City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

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

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

Business-Type Activities

The City's business-type activities include Water Utility, Sewer Utility, Solid Waste Management and Recreation Facilities operations. The City's business-type activities had an operating loss of \$1,119,565 for 2010. The operating revenues for business-type activities were \$12,737,116, while operating expenses were \$13,856,681 for 2010. The operating loss for 2010 was mainly due to the City's charges for services revenue not exceeding the total expenses, since the City does not fully charge its residential customers for this service (the City only charges the residential customers for a portion of the waste collection and subsidizes the rest with an operating transfer).

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.

City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

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. In 2003 the City petitioned the state of Ohio and was granted to have the capacity of the lime/soda ash plant re-rated 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 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 farmers who are able to take advantage of the agronomic enriching characteristics.

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

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

Waste Collection – The City contract with Rumpke, a private organization, to provide waste removal and recycling services to residential customers in the City of Fairfield. In 2007, Council authorized a five-year contract with an option to renew for five additional years with Rumpke for Fairfield residents' waste and recycling collection. Per the City's contract the 2010 rate was \$13.00 per month (paid by the City) for curbside service (\$10.35 was charged back to the resident) and \$7.30 per month (paid by the City) for dumpster service (\$6.42 was charged back to the resident). Annual increases are scheduled throughout the contract which will result in the curbside rate to be \$14.00 and the dumpster rate to be \$7.90 at the end of the five year contract.

The City charges a portion of the waste collection contract back to the residential customers of

City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

the service while the City subsidizes the difference with an operating transfer from the General Fund. In 2008, City Council passed an ordinance that structured user charges at \$8.79 per month for curbside service and \$5.80 per month for dumpster service. Annual increases were scheduled through the year 2011.

Recreation Facilities- The City of Fairfield acquired the Pleasant Run Country Club in 1978, with assistance through the Land and Water Conservation Fund grant program and immediately re-named the facility the Pleasant Run Golf Course, since then the Golf Course was re-named to Fairfield South Trace 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 South Trace 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, large sun deck, and two play structures.

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

The City's Funds

The City has three major governmental funds: the General Fund, Fire Levy Fund, and .2% Street Improvement Fund. Assets of the general fund comprised \$14,426,517 (36%), the fire levy fund comprised \$4,149,480 (10%), and the .2% street improvement fund comprised \$10,919,126 (27%), of the total \$40,101,776 governmental funds assets.

General Fund: Fund balance at December 31, 2010 was \$9,229,922 a decrease in fund balance of \$1,356,688 from 2009. The general fund had a decrease in fund balance mainly due to the transferring out of \$2,255,000 from the fund.

City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

Fire Levy Fund: Fund deficit at December 31, 2010 was \$94,151 a decrease in fund balance of \$337,775 from 2009. Expenditures were greater than revenues by approximately 6% in 2010. The increase in public safety expenditures from 2009 is due to increases in salaries and an increase in the amount accrued for wages and benefits at year end.

.2% Street Improvement Fund: Fund balance at December 31, 2010 was \$10,275,205 an increase in fund balance of \$5,925,218 from 2009. The .2% street improvement fund had an increase in fund balance primarily due to the issuance of \$9.125 million in Roadway Improvement Bonds, in which, not all of the proceeds were spent by year end.

General Fund Budgeting Highlights

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

For the General Fund, the final budgeted expenditures were \$25,400,041 and the final actual expenditures were \$23,782,602. The difference was \$1,617,439. Variations from the final budgeted expenditures to the final actual expenditures are primarily due to the following: the City conservatively budgeted for the general services and the police and justice center expenditures for 2010. As the City completed the year, its General Fund balance reported an actual fund balance of \$8,274,868, on a Non-GAAP Budgetary Basis.

Capital Assets and Debt Administration

Capital Assets

At year end, the City had \$132,433,209 invested in land, construction in progress, buildings and improvements, equipment and infrastructure. Table 3 shows 2010 balances compared to 2009:

Table 3
Capital Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Land | \$15,222,076 | \$14,814,023 | \$1,641,949 | \$1,641,949 | \$16,864,025 | \$16,455,972 |
| Construction in Progress | 6,318,262 | 3,825,537 | 652,153 | 360,180 | 6,970,415 | 4,185,717 |
| Buildings and Improvements | 47,097,112 | 46,291,833 | 47,048,244 | 47,048,244 | 94,145,356 | 93,340,077 |
| Equipment | 15,938,205 | 15,728,657 | 3,927,264 | 3,835,065 | 19,865,469 | 19,563,722 |
| Infrastructure | 78,013,544 | 76,879,424 | 32,711,410 | 32,475,642 | 110,724,954 | 109,355,066 |
| Accumulated Depreciation | (78,356,577) | (74,383,650) | (37,780,433) | (35,847,151) | (116,137,010) | (110,230,801) |
| Total Net Capital Assets | <u>\$84,232,622</u> | <u>\$83,155,824</u> | <u>\$48,200,587</u> | <u>\$49,513,929</u> | <u>\$132,433,209</u> | <u>\$132,669,753</u> |

Capital Assets, net of accumulated depreciation, remained relatively consistent from 2009 to 2010.

City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

See Note 6 to the notes to the basic financial statements for further details on the City's capital assets.

Debt

The City had \$25,108,249 in Governmental Activities long-term debt and \$9,403,863 in Business-Type Activities long-term debt.

Table 4
Outstanding Debt at Year End

| | | 2010 | 2009 |
|---|------------|---------------------|---------------------|
| Governmental Activities: | | | |
| <u>Bonds and Notes:</u> | | | |
| Fire Station Bond - 1990 | 6.90% | \$0 | \$90,000 |
| Various Purpose - 2002 | 4.00-4.90% | 2,135,000 | 2,435,000 |
| Community Arts Center Bond - 2003 | 2.00-4.20% | 5,390,000 | 5,710,000 |
| Various Purpose Golf and Justice Center - 2009 | 3.23% | 5,860,000 | 6,065,000 |
| Various Purpose Refunding - 2009 | 3.23% | 2,265,000 | 2,510,000 |
| Premium/(Discount) | | 57,967 | 30,566 |
| Roadway Improvement Bonds - 2010A | 4.64-6.09% | 6,000,000 | 0 |
| Roadway Improvement Bonds - 2010B | 3.74-4.44% | 1,230,000 | 0 |
| Roadway Improvement Bonds - 2010C | 2.00-2.25% | 1,895,000 | 0 |
| Total Bonds and Notes: | | 24,832,967 | 16,840,566 |
| Capital Lease | 5.31% | 275,282 | 348,831 |
| Total Governmental Activities | | <u>\$25,108,249</u> | <u>\$17,189,397</u> |
| Business Type Activities: | | | |
| OWDA Wastewater Improvement Loan | 3.79-4.12% | \$5,920,185 | \$6,655,829 |
| Various Purpose Recreation Bonds | 4.34% | 1,500,000 | 1,605,000 |
| Water Refunding Mortgage Revenue Bond - 2009 | 3.15% | 1,950,000 | 2,200,000 |
| Premium on Various Purpose Water Refunding - 2009 | | 33,678 | 38,489 |
| Total Business Type Activities | | <u>\$9,403,863</u> | <u>\$10,499,318</u> |

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

See Note 9 to the notes to the basic financial statements for further details on the City's long-term debt.

City of Fairfield, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

Economic Factors

The City of Fairfield is not immune to economic conditions that have negatively affected many public and private entities. The City of Fairfield's systems of budgeting and internal controls are well regarded, and the City is well prepared to meet the challenges of the future. In addition, management has been committed to providing its residents with full disclosure of the financial position of the City.

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

Contacting the City's Finance Department

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

City of Fairfield, Ohio
Statement of Net Assets
December 31, 2010

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------|
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$28,969,299 | \$9,567,803 | \$38,537,102 |
| Restricted Cash and Investments | 0 | 1,018,149 | 1,018,149 |
| Receivables: | | | |
| Taxes | 9,652,767 | 0 | 9,652,767 |
| Accounts | 184,867 | 1,336,548 | 1,521,415 |
| Interest | 23,799 | 7,378 | 31,177 |
| Intergovernmental | 1,570,102 | 32,159 | 1,602,261 |
| Deferred Bond Issuance Costs | 207,127 | 17,002 | 224,129 |
| Inventory | 0 | 260,196 | 260,196 |
| Nondepreciable Capital Assets | 21,540,338 | 2,294,102 | 23,834,440 |
| Depreciable Capital Assets, Net | 62,692,284 | 45,906,485 | 108,598,769 |
| Total Assets | 124,840,583 | 60,439,822 | 185,280,405 |
| Liabilities: | | | |
| Accounts Payable | 846,917 | 436,289 | 1,283,206 |
| Accrued Wages and Benefits | 1,910,173 | 322,127 | 2,232,300 |
| Accrued Interest Payable | 85,003 | 19,170 | 104,173 |
| Unearned Revenue | 4,311,000 | 0 | 4,311,000 |
| Other Liabilities | 0 | 166,942 | 166,942 |
| Claims Payable | 14,009 | 0 | 14,009 |
| Due To Other Governments | 0 | 43,619 | 43,619 |
| Bond Anticipated Notes Payable | 0 | 1,700,000 | 1,700,000 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 1,779,673 | 1,163,460 | 2,943,133 |
| Due In More Than One Year | 27,197,046 | 8,790,245 | 35,987,291 |
| Total Liabilities | 36,143,821 | 12,641,852 | 48,785,673 |
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 66,371,105 | 37,096,724 | 103,467,829 |
| Restricted for: | | | |
| Debt Service | 1,692,960 | 0 | 1,692,960 |
| Capital Projects | 6,528,875 | 1,018,149 | 7,547,024 |
| Street Construction and Repair | 730,553 | 0 | 730,553 |
| Court Services | 3,736,393 | 0 | 3,736,393 |
| Recreational Activities and Facilities | 248,122 | 0 | 248,122 |
| Other Purposes | 372,094 | 0 | 372,094 |
| Unrestricted | 9,016,660 | 9,683,097 | 18,699,757 |
| Total Net Assets | \$88,696,762 | \$47,797,970 | \$136,494,732 |

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2010

| | Expenses | Program Revenues | | |
|----------------------------------|--------------|-----------------------------------|---------------------------------------|-------------------------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General Government | \$8,219,146 | \$2,002,295 | \$41,547 | \$0 |
| Public Safety | 17,357,175 | 1,144,876 | 471,086 | 0 |
| Leisure Time Activities | 3,449,071 | 278,973 | 0 | 0 |
| Community Development | 1,438,118 | 335,889 | 0 | 137,164 |
| Basic Utility Service | 510,171 | 640,082 | 0 | 0 |
| Transportation and Street Repair | 8,622,712 | 28,587 | 2,497,866 | 653,682 |
| Public Health and Welfare | 22,441 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 794,384 | 0 | 0 | 0 |
| Total Governmental Activities | 40,413,218 | 4,430,702 | 3,010,499 | 790,846 |
| Business-Type Activities: | | | | |
| Water Utility | 4,450,415 | 3,777,374 | 0 | 0 |
| Sewer Utility | 5,030,761 | 4,795,347 | 0 | 0 |
| Solid Waste | 2,513,726 | 1,937,507 | 65,667 | 0 |
| Recreation | 2,358,398 | 2,084,567 | 0 | 0 |
| Total Business-Type Activities | 14,353,300 | 12,594,795 | 65,667 | 0 |
| Totals | \$54,766,518 | \$17,025,497 | \$3,076,166 | \$790,846 |

General Revenues:
Income Taxes
Property Taxes Levied for:
General Purposes
Special Revenue 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

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 |
| (\$6,175,304) | \$0 | (\$6,175,304) |
| (15,741,213) | 0 | (15,741,213) |
| (3,170,098) | 0 | (3,170,098) |
| (965,065) | 0 | (965,065) |
| 129,911 | 0 | 129,911 |
| (5,442,577) | 0 | (5,442,577) |
| (22,441) | 0 | (22,441) |
| (794,384) | 0 | (794,384) |
| (32,181,171) | 0 | (32,181,171) |
| 0 | (673,041) | (673,041) |
| 0 | (235,414) | (235,414) |
| 0 | (510,552) | (510,552) |
| 0 | (273,831) | (273,831) |
| 0 | (1,692,838) | (1,692,838) |
| (32,181,171) | (1,692,838) | (33,874,009) |
| 23,206,157 | 0 | 23,206,157 |
| 1,551,760 | 0 | 1,551,760 |
| 3,799,059 | 0 | 3,799,059 |
| 2,143,796 | 0 | 2,143,796 |
| 216,726 | 95,397 | 312,123 |
| 211,309 | 142,321 | 353,630 |
| (918,072) | 918,072 | 0 |
| 30,210,735 | 1,155,790 | 31,366,525 |
| (1,970,436) | (537,048) | (2,507,484) |
| 90,667,198 | 48,335,018 | 139,002,216 |
| <u>\$88,696,762</u> | <u>\$47,797,970</u> | <u>\$136,494,732</u> |

City of Fairfield, Ohio
Balance Sheet
Governmental Funds
December 31, 2010

| | General | Fire Levy | .2% Street Improvement | Other Governmental Funds | Total Governmental Funds |
|--|--------------|-----------|---------------------------|--------------------------------|--------------------------------|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$9,089,139 | \$405,864 | \$10,220,483 | \$8,954,755 | \$28,670,241 |
| Receivables: | | | | | |
| Taxes | 4,715,243 | 3,563,860 | 686,832 | 686,832 | 9,652,767 |
| Accounts | 184,867 | 0 | 0 | 0 | 184,867 |
| Interest | 8,224 | 0 | 11,811 | 3,764 | 23,799 |
| Intergovernmental | 429,044 | 179,756 | 0 | 961,302 | 1,570,102 |
| Total Assets | 14,426,517 | 4,149,480 | 10,919,126 | 10,606,653 | 40,101,776 |
| Liabilities and Fund Balances: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 337,711 | 19,686 | 246,900 | 240,139 | 844,436 |
| Accrued Wages and Benefits | 1,301,398 | 432,665 | 0 | 139,874 | 1,873,937 |
| Compensated Absences | 35,784 | 47,664 | 0 | 0 | 83,448 |
| Deferred Revenue | 3,521,702 | 3,743,616 | 397,021 | 1,162,623 | 8,824,962 |
| Total Liabilities | 5,196,595 | 4,243,631 | 643,921 | 1,542,636 | 11,626,783 |
| Fund Balances: | | | | | |
| Reserved for Encumbrances | 481,771 | 35,445 | 6,720,523 | 1,916,355 | 9,154,094 |
| Unreserved, Undesignated, Reported in: | | | | | |
| General Fund | 8,748,151 | 0 | 0 | 0 | 8,748,151 |
| Special Revenue Funds | 0 | (129,596) | 0 | 4,675,762 | 4,546,166 |
| Debt Service Funds | 0 | 0 | 0 | 1,485,833 | 1,485,833 |
| Capital Projects Funds | 0 | 0 | 3,554,682 | 986,067 | 4,540,749 |
| Total Fund Balances | 9,229,922 | (94,151) | 10,275,205 | 9,064,017 | 28,474,993 |
| Total Liabilities and Fund Balances | \$14,426,517 | 4,149,480 | \$10,919,126 | \$10,606,653 | \$40,101,776 |

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
December 31, 2010

| | |
|---------------------------------|--------------|
| Total Governmental Fund Balance | \$28,474,993 |
|---------------------------------|--------------|

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. | 84,232,622 |
|--|------------|

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

| | | |
|---------------------------|----------------|-----------|
| Income Taxes | \$2,894,085 | |
| Delinquent Property Taxes | 190,528 | |
| Interest | 21,199 | |
| Intergovernmental | 1,225,256 | |
| Other | <u>182,894</u> | |
| | | 4,513,962 |

| | |
|---|---------|
| 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. | 161,689 |
|---|---------|

| | |
|--|----------|
| In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources. | (85,003) |
|--|----------|

| | |
|---|-------------|
| 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 | (3,700,379) |

| | |
|---|---------|
| Deferred bond issuance cost associated with long-term liabilities are not reported in the funds. | 207,127 |
|---|---------|

| | |
|---|---------------------|
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | <u>(25,108,249)</u> |
|---|---------------------|

| | |
|---------------------------------------|----------------------------|
| Net Assets of Governmental Activities | <u><u>\$88,696,762</u></u> |
|---------------------------------------|----------------------------|

See accompanying notes to the basic financial statements.

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City of Fairfield, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2010

| | General | Fire Levy | .2% Street Improvement | Other Governmental Funds | Total Governmental Funds |
|--|--------------|-------------|---------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$18,311,333 | \$3,811,354 | \$3,071,823 | \$3,071,823 | \$28,266,333 |
| Fines, Licenses & Permits | 1,417,664 | 5,750 | 0 | 838,554 | 2,261,968 |
| Charges for Services | 660,289 | 1,130,593 | 0 | 0 | 1,790,882 |
| Investment Earnings | 246,926 | 117 | 71,316 | 49,489 | 367,848 |
| Intergovernmental | 2,257,935 | 402,733 | 761,181 | 2,767,362 | 6,189,211 |
| Special Assessments | 19,631 | 0 | 0 | 8,582 | 28,213 |
| Other Revenues | 319,510 | 18,509 | 4,750 | 43,040 | 385,809 |
| Total Revenues | 23,233,288 | 5,369,056 | 3,909,070 | 6,778,850 | 39,290,264 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government | 7,250,236 | 0 | 0 | 340,784 | 7,591,020 |
| Public Safety | 10,031,383 | 5,687,129 | 0 | 5,615 | 15,724,127 |
| Leisure Time Activities | 2,683,583 | 0 | 0 | 0 | 2,683,583 |
| Community Development | 1,451,970 | 0 | 0 | 0 | 1,451,970 |
| Basic Utility Service | 510,171 | 0 | 0 | 0 | 510,171 |
| Transportation and Street Repair | 0 | 0 | 2,423,450 | 3,784,812 | 6,208,262 |
| Public Health and Welfare | 22,441 | 0 | 0 | 0 | 22,441 |
| Capital Outlay | 312,023 | 19,702 | 4,098,682 | 1,662,502 | 6,092,909 |
| Debt Service: | | | | | |
| Principal Retirement | 73,549 | 0 | 0 | 1,160,000 | 1,233,549 |
| Interest and Fiscal Charges | 16,735 | 0 | 0 | 759,372 | 776,107 |
| Bond Issuance Cost | 0 | 0 | 152,681 | 0 | 152,681 |
| Total Expenditures | 22,352,091 | 5,706,831 | 6,674,813 | 7,713,085 | 42,446,820 |
| Excess of Revenues Over (Under) Expenditures | 881,197 | (337,775) | (2,765,743) | (934,235) | (3,156,556) |
| Other Financing Sources (Uses): | | | | | |
| Proceeds from Sale of Capital Assets | 17,115 | 0 | 0 | 1,000 | 18,115 |
| Issuance of Long-Term Capital-Related Debt | 0 | 0 | 9,125,000 | 0 | 9,125,000 |
| Premium/(Discount) on Sale of Bonds | 0 | 0 | 37,037 | 0 | 37,037 |
| Transfers In | 0 | 0 | 115,644 | 3,258,783 | 3,374,427 |
| Transfers (Out) | (2,255,000) | 0 | (586,720) | (1,802,513) | (4,644,233) |
| Total Other Financing Sources (Uses) | (2,237,885) | 0 | 8,690,961 | 1,457,270 | 7,910,346 |
| Net Change in Fund Balance | (1,356,688) | (337,775) | 5,925,218 | 523,035 | 4,753,790 |
| Fund Balance (Deficit) Beginning of Year | 10,586,610 | 243,624 | 4,349,987 | 8,540,982 | 23,721,203 |
| Fund Balance (Deficit) End of Year | \$9,229,922 | (\$94,151) | \$10,275,205 | \$9,064,017 | \$28,474,993 |

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2010

Net Change in Fund Balance - Total Governmental Funds \$4,753,790

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 | \$5,599,122 | |
| Depreciation Expense | <u>(4,510,181)</u> | |
| | | 1,088,941 |

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.

(12,143)

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

| | | |
|---------------------------|----------------|--------|
| Income Taxes | \$298,145 | |
| Delinquent Property Taxes | (8,954) | |
| Interest | (151,121) | |
| Intergovernmental | (256,346) | |
| Other | <u>182,894</u> | |
| | | 64,618 |

In the statement of activities, certain costs and proceeds associated with
long-term debt obligations issued during the year are accrued and
amortized over the life of the debt obligation. In governmental funds
these costs and proceeds are recognized as financing sources and uses.

| | | |
|-------------------------|-----------------|---------|
| Bond Issuance Costs | \$152,681 | |
| Premium on Bonds Issued | <u>(37,037)</u> | |
| | | 115,644 |

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.

1,233,549

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

(10,642)

City of Fairfield, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2010 (Continued)

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 | (\$363,825) | |
| Amortization of Bond Issuance Cost | (17,271) | |
| Amortization of Bond Premium | <u>9,636</u> | |
| | | (371,460) |

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. 292,267

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets. (9,125,000)

Change in Net Assets of Governmental Activities (\$1,970,436)

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2010

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities- Internal Service Funds |
|---|---|------------------|---------------------------|--------------------------|--------------------------------------|--|
| | Water Utility | Sewer Utility | Solid Waste Management | Recreation Facilities | Total Business-Type Activities | |
| Current Assets: | | | | | | |
| Equity in Pooled Cash and Investments | \$6,114,842 | \$2,835,771 | \$57,046 | \$560,144 | \$9,567,803 | \$299,058 |
| Restricted Cash and Investments | 1,018,149 | 0 | 0 | 0 | 1,018,149 | 0 |
| Receivables: | | | | | | |
| Accounts | 504,389 | 567,783 | 264,376 | 0 | 1,336,548 | 0 |
| Interest | 5,374 | 2,004 | 0 | 0 | 7,378 | 0 |
| Intergovernmental | 0 | 0 | 32,159 | 0 | 32,159 | 0 |
| Inventory | 254,793 | 0 | 0 | 5,403 | 260,196 | 0 |
| Total Current Assets | 7,897,547 | 3,405,558 | 353,581 | 565,547 | 12,222,233 | 299,058 |
| Noncurrent Assets: | | | | | | |
| Nondepreciable Capital Assets | 1,141,113 | 645,989 | 0 | 507,000 | 2,294,102 | 0 |
| Depreciable Capital Assets, Net | 16,289,124 | 26,169,966 | 0 | 3,447,395 | 45,906,485 | 0 |
| Deferred Bond Issuance Costs | 17,002 | 0 | 0 | 0 | 17,002 | 0 |
| Total Noncurrent Assets | 17,447,239 | 26,815,955 | 0 | 3,954,395 | 48,217,589 | 0 |
| Total Assets | 25,344,786 | 30,221,513 | 353,581 | 4,519,942 | 60,439,822 | 299,058 |
| Liabilities: | | | | | | |
| Accounts Payable | 181,691 | 247,155 | 650 | 6,793 | 436,289 | 2,481 |
| Accrued Wages and Benefits | 133,612 | 140,335 | 1,488 | 46,692 | 322,127 | 36,236 |
| Compensated Absences | 13,183 | 15,174 | 27 | 4,436 | 32,820 | 0 |
| Accrued Interest Payable | 4,745 | 8,925 | 0 | 5,500 | 19,170 | 0 |
| Other Liabilities | 166,942 | 0 | 0 | 0 | 166,942 | 0 |
| Claims Payable | 0 | 0 | 0 | 0 | 0 | 14,009 |
| Due To Other Governments | 0 | 43,619 | 0 | 0 | 43,619 | 0 |
| Bond Anticipated Notes Payable | 0 | 1,700,000 | 0 | 0 | 1,700,000 | 0 |
| Long-Term Liabilities Due Within One Year | 260,000 | 765,640 | 0 | 105,000 | 1,130,640 | 0 |
| Total Current Liabilities | 760,173 | 2,920,848 | 2,165 | 168,421 | 3,851,607 | 52,726 |
| Long-Term Liabilities: | | | | | | |
| Compensated Absences | 207,262 | 238,574 | 428 | 70,758 | 517,022 | 84,643 |
| Bonds, Notes & Loans Payable | 1,723,678 | 5,154,545 | 0 | 1,395,000 | 8,273,223 | 0 |
| Total Long-Term Liabilities | 1,930,940 | 5,393,119 | 428 | 1,465,758 | 8,790,245 | 84,643 |
| Total Liabilities | 2,691,113 | 8,313,967 | 2,593 | 1,634,179 | 12,641,852 | 137,369 |
| Net Assets: | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 15,446,559 | 19,195,770 | 0 | 2,454,395 | 37,096,724 | 0 |
| Restricted for: | | | | | | |
| Capital Projects | 1,018,149 | 0 | 0 | 0 | 1,018,149 | 0 |
| Unrestricted | 6,188,965 | 2,711,776 | 350,988 | 431,368 | 9,683,097 | 161,689 |
| Total Net Assets | \$22,653,673 | \$21,907,546 | \$350,988 | \$2,885,763 | \$47,797,970 | \$161,689 |

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2010

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities- Internal Service Funds |
|--|---|---------------------|---------------------------|--------------------------|--------------------------------------|--|
| | Water Utility | Sewer Utility | Solid Waste Management | Recreation Facilities | Total Business-Type Activities | |
| Operating Revenues: | | | | | | |
| Fines, Licenses & Permits | \$15,200 | \$32,110 | \$0 | \$0 | \$47,310 | \$0 |
| Charges for Services | 3,762,174 | 4,763,237 | 1,937,507 | 2,084,567 | 12,547,485 | 4,670,055 |
| Other Revenues | 104,917 | 11,163 | 37 | 26,204 | 142,321 | 727 |
| Total Operating Revenues | 3,882,291 | 4,806,510 | 1,937,544 | 2,110,771 | 12,737,116 | 4,670,782 |
| Operating Expenses: | | | | | | |
| Personal Services | 1,962,161 | 2,178,880 | 26,901 | 1,071,940 | 5,239,882 | 548,809 |
| Contractual Services | 1,050,554 | 821,981 | 2,486,218 | 567,893 | 4,926,646 | 3,905,460 |
| Materials and Supplies | 670,963 | 587,405 | 607 | 397,457 | 1,656,432 | 294,297 |
| Depreciation | 705,420 | 1,154,476 | 0 | 173,825 | 2,033,721 | 0 |
| Total Operating Expenses | 4,389,098 | 4,742,742 | 2,513,726 | 2,211,115 | 13,856,681 | 4,748,566 |
| Operating Income (Loss) | (506,807) | 63,768 | (576,182) | (100,344) | (1,119,565) | (77,784) |
| Non-Operating Revenues (Expenses): | | | | | | |
| Investment Earnings | 83,602 | 11,628 | 0 | 167 | 95,397 | 51 |
| Interest (Expense) | (62,317) | (282,710) | 0 | (147,283) | (492,310) | 0 |
| Gain (Loss) on Disposal of Capital Assets | 1,000 | (5,309) | 0 | 0 | (4,309) | 0 |
| Operating Grants | 0 | 0 | 65,667 | 0 | 65,667 | 0 |
| Total Non-Operating Revenues (Expenses) | 22,285 | (276,391) | 65,667 | (147,116) | (335,555) | 51 |
| Income (Loss) Before Transfers and Capital Grants and Contributions | (484,522) | (212,623) | (510,515) | (247,460) | (1,455,120) | (77,733) |
| Capital Grants and Contributions | 0 | 18,266 | 0 | 0 | 18,266 | 0 |
| Transfers In | 0 | 0 | 630,000 | 269,806 | 899,806 | 370,000 |
| Change in Net Assets | (484,522) | (194,357) | 119,485 | 22,346 | (537,048) | 292,267 |
| Net Assets Beginning of Year | 23,138,195 | 22,101,903 | 231,503 | 2,863,417 | 48,335,018 | (130,578) |
| Net Assets End of Year | <u>\$22,653,673</u> | <u>\$21,907,546</u> | <u>\$350,988</u> | <u>\$2,885,763</u> | <u>\$47,797,970</u> | <u>\$161,689</u> |

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2010

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities- Internal Service Funds |
|--|---|------------------|---------------------------|--------------------------|--------------------------------------|--|
| | Water Utility | Sewer Utility | Solid Waste Management | Recreation Facilities | Total Business-Type Activities | |
| Cash Flows from Operating Activities: | | | | | | |
| Cash Received from Customers | \$3,967,204 | \$4,798,834 | \$1,906,801 | \$2,110,771 | \$12,783,610 | \$4,670,782 |
| Cash Payments to Employees | (1,952,301) | (2,191,464) | (27,608) | (1,093,646) | (5,265,019) | (537,949) |
| Cash Payments to Suppliers | (1,689,367) | (1,254,246) | (2,487,212) | (965,994) | (6,396,819) | (4,210,686) |
| Net Cash Provided (Used) by Operating Activities | 325,536 | 1,353,124 | (608,019) | 51,131 | 1,121,772 | (77,853) |
| Cash Flows from Noncapital Financing Activities: | | | | | | |
| Operating Grants Received | 0 | 0 | 33,508 | 0 | 33,508 | 0 |
| Transfers from Other Funds | 0 | 0 | 630,000 | 195,000 | 825,000 | 370,000 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 0 | 0 | 663,508 | 195,000 | 858,508 | 370,000 |
| Cash Flows from Capital and Related Financing Activities: | | | | | | |
| Payments for Capital Acquisitions | (446,191) | (262,066) | 0 | 0 | (708,257) | 0 |
| Debt Principal Payments | (250,000) | (735,644) | 0 | (105,000) | (1,090,644) | 0 |
| Debt Interest Payments | (63,625) | (283,602) | 0 | (72,768) | (419,995) | 0 |
| Proceeds from Sale of Capital Assets | 1,000 | 835 | 0 | 0 | 1,835 | 0 |
| Issuance of Short-Term Notes | 0 | 1,700,000 | 0 | 0 | 1,700,000 | 0 |
| Payment of Short-Term Notes | 0 | (1,900,000) | 0 | 0 | (1,900,000) | 0 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (758,816) | (1,480,477) | 0 | (177,768) | (2,417,061) | 0 |
| Cash Flows from Investing Activities: | | | | | | |
| Earnings on Investments | 84,686 | 11,628 | 0 | 167 | 96,481 | 51 |
| Net Cash Provided (Used) by Cash Flows from Investing Activities | 84,686 | 11,628 | 0 | 167 | 96,481 | 51 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (348,594) | (115,725) | 55,489 | 68,530 | (340,300) | 292,198 |
| Cash and Cash Equivalents Beginning of Year | 7,481,585 | 2,951,496 | 1,557 | 491,614 | 10,926,252 | 6,860 |
| Cash and Cash Equivalents End of Year | 7,132,991 | 2,835,771 | 57,046 | 560,144 | \$10,585,952 | 299,058 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | | |
| Operating Income (Loss) | (506,807) | 63,768 | (576,182) | (100,344) | (\$1,119,565) | (77,784) |
| Adjustments: | | | | | | |
| Depreciation | 705,420 | 1,154,476 | 0 | 173,825 | 2,033,721 | 0 |
| Changes in Assets & Liabilities: | | | | | | |
| (Increase) Decrease in Receivables | 22,863 | (7,676) | (30,743) | 0 | (15,556) | 0 |
| (Increase) Decrease in Inventory | 4,210 | 0 | 0 | (2,594) | 1,616 | 0 |
| Increase (Decrease) in Payables | 73,190 | 160,672 | (387) | 1,950 | 235,425 | (10,929) |
| Increase (Decrease) in Accrued Liabilities | 26,660 | (18,116) | (707) | (21,706) | (13,869) | 10,860 |
| Net Cash Provided (Used) by Operating Activities | \$325,536 | \$1,353,124 | (\$608,019) | \$51,131 | \$1,121,772 | (\$77,853) |
| Schedule of Noncash Capital Activities: | | | | | | |
| During the fiscal year, these amounts were received representing noncash contributions of: | | | | | | |
| Capital Assets | \$0 | \$18,266 | \$0 | \$0 | \$18,266 | \$0 |

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2010

| | |
|---------------------------------------|------------------|
| | <u>Agency</u> |
| Assets: | |
| Equity in Pooled Cash and Investments | \$136,423 |
| Receivables: | |
| Accounts | <u>146,725</u> |
| Total Assets | <u>283,148</u> |
| Liabilities: | |
| Other Liabilities | <u>283,148</u> |
| Total Liabilities | <u>\$283,148</u> |

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 1 – Description of the City and Reporting Entity

The City of Fairfield, Ohio (the “City”) was incorporated in 1955 and operates as a Home Rule City in accordance with Article XVIII of the Ohio Constitution under a City Manager-Council form of government.

Reporting Entity

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.

The City participates in a joint venture called the West Chester Township Joint Economic Development District (JEDD). This joint venture is presented in Note 18.

Note 2 – 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) guidance 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. For the business-type activities and to its enterprise funds the City has elected not to follow subsequent private-sector guidance. The most significant of the City’s accounting policies are described below.

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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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 funds are presented in a single column on the face of the proprietary fund statements. The City’s only fiduciary funds are agency funds.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources)

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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 report on self-insured health care operations (Employees' Benefits) and for the cost of maintaining the City's equipment and automotive fleet (Municipal Garage).

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds and private-purpose trust funds. The City's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's three agency funds are Warranty Bonds (used to account for warranty bonds collected), Municipal Court (used to account for funds collected by the court until such time as the funds can be distributed to individuals, private organizations, other governmental units and/or other funds) and Joint Economic Development District (used to account for various economic development projects). 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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

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

Unearned Revenue

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Expenses/Expenditures

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

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

Equity in Pooled Cash and Investments

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

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

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

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

Following the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during 2010 amounted to \$246,926 in the general fund, \$117 in the fire levy fund, \$71,316 in the .2% street improvement fund, \$49,489 in other governmental funds, \$83,602 in the water utility fund, \$11,628 in the sewer utility fund, \$167 in the recreation facilities fund and \$51 in the employees' benefits (internal service) fund.

Inventory

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

Capital Assets

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

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

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

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences, and that will be paid from

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

Fund Balance Reserves

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

Restricted Assets

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

Net Assets

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the City's \$14,327,146 in restricted net assets, none was restricted by enabling legislation.

Operating Revenues and Expenses

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

Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

Estimates

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

Note 3 – Equity in Pooled Cash and Investments

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

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

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

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

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

obligations, provided that investments in securities described in this division are made only through eligible institutions.

- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAROhio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2010, \$6,777,278 of the City's bank balance of \$20,889,533 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

Investments

As of December 31, 2010, the City had the following investments:

| Investment Type | Fair Value | Weighted Average Maturity (Years) |
|-------------------------------------|---------------------|--------------------------------------|
| Federal Home Loan Bank | \$4,859,373 | 0.81 |
| Federal Farm Credit Bank | 778,050 | 2.24 |
| STAROhio | 14,000,000 | 0.16 |
| Total Fair Value | <u>\$19,637,423</u> | |
| Portfolio Weighted Average Maturity | | 0.40 |

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

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

Concentration of Credit Risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 25% in Federal Home Loan Bank, 4% in Federal Farm Credit Bank and 71% in STAROhio.

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 4 – Receivables

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

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

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2009 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011 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. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2009, and are collected in 2011 with real property taxes.

2010 tangible personal property taxes were levied after October 1, 2010, on the value as of December 31, 2009. Collections were made in 2010. Tangible personal property assessments are 25 percent of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the City prior to June 30.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

| | Amount |
|----------------|------------------------|
| Real Property | \$976,992,690 |
| Public Utility | 25,642,990 |
| Total | <u>\$1,002,635,680</u> |

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

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

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

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2010. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2010 operations. The receivable is therefore offset by a credit to deferred revenue.

Income Taxes

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 5 – 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 dental claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported on historical experience. All claims payable are expected to be paid off in one year.

Unpaid Claim Liabilities

The following figures represent the changes in dental claims liabilities for the City from January 1, 2009 to December 31, 2010:

| | |
|------------------------------------|------------------------|
| Claims Liability, 1/1/09 | \$22,377 |
| Claims net of changes in estimates | 277,838 |
| Payments | <u>(287,273)</u> |
| Claims Liability, 12/31/09 | 12,942 |
| Claims net of changes in estimates | 277,294 |
| Payments | <u>(276,227)</u> |
| Claims Liability, 12/31/10 | <u><u>\$14,009</u></u> |

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 6 – Capital Assets

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

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|----------------------|--------------------|---------------------|
| Governmental Activities | | | | |
| <i>Capital Assets, not being depreciated:</i> | | | | |
| Land | \$14,814,023 | \$408,053 | \$0 | \$15,222,076 |
| Construction in Progress | 3,825,537 | 4,562,634 | 2,069,909 | 6,318,262 |
| <i>Capital Assets, being depreciated:</i> | | | | |
| Buildings and Improvements | 46,291,833 | 805,279 | 0 | 47,097,112 |
| Equipment | 15,728,657 | 758,945 | 549,397 | 15,938,205 |
| Infrastructure | 76,879,424 | 1,134,120 | 0 | 78,013,544 |
| Totals at Historical Cost | 157,539,474 | 7,669,031 | 2,619,306 | 162,589,199 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | 15,427,143 | 1,379,481 | 0 | 16,806,624 |
| Equipment | 11,407,460 | 1,146,884 | 537,254 | 12,017,090 |
| Infrastructure | 47,549,047 | 1,983,816 | 0 | 49,532,863 |
| Total Accumulated Depreciation | 74,383,650 | 4,510,181 | 537,254 | 78,356,577 |
| Governmental Activities Capital Assets, Net | <u>\$83,155,824</u> | <u>\$3,158,850</u> | <u>\$2,082,052</u> | <u>\$84,232,622</u> |
| | Beginning Balance | Additions | Deletions | Ending Balance |
| Business-Type Activities | | | | |
| <i>Capital Assets, not being depreciated:</i> | | | | |
| Land | \$1,641,949 | \$0 | \$0 | \$1,641,949 |
| Construction in Progress | 360,180 | 398,523 | 106,550 | 652,153 |
| <i>Capital Assets, being depreciated:</i> | | | | |
| Buildings and Improvements | 47,048,244 | 0 | 0 | 47,048,244 |
| Equipment | 3,835,065 | 198,782 | 106,583 | 3,927,264 |
| Infrastructure | 32,475,642 | 235,768 | 0 | 32,711,410 |
| Totals at Historical Cost | 85,361,080 | 833,073 | 213,133 | 85,981,020 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | 20,130,144 | 953,315 | 0 | 21,083,459 |
| Equipment | 2,522,218 | 262,589 | 100,439 | 2,684,368 |
| Infrastructure | 13,194,789 | 817,817 | 0 | 14,012,606 |
| Total Accumulated Depreciation | 35,847,151 | 2,033,721 | 100,439 | 37,780,433 |
| Business-Type Activities Capital Assets, Net | <u>\$49,513,929</u> | <u>(\$1,200,648)</u> | <u>\$112,694</u> | <u>\$48,200,587</u> |

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------------|--------------------|
| General Government | \$448,528 |
| Public Safety | 950,985 |
| Leisure Time Activities | 718,566 |
| Community Development | 20,444 |
| Transportation and Street Repair | 2,371,658 |
| Total Depreciation Expense | <u>\$4,510,181</u> |

Note 7 – Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Note 8 – Notes Payable

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

| | | Beginning Balance | Issued | Retired | Ending Balance |
|----------------------------|-------|----------------------|--------------------|----------------------|--------------------|
| Sewer Utility Fund: | | | | | |
| Sewer Expansion | 1.50% | \$1,900,000 | \$0 | (\$1,900,000) | \$0 |
| Sewer Expansion | 1.50% | <u>0</u> | <u>1,700,000</u> | <u>0</u> | <u>\$1,700,000</u> |
| Total Notes Payable | | <u>\$1,900,000</u> | <u>\$1,700,000</u> | <u>(\$1,900,000)</u> | <u>\$1,700,000</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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 9 – Long-Term Debt

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

| | | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---------------------------------|------------|----------------------|-------------|---------------|-------------------|------------------------|
| Governmental Activities | | | | | | |
| <u>General Obligation Bonds</u> | | | | | | |
| Fire Station | 7.00% | \$90,000 | \$0 | (\$90,000) | \$0 | \$0 |
| 2003 Community Arts Center | 3.74% | 5,710,000 | 0 | (320,000) | 5,390,000 | 330,000 |
| 2002 Various Purpose | 4.33% | 2,435,000 | 0 | (300,000) | 2,135,000 | 320,000 |
| 2009 Various Purpose | 3.56% | 6,065,000 | 0 | (205,000) | 5,860,000 | 230,000 |
| 2009 Various Purpose Refunding | 3.23% | 2,510,000 | 0 | (245,000) | 2,265,000 | 255,000 |
| Premium/(Discount) | | 30,566 | 37,037 | (9,636) | 57,967 | 0 |
| 2010 A Roadway Improvement | 4.64-6.09% | 0 | 6,000,000 | 0 | 6,000,000 | 0 |
| 2010 B Roadway Improvement | 3.74-4.44% | 0 | 1,230,000 | 0 | 1,230,000 | 0 |
| 2010 C Roadway Improvement | 2.00-2.25% | 0 | 1,895,000 | 0 | 1,895,000 | 365,000 |
| Total General Obligation Bonds | | 16,840,566 | 9,162,037 | (1,169,636) | 24,832,967 | 1,500,000 |
| Capital Leases | | 348,831 | 0 | (73,549) | 275,282 | 78,240 |
| Total Long-Term Liabilities | | 17,189,397 | 9,162,037 | (1,243,185) | 25,108,249 | 1,578,240 |
| Compensated Absences | | 3,417,023 | 512,842 | (61,395) | 3,868,470 | 201,433 |
| Total Governmental Activities | | \$20,606,420 | \$9,674,879 | (\$1,304,580) | \$28,976,719 | \$1,779,673 |
| | | | | | | |
| | | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
| Business Type Activities | | | | | | |
| <u>Loans</u> | | | | | | |
| OWDA Wastewater Improvement | 3.79-4.12% | \$6,655,829 | \$0 | (\$735,644) | \$5,920,185 | \$765,640 |
| <u>General Obligation Bonds</u> | | | | | | |
| 2002 Various Purpose Recreation | 4.34% | 1,605,000 | 0 | (105,000) | 1,500,000 | 105,000 |
| 2009 Various Purpose Refunding | 3.15% | 2,200,000 | 0 | (250,000) | 1,950,000 | 260,000 |
| Premium on Refunding | | 38,489 | 0 | (4,811) | 33,678 | 0 |
| Total General Obligation Bonds | | 3,843,489 | 0 | (359,811) | 3,483,678 | 365,000 |
| Compensated Absences | | 603,711 | 15,452 | (69,321) | 549,842 | 32,820 |
| Total Business-Type Activities | | \$11,103,029 | \$15,452 | (\$1,164,776) | \$9,953,705 | \$1,163,460 |

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

| Year Ending December 31 | General Obligation Bonds | | OWDA Loan | |
|----------------------------|-----------------------------|--------------|--------------|-----------|
| | Principal | Interest | Principal | Interest |
| 2011 | \$1,865,000 | \$1,137,184 | \$765,640 | \$231,080 |
| 2012 | 1,915,000 | 1,083,495 | 796,858 | 199,863 |
| 2013 | 1,975,000 | 1,027,743 | 829,350 | 167,368 |
| 2014 | 2,025,000 | 970,315 | 863,168 | 133,552 |
| 2015 | 2,100,000 | 907,790 | 898,363 | 98,354 |
| 2016-2020 | 8,255,000 | 3,453,654 | 1,766,806 | 92,058 |
| 2021-2025 | 5,705,000 | 1,900,403 | 0 | 0 |
| 2026-2030 | 4,385,000 | 693,873 | 0 | 0 |
| Total | \$28,225,000 | \$11,174,457 | \$5,920,185 | \$922,275 |

Note 10 – Defeasance of Bonds

Special Assessment Bonds

The Special Assessment Fund purchased special assessment sidewalk bonds issued by the City. The value of the bonds at December 31, 2010 was \$158,645. Bonds are issued for the purpose of providing funds to pay the property owners share of the cost of sidewalk repairs in the City. The transaction has been eliminated for the financial statement purposes by removing any proceeds from the issuance of debt from the operating statement and the investment.

Note 11 – Capital Lease

The City entered into a capital lease for phone equipment for a voicemail system in 2009.

The City's lease obligations meet the criteria of a capital lease as defined by FASB Guidance, 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. Capital lease payments will be made from the general fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

| Fiscal Year Ending December 31, | Long-Term Debt |
|---|----------------|
| 2011 | \$90,288 |
| 2012 | 90,288 |
| 2013 | 90,288 |
| 2014 | 30,096 |
| Total Minimum Lease Payments | 300,960 |
| Less: Amount Representing Interest | (25,678) |
| Present Value of Minimum Lease Payments | \$275,282 |

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Capital assets acquired under capital leases in accordance with FASB Guidance are as follows:

| | |
|-----------|-----------|
| Equipment | \$378,346 |
|-----------|-----------|

Note 12 – Pension Plans

Ohio Public Employees Retirement System

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

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

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2010, 2009 and 2008 were \$1,813,630, \$1,764,451 and \$1,711,802, respectively. The full amount has been contributed for 2008 and 2009 and 92% has been contributed for 2010.

Ohio Police and Fire Pension Fund

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Plan members are required to contribute 10.0% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2010, 2009 and 2008 were \$935,369 for police, \$564,636 for fire, \$917,143 for police, \$553,840 for fire, and \$907,751 for police, \$530,999 for fire, respectively. The full amount has been contributed for 2008 and 2009 and 76% has been contributed for 2010.

Note 13 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

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

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

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

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

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

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

members. In 2010, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The City's required contributions for the current year, which were used to fund postemployment benefits, were \$136,801 for the period January 1 through February 28, 2010, and \$523,310 for the period March 1 through December 31, 2010, \$183,336 for the period of January 1 through March 31, 2009 and \$550,009 for the period of April 1 through December 31, 2009, \$855,901 for 2008. The full amount (actual) has been contributed for 2008 and 2009 and 92% has been contributed for 2010.

OPERS Retirement Board Implements its Health Care Preservation Plan

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

Ohio Police and Fire Pension Fund

Plan Description

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

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

Funding Policy

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's required contributions to OP&F were \$321,021 for police and \$157,167 for fire for the year ending December 31, 2010; \$319,345 for police and \$154,485 for fire for the year ending December 31, 2009; and \$314,092 for police and \$149,211 for fire for the year ending December 31, 2008, respectively, was allocated to the healthcare plan. The actual contributions for 2008 and 2009 were 100% and 76% has been contributed for 2010.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 14 – Construction Commitments

The City had the following outstanding commitments at year end:

| Project | Spent-to-date | Commitment Remaining |
|--|----------------------|---------------------------------|
| By-Pass 4 Widening | \$2,099,343 | \$7,529,302 |
| I-275 / Exit 39 South Gilmore/Winton Rd. | 1,692,199 | 355,436 |
| Patterson Drive Streetscape | 0 | 171,298 |
| Inversion Relining Sewer Lines | 0 | 130,765 |
| Painting Interior PW Garage | 0 | 79,000 |
| Totals | <u>\$3,791,542</u> | <u>\$8,265,801</u> |

Note 15 – Contingent Liabilities

Litigation

The City management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2010, the audits of certain of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 16 – Interfund Transfers

Interfund transfers for the year ended December 31, 2010, consisted of the following:

| | In | Out |
|--------------------------|--------------------|--------------------|
| Major Funds: | | |
| General | \$0 | \$2,255,000 |
| .2% Street Improvement | 115,644 | 586,720 |
| Solid Waste Management | 630,000 | 0 |
| Recreation Facilities | 269,806 | 0 |
| Internal Service | 370,000 | 0 |
| Other Governmental Funds | 3,258,783 | 1,802,513 |
| Totals | <u>\$4,644,233</u> | <u>\$4,644,233</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.

The City made various GAAP transfers from the Other Governmental Funds (Debt Service Fund) to the .2% Street Improvements Fund and Recreation Facilities Fund for debt service transactions.

Note 17 – Joint Venture

West Chester Township, the City of Fairfield, and the City of Springdale contracted to create the West Chester Township Joint Economic Development District (JEDD) for the purpose of facilitating economic development to create jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio and in the area of the contracting parties through facilitating economic development. The district is comprised of 43 acres located at the northwest corner of Union Centre Boulevard and Cincinnati-Dayton Road in West Chester. For more information and a copy of the financial statements, contact the City of Fairfield.

A 1.0% income tax was enacted for the JEDD. Imposition of tax began on September 15, 2009 and terminates December 31, 2049, with three five year extensions.

The City financial contributions to the JEDD will assist in facilitating the economic development within the District by assisting with marketing of the District.

Distribution of Gross Tax:

- 5% Service Fee for City of Fairfield to collect the income
- 2% Escrow payment for refunds
- 93% Net distribution

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Net Distribution:

83% West Chester Township
7% City of Springdale
10% City of Fairfield

Note 18 – Accountability

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

| | |
|------------------|----------|
| Fire Levy | \$94,151 |
| Municipal Garage | 118,767 |

Note 19 – Change in Accounting Principles

For 2010, the City has implemented GASB No. 51 “Accounting and Financial Reporting for Intangible Assets.” Any intangible assets acquired by the City prior to January 1, 2010 have already been included in the capital assets system (right-of-way easements).

Note 20 – Subsequent Event

On May 10, 2011, City Council approved the issuance of \$2.250 million in road improvement bond anticipation notes. The proceeds from the notes will be used for the I-275/Exit 39 (Winton/Gilmore Road) interchange modification project performed in conjunction with the Ohio Department of Transportation. The project is expected to cost \$14 million with outside funding from federal grants and the City of Forest Park.

Work will include road widening to add capacity to Winton/Gilmore Road from Smiley to Mack Road along with modifications to the Winton Road/I-275 interchange bridge. Right of way acquisitions and utility relocations are nearly complete. Construction is scheduled to begin in fall of 2011.

REQUIRED SUPPLEMENTARY INFORMATION

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | General Fund | | | |
|--|-----------------|--------------|--------------|----------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Taxes | \$18,693,103 | \$18,613,200 | \$18,916,966 | \$303,766 |
| Licenses & Permits | 268,400 | 268,400 | 179,922 | (88,478) |
| Intergovernmental | 2,372,650 | 2,372,650 | 2,231,333 | (141,317) |
| Charges for Services | 874,000 | 874,000 | 995,033 | 121,033 |
| Court Costs & Fines | 1,219,750 | 1,219,750 | 1,237,742 | 17,992 |
| Special Assessments | 15,000 | 15,000 | 17,658 | 2,658 |
| Investment Earnings | 326,500 | 326,500 | 255,162 | (71,338) |
| Other Revenues | 249,500 | 249,500 | 319,530 | 70,030 |
| Total Revenues | 24,018,903 | 23,939,000 | 24,153,346 | 214,346 |
| Expenditures: | | | | |
| Current: | | | | |
| Mayor & City Council | 262,769 | 261,973 | 240,551 | 21,422 |
| Administration | 525,191 | 525,191 | 520,767 | 4,424 |
| General Services | 2,901,729 | 3,334,792 | 3,027,816 | 306,976 |
| Law | 514,550 | 514,550 | 505,739 | 8,811 |
| Human Resources | 265,334 | 263,141 | 234,058 | 29,083 |
| Planning & Economic Development | 620,053 | 620,047 | 589,019 | 31,028 |
| Building & Zoning Inspection | 930,280 | 930,279 | 868,146 | 62,133 |
| Finance Administration & Accounting | 608,623 | 608,620 | 596,401 | 12,219 |
| Income Tax | 654,225 | 654,159 | 640,310 | 13,849 |
| Information Technology | 566,097 | 565,882 | 551,632 | 14,250 |
| Police & Justice Center | 10,851,481 | 11,006,187 | 10,145,028 | 861,159 |
| Municipal Court | 1,747,201 | 1,745,501 | 1,651,992 | 93,509 |
| Public Works Administration | 189,707 | 189,707 | 158,522 | 31,185 |
| Construction Services | 740,073 | 739,186 | 712,470 | 26,716 |
| Municipal Building | 283,651 | 281,169 | 252,408 | 28,761 |
| Parks & Recreation | 2,822,440 | 2,815,779 | 2,748,258 | 67,521 |
| Capital Outlay | 172,570 | 343,878 | 339,485 | 4,393 |
| Total Expenditures | 24,655,974 | 25,400,041 | 23,782,602 | 1,617,439 |
| Excess of Revenues Over (Under) Expenditures | (637,071) | (1,461,041) | 370,744 | 1,831,785 |
| Other Financing Sources (uses): | | | | |
| Proceeds from Sale of Capital Assets | 8,000 | 8,000 | 17,115 | 9,115 |
| Transfers In | 200,000 | 200,000 | 0 | (200,000) |
| Transfers (Out) | (1,850,000) | (2,255,000) | (2,255,000) | 0 |
| Total Other Financing Sources (Uses) | (1,642,000) | (2,047,000) | (2,237,885) | (190,885) |
| Net Change in Fund Balance | (2,279,071) | (3,508,041) | (1,867,141) | 1,640,900 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 10,142,009 | 10,142,009 | 10,142,009 | 0 |
| Fund Balance End of Year | \$7,862,938 | \$6,633,968 | \$8,274,868 | \$1,640,900 |

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Fire Levy Fund | | | |
|---|--------------------|-----------------|-------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Taxes | \$4,041,686 | \$3,940,000 | \$3,811,354 | (\$128,646) |
| Licenses & Permits | 7,000 | 7,000 | 5,750 | (1,250) |
| Intergovernmental | 451,000 | 451,000 | 402,928 | (48,072) |
| Charges for Services | 1,140,000 | 1,140,000 | 1,130,711 | (9,289) |
| Investment Earnings | 750 | 750 | 117 | (633) |
| Other Revenues | 3,100 | 3,100 | 18,509 | 15,409 |
| Total Revenues | 5,643,536 | 5,541,850 | 5,369,369 | (172,481) |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | 5,758,797 | 5,732,096 | 5,646,724 | 85,372 |
| Capital Outlay | 19,260 | 20,070 | 19,702 | 368 |
| Total Expenditures | 5,778,057 | 5,752,166 | 5,666,426 | 85,740 |
| Excess of Revenues Over (Under) Expenditures | (134,521) | (210,316) | (297,057) | (86,741) |
| Other Financing Sources (uses): | | | | |
| Proceeds from Sale of Capital Assets | 500 | 500 | 0 | (500) |
| Total Other Financing Sources (Uses) | 500 | 500 | 0 | (500) |
| Net Change in Fund Balance | (134,021) | (209,816) | (297,057) | (87,241) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 647,790 | 647,790 | 647,790 | 0 |
| Fund Balance End of Year | \$513,769 | \$437,974 | \$350,733 | (\$87,241) |

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2010

Note 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 department 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 and Actual (Non-GAAP Basis) 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).

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2010

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

Net Change in Fund Balance

| | General | Fire Levy |
|----------------------|---------------|-------------|
| GAAP Basis | (\$1,356,688) | (\$337,775) |
| Revenue Accruals | 920,058 | 313 |
| Expenditure Accruals | (611,029) | 95,536 |
| Encumbrances | (819,482) | (55,131) |
| Budget Basis | (\$1,867,141) | (\$297,057) |

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

.2% Street Improvement Capital Projects Fund - This capital projects fund accounts for the construction and repair of the City's streets. Financing has been derived from two-tenths of the City's income tax. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are included in the Basic Financial Statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | .2% Street Improvement Fund | | | |
|---|-----------------------------------|-----------------|-------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Taxes | \$3,302,727 | \$3,189,818 | \$3,146,064 | (\$43,754) |
| Intergovernmental | 0 | 46,000 | 46,000 | 0 |
| Investment Earnings | 250,000 | 77,840 | 78,366 | 526 |
| Other Revenues | 50,000 | 719,931 | 719,931 | 0 |
| Total Revenues | 3,602,727 | 4,033,589 | 3,990,361 | (43,228) |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation and Street Repair | 100,000 | 100,000 | 97,622 | 2,378 |
| Capital Outlay | 790,012 | 14,321,756 | 13,344,923 | 976,833 |
| Total Expenditures | 890,012 | 14,421,756 | 13,442,545 | 979,211 |
| Excess of Revenues Over (Under) Expenditures | 2,712,715 | (10,388,167) | (9,452,184) | 935,983 |
| Other Financing Sources (uses): | | | | |
| Debt Proceeds and Premium | 0 | 9,125,000 | 9,125,000 | 0 |
| Transfers (Out) | (405,000) | (733,000) | (586,720) | 146,280 |
| Total Other Financing Sources (Uses) | (405,000) | 8,392,000 | 8,538,280 | 146,280 |
| Net Change in Fund Balance | 2,307,715 | (1,996,167) | (913,904) | 1,082,263 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 4,166,961 | 4,166,961 | 4,166,961 | 0 |
| Fund Balance End of Year | \$6,474,676 | \$2,170,794 | \$3,253,057 | \$1,082,263 |

NONMAJOR GOVERNMENTAL FUNDS

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

Debt Service Funds: The Debt Service Fund is used for the accumulation of resources for and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the City is obligated in some manner for the payment.

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.

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|--------------------------------------|--|--|
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$4,864,551 | \$1,485,833 | \$2,604,371 | \$8,954,755 |
| Receivables: | | | | |
| Taxes | 0 | 0 | 686,832 | 686,832 |
| Interest | 140 | 0 | 3,624 | 3,764 |
| Intergovernmental | 961,302 | 0 | 0 | 961,302 |
| Total Assets | <u>5,825,993</u> | <u>1,485,833</u> | <u>3,294,827</u> | <u>10,606,653</u> |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts Payable | 133,696 | 0 | 106,443 | 240,139 |
| Accrued Wages and Benefits | 139,874 | 0 | 0 | 139,874 |
| Deferred Revenue | 773,706 | 0 | 388,917 | 1,162,623 |
| Total Liabilities | <u>1,047,276</u> | <u>0</u> | <u>495,360</u> | <u>1,542,636</u> |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 102,955 | 0 | 1,813,400 | 1,916,355 |
| Unreserved, Undesignated, Reported in: | | | | |
| Special Revenue Funds | 4,675,762 | 0 | 0 | 4,675,762 |
| Debt Service Funds | 0 | 1,485,833 | 0 | 1,485,833 |
| Capital Projects Funds | 0 | 0 | 986,067 | 986,067 |
| Total Fund Balances | <u>4,778,717</u> | <u>1,485,833</u> | <u>2,799,467</u> | <u>9,064,017</u> |
| Total Liabilities and Fund Balances | <u>\$5,825,993</u> | <u>\$1,485,833</u> | <u>\$3,294,827</u> | <u>\$10,606,653</u> |

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2010

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|--------------------------------------|--|--|
| Revenues: | | | | |
| Taxes | \$0 | \$0 | \$3,071,823 | \$3,071,823 |
| Fines, Licenses & Permits | 838,554 | 0 | 0 | 838,554 |
| Investment Earnings | 3,250 | 10,217 | 36,022 | 49,489 |
| Intergovernmental | 2,572,669 | 0 | 194,693 | 2,767,362 |
| Special Assessments | 8,177 | 405 | 0 | 8,582 |
| Other Revenues | 28,299 | 0 | 14,741 | 43,040 |
| Total Revenues | 3,450,949 | 10,622 | 3,317,279 | 6,778,850 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 333,061 | 7,723 | 0 | 340,784 |
| Public Safety | 5,615 | 0 | 0 | 5,615 |
| Transportation and Street Repair | 3,372,658 | 0 | 412,154 | 3,784,812 |
| Capital Outlay | 274,229 | 0 | 1,388,273 | 1,662,502 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 1,160,000 | 0 | 1,160,000 |
| Interest and Fiscal Charges | 0 | 759,372 | 0 | 759,372 |
| Total Expenditures | 3,985,563 | 1,927,095 | 1,800,427 | 7,713,085 |
| Excess of Revenues Over (Under) Expenditures | (534,614) | (1,916,473) | 1,516,852 | (934,235) |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Capital Assets | 0 | 0 | 1,000 | 1,000 |
| Transfers In | 950,000 | 2,243,783 | 65,000 | 3,258,783 |
| Transfers (Out) | 0 | (295,450) | (1,507,063) | (1,802,513) |
| Total Other Financing Sources (Uses) | 950,000 | 1,948,333 | (1,441,063) | 1,457,270 |
| Net Change in Fund Balance | 415,386 | 31,860 | 75,789 | 523,035 |
| Fund Balance (Deficit) Beginning of Year | 4,363,331 | 1,453,973 | 2,723,678 | 8,540,982 |
| Fund Balance (Deficit) End of Year | \$4,778,717 | \$1,485,833 | \$2,799,467 | \$9,064,017 |

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

| | Street Construction, Maintenance and Repair | State Highway Improvement | County Motor Vehicle Registration | Tax Recreation | Law Enforcement | Municipal Motor Vehicle Registration |
|---|---|---------------------------------|--------------------------------------|-------------------|--------------------|--|
| Assets: | | | | | | |
| Equity in Pooled Cash and Investments | \$75,504 | \$32,303 | \$285,619 | \$248,122 | \$101,825 | \$9,386 |
| Receivables: | | | | | | |
| Interest | 0 | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental | 737,016 | 59,758 | 0 | 0 | 0 | 158,511 |
| Total Assets | <u>812,520</u> | <u>92,061</u> | <u>285,619</u> | <u>248,122</u> | <u>101,825</u> | <u>167,897</u> |
| Liabilities and Fund Balances: | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | 131,689 | 0 | 0 | 0 | 0 | 0 |
| Accrued Wages and Benefits | 83,086 | 13,942 | 0 | 0 | 0 | 22,904 |
| Deferred Revenue | 590,263 | 47,859 | 0 | 0 | 0 | 133,833 |
| Total Liabilities | <u>805,038</u> | <u>61,801</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>156,737</u> |
| Fund Balances: | | | | | | |
| Reserved for Encumbrances | 53,922 | 0 | 41,788 | 0 | 0 | 0 |
| Unreserved, Undesignated, Reported in: Special Revenue Funds | (46,440) | 30,260 | 243,831 | 248,122 | 101,825 | 11,160 |
| Total Fund Balances | <u>7,482</u> | <u>30,260</u> | <u>285,619</u> | <u>248,122</u> | <u>101,825</u> | <u>11,160</u> |
| Total Liabilities and Fund Balances | <u>\$812,520</u> | <u>\$92,061</u> | <u>\$285,619</u> | <u>\$248,122</u> | <u>\$101,825</u> | <u>\$167,897</u> |

| Law Enforcement and Education | Drug and Alcohol Treatment | Local Law Enforcement | Probation Services | Court Computer | Special Projects | Mediation Services |
|----------------------------------|----------------------------------|--------------------------|-----------------------|-------------------|---------------------|-----------------------|
| \$98,784 | \$142,585 | \$58,957 | \$2,137,753 | \$737,364 | \$545,428 | \$330,048 |
| 0 | 0 | 0 | 140 | 0 | 0 | 0 |
| 0 | 0 | 0 | 6,017 | 0 | 0 | 0 |
| <u>98,784</u> | <u>142,585</u> | <u>58,957</u> | <u>2,143,910</u> | <u>737,364</u> | <u>545,428</u> | <u>330,048</u> |
| 0 | 1,592 | 0 | 415 | 0 | 0 | 0 |
| 0 | 0 | 0 | 19,942 | 0 | 0 | 0 |
| 0 | 0 | 0 | 1,751 | 0 | 0 | 0 |
| <u>0</u> | <u>1,592</u> | <u>0</u> | <u>22,108</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 0 | 0 | 7,000 | 245 | 0 | 0 | 0 |
| <u>98,784</u> | <u>140,993</u> | <u>51,957</u> | <u>2,121,557</u> | <u>737,364</u> | <u>545,428</u> | <u>330,048</u> |
| <u>98,784</u> | <u>140,993</u> | <u>58,957</u> | <u>2,121,802</u> | <u>737,364</u> | <u>545,428</u> | <u>330,048</u> |
| <u>\$98,784</u> | <u>\$142,585</u> | <u>\$58,957</u> | <u>\$2,143,910</u> | <u>\$737,364</u> | <u>\$545,428</u> | <u>\$330,048</u> |
| Continued | | | | | | |

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

| | Tax Increment Equivalent | Indigent Driver Interlock | Total Nonmajor Special Revenue Funds |
|---|--------------------------------|---------------------------------|---|
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$10,314 | \$50,559 | \$4,864,551 |
| Receivables: | | | |
| Interest | 0 | 0 | 140 |
| Intergovernmental | 0 | 0 | 961,302 |
| Total Assets | 10,314 | 50,559 | 5,825,993 |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable | 0 | 0 | 133,696 |
| Accrued Wages and Benefits | 0 | 0 | 139,874 |
| Deferred Revenue | 0 | 0 | 773,706 |
| Total Liabilities | 0 | 0 | 1,047,276 |
| Fund Balances: | | | |
| Reserved for Encumbrances | 0 | 0 | 102,955 |
| Unreserved, Undesignated, Reported in: Special Revenue Funds | 10,314 | 50,559 | 4,675,762 |
| Total Fund Balances | 10,314 | 50,559 | 4,778,717 |
| Total Liabilities and Fund Balances | \$10,314 | \$50,559 | \$5,825,993 |

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City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2010

| | Street Construction, Maintenance and Repair | State Highway Improvement | County Motor Vehicle Registration | Tax Recreation | Law Enforcement | Municipal Motor Vehicle Registration |
|--|---|---------------------------------|--------------------------------------|-------------------|--------------------|--|
| Revenues: | | | | | | |
| Fines, Licenses & Permits | \$0 | \$0 | \$0 | \$2,250 | \$459 | \$0 |
| Investment Earnings | 0 | 0 | 167 | 278 | 0 | 0 |
| Intergovernmental | 1,842,510 | 149,393 | 189,000 | 0 | 0 | 320,287 |
| Special Assessments | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Revenues | 27,900 | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | 1,870,410 | 149,393 | 189,167 | 2,528 | 459 | 320,287 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General Government | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Safety | 0 | 0 | 0 | 0 | 2,687 | 0 |
| Transportation and Street Repair | 2,857,816 | 194,968 | 0 | 0 | 0 | 319,874 |
| Capital Outlay | 8,944 | 0 | 162,852 | 0 | 0 | 0 |
| Total Expenditures | 2,866,760 | 194,968 | 162,852 | 0 | 2,687 | 319,874 |
| Excess of Revenues Over (Under) Expenditures | (996,350) | (45,575) | 26,315 | 2,528 | (2,228) | 413 |
| Other Financing Sources (Uses): | | | | | | |
| Transfers In | 950,000 | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 950,000 | 0 | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | (46,350) | (45,575) | 26,315 | 2,528 | (2,228) | 413 |
| Fund Balance (Deficit) Beginning of Year | 53,832 | 75,835 | 259,304 | 245,594 | 104,053 | 10,747 |
| Fund Balance (Deficit) End of Year | \$7,482 | \$30,260 | \$285,619 | \$248,122 | \$101,825 | \$11,160 |

| Law Enforcement and Education | Drug and Alcohol Treatment | Local Law Enforcement | Probation Services | Court Computer | Special Projects | Mediation Services |
|----------------------------------|----------------------------------|--------------------------|-----------------------|-------------------|---------------------|-----------------------|
| \$8,074 | \$17,509 | \$0 | \$563,844 | \$103,886 | \$61,725 | \$52,220 |
| 111 | 111 | 0 | 1,861 | 389 | 222 | 111 |
| 0 | 0 | 39,264 | 32,215 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 399 | 0 | 0 | 0 |
| 8,185 | 17,620 | 39,264 | 598,319 | 104,275 | 61,947 | 52,331 |
| 0 | 15,231 | 0 | 288,113 | 25,128 | 3,591 | 998 |
| 2,000 | 0 | 928 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 79,138 | 7,500 | 15,795 | 0 | 0 |
| 2,000 | 15,231 | 80,066 | 295,613 | 40,923 | 3,591 | 998 |
| 6,185 | 2,389 | (40,802) | 302,706 | 63,352 | 58,356 | 51,333 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6,185 | 2,389 | (40,802) | 302,706 | 63,352 | 58,356 | 51,333 |
| 92,599 | 138,604 | 99,759 | 1,819,096 | 674,012 | 487,072 | 278,715 |
| \$98,784 | \$140,993 | \$58,957 | \$2,121,802 | \$737,364 | \$545,428 | \$330,048 |
| Continued | | | | | | |

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2010

| | Tax Increment Equivalent | Indigent Driver Interlock | Total Nonmajor Special Revenue Funds |
|--|--------------------------------|---------------------------------|---|
| Revenues: | | | |
| Fines, Licenses & Permits | \$0 | \$28,587 | \$838,554 |
| Investment Earnings | 0 | 0 | 3,250 |
| Intergovernmental | 0 | 0 | 2,572,669 |
| Special Assessments | 8,177 | 0 | 8,177 |
| Other Revenues | 0 | 0 | 28,299 |
| Total Revenues | 8,177 | 28,587 | 3,450,949 |
| Expenditures: | | | |
| Current: | | | |
| General Government | 0 | 0 | 333,061 |
| Public Safety | 0 | 0 | 5,615 |
| Transportation and Street Repair | 0 | 0 | 3,372,658 |
| Capital Outlay | 0 | 0 | 274,229 |
| Total Expenditures | 0 | 0 | 3,985,563 |
| Excess of Revenues Over (Under) Expenditures | 8,177 | 28,587 | (534,614) |
| Other Financing Sources (Uses): | | | |
| Transfers In | 0 | 0 | 950,000 |
| Total Other Financing Sources (Uses) | 0 | 0 | 950,000 |
| Net Change in Fund Balance | 8,177 | 28,587 | 415,386 |
| Fund Balance (Deficit) Beginning of Year | 2,137 | 21,972 | 4,363,331 |
| Fund Balance (Deficit) End of Year | \$10,314 | \$50,559 | \$4,778,717 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Street Construction, Maintenance and Repair Fund | | | |
|---|---|-----------------|-------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Intergovernmental | \$1,900,000 | \$1,900,000 | \$1,841,688 | (\$58,312) |
| Other Revenues | 5,000 | 5,000 | 27,900 | 22,900 |
| Total Revenues | 1,905,000 | 1,905,000 | 1,869,588 | (35,412) |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation and Street Repair | 3,001,410 | 3,023,420 | 2,926,054 | 97,366 |
| Capital Outlay | 23,250 | 15,950 | 14,444 | 1,506 |
| Total Expenditures | 3,024,660 | 3,039,370 | 2,940,498 | 98,872 |
| Excess of Revenues Over (Under) Expenditures | (1,119,660) | (1,134,370) | (1,070,910) | 63,460 |
| Other Financing Sources (uses): | | | | |
| Transfers In | 950,000 | 950,000 | 950,000 | 0 |
| Total Other Financing Sources (Uses) | 950,000 | 950,000 | 950,000 | 0 |
| Net Change in Fund Balance | (169,660) | (184,370) | (120,910) | 63,460 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 10,801 | 10,801 | 10,801 | 0 |
| Fund Balance End of Year | (\$158,859) | (\$173,569) | (\$110,109) | \$63,460 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | State Highway Improvement Fund | | | |
|---|---|-----------------|-----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Intergovernmental | \$160,000 | \$160,000 | \$149,326 | (\$10,674) |
| Total Revenues | 160,000 | 160,000 | 149,326 | (10,674) |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation and Street Repair | 222,184 | 222,184 | 192,077 | 30,107 |
| Total Expenditures | 222,184 | 222,184 | 192,077 | 30,107 |
| Net Change in Fund Balance | (62,184) | (62,184) | (42,751) | 19,433 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 75,054 | 75,054 | 75,054 | 0 |
| Fund Balance End of Year | \$12,870 | \$12,870 | \$32,303 | \$19,433 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | County Motor Vehicle Registration Fund | | | |
|---|--|-----------------|-----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Intergovernmental | \$110,000 | \$189,000 | \$189,000 | \$0 |
| Investment Earnings | 500 | 500 | 167 | (333) |
| Total Revenues | 110,500 | 189,500 | 189,167 | (333) |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation and Street Repair | 6,625 | 3,468 | 2,468 | 1,000 |
| Capital Outlay | 24,728 | 236,728 | 208,241 | 28,487 |
| Total Expenditures | 31,353 | 240,196 | 210,709 | 29,487 |
| Net Change in Fund Balance | 79,147 | (50,696) | (21,542) | 29,154 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 265,373 | 265,373 | 265,373 | 0 |
| Fund Balance End of Year | \$344,520 | \$214,677 | \$243,831 | \$29,154 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Tax Recreation Fund | | | |
|---|---------------------------|-----------------|-----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Licenses & Permits | \$2,500 | \$2,500 | \$2,250 | (\$250) |
| Investment Earnings | 1,000 | 1,000 | 277 | (723) |
| Total Revenues | 3,500 | 3,500 | 2,527 | (973) |
| Expenditures: | | | | |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | 3,500 | 3,500 | 2,527 | (973) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 245,594 | 245,594 | 245,594 | 0 |
| Fund Balance End of Year | \$249,094 | \$249,094 | \$248,121 | (\$973) |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Law Enforcement Fund | | | |
|---|----------------------------|------------------|------------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Court Costs & Fines | \$10,000 | \$10,000 | \$459 | (\$9,541) |
| Total Revenues | 10,000 | 10,000 | 459 | (9,541) |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | 10,000 | 10,000 | 2,687 | 7,313 |
| Total Expenditures | 10,000 | 10,000 | 2,687 | 7,313 |
| Net Change in Fund Balance | 0 | 0 | (2,228) | (2,228) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 104,053 | 104,053 | 104,053 | 0 |
| Fund Balance End of Year | <u>\$104,053</u> | <u>\$104,053</u> | <u>\$101,825</u> | <u>(\$2,228)</u> |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Municipal Motor Vehicle Registration Fund | | | |
|---|--|-----------------|-----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Intergovernmental | \$375,000 | \$375,000 | \$322,620 | (\$52,380) |
| Total Revenues | 375,000 | 375,000 | 322,620 | (52,380) |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation and Street Repair | 365,016 | 365,016 | 315,554 | 49,462 |
| Total Expenditures | 365,016 | 365,016 | 315,554 | 49,462 |
| Net Change in Fund Balance | 9,984 | 9,984 | 7,066 | (2,918) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 2,321 | 2,321 | 2,321 | 0 |
| Fund Balance End of Year | \$12,305 | \$12,305 | \$9,387 | (\$2,918) |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Law Enforcement and Education Fund | | | |
|---|--|-----------------|----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Court Costs & Fines | \$18,000 | \$18,000 | \$8,194 | (\$9,806) |
| Investment Earnings | 500 | 500 | 111 | (389) |
| Total Revenues | 18,500 | 18,500 | 8,305 | (10,195) |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | 7,500 | 7,379 | 2,120 | 5,259 |
| Total Expenditures | 7,500 | 7,379 | 2,120 | 5,259 |
| Net Change in Fund Balance | 11,000 | 11,121 | 6,185 | (4,936) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 92,598 | 92,598 | 92,598 | 0 |
| Fund Balance End of Year | \$103,598 | \$103,719 | \$98,783 | (\$4,936) |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Drug and Alcohol Treatment Fund | | | |
|--|---------------------------------|--------------|-----------|----------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Intergovernmental | \$500 | \$500 | \$0 | (\$500) |
| Court Costs & Fines | 13,000 | 13,000 | 17,509 | 4,509 |
| Investment Earnings | 500 | 500 | 111 | (389) |
| Total Revenues | 14,000 | 14,000 | 17,620 | 3,620 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 35,000 | 35,000 | 16,239 | 18,761 |
| Total Expenditures | 35,000 | 35,000 | 16,239 | 18,761 |
| Net Change in Fund Balance | (21,000) | (21,000) | 1,381 | 22,381 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 141,204 | 141,204 | 141,204 | 0 |
| Fund Balance End of Year | \$120,204 | \$120,204 | \$142,585 | \$22,381 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Local Law Enforcement Fund | | | |
|---|----------------------------------|-----------------|----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Intergovernmental | \$0 | \$39,264 | \$39,264 | \$0 |
| Total Revenues | 0 | 39,264 | 39,264 | 0 |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | 10,000 | 19,000 | 7,928 | 11,072 |
| Capital Outlay | 0 | 79,320 | 79,138 | 182 |
| Total Expenditures | 10,000 | 98,320 | 87,066 | 11,254 |
| Net Change in Fund Balance | (10,000) | (59,056) | (47,802) | 11,254 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 99,759 | 99,759 | 99,759 | 0 |
| Fund Balance End of Year | \$89,759 | \$40,703 | \$51,957 | \$11,254 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Probation Services Fund | | | |
|---|-------------------------------|-----------------|-------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Intergovernmental | \$0 | \$0 | \$31,207 | \$31,207 |
| Court Costs & Fines | 475,000 | 475,000 | 563,844 | 88,844 |
| Investment Earnings | 2,500 | 2,500 | 1,721 | (779) |
| Other Revenues | 0 | 0 | 400 | 400 |
| Total Revenues | 477,500 | 477,500 | 597,172 | 119,672 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 315,655 | 314,648 | 283,834 | 30,814 |
| Capital Outlay | 10,000 | 10,000 | 7,500 | 2,500 |
| Total Expenditures | 325,655 | 324,648 | 291,334 | 33,314 |
| Net Change in Fund Balance | 151,845 | 152,852 | 305,838 | 152,986 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,831,256 | 1,831,256 | 1,831,256 | 0 |
| Fund Balance End of Year | \$1,983,101 | \$1,984,108 | \$2,137,094 | \$152,986 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Court Computer Fund | | | |
|---|---------------------------|------------------|------------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Court Costs & Fines | \$100,000 | \$100,000 | \$103,886 | \$3,886 |
| Investment Earnings | 1,000 | 1,000 | 389 | (611) |
| Total Revenues | 101,000 | 101,000 | 104,275 | 3,275 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 42,000 | 42,000 | 25,127 | 16,873 |
| Capital Outlay | 21,500 | 20,000 | 15,795 | 4,205 |
| Total Expenditures | 63,500 | 62,000 | 40,922 | 21,078 |
| Net Change in Fund Balance | 37,500 | 39,000 | 63,353 | 24,353 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 674,012 | 674,012 | 674,012 | 0 |
| Fund Balance End of Year | <u>\$711,512</u> | <u>\$713,012</u> | <u>\$737,365</u> | <u>\$24,353</u> |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Special Projects Fund | | | |
|---|-----------------------------|-----------------|-----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Court Costs & Fines | \$61,000 | \$61,000 | \$61,725 | \$725 |
| Investment Earnings | 500 | 500 | 222 | (278) |
| Total Revenues | 61,500 | 61,500 | 61,947 | 447 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 77,275 | 77,275 | 3,741 | 73,534 |
| Total Expenditures | 77,275 | 77,275 | 3,741 | 73,534 |
| Net Change in Fund Balance | (15,775) | (15,775) | 58,206 | 73,981 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 487,222 | 487,222 | 487,222 | 0 |
| Fund Balance End of Year | \$471,447 | \$471,447 | \$545,428 | \$73,981 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Mediation Services Fund | | | |
|---|-------------------------------|-----------------|-----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Court Costs & Fines | \$61,000 | \$61,000 | \$52,220 | (\$8,780) |
| Investment Earnings | 300 | 300 | 111 | (189) |
| Total Revenues | 61,300 | 61,300 | 52,331 | (8,969) |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 6,000 | 6,000 | 998 | 5,002 |
| Total Expenditures | 6,000 | 6,000 | 998 | 5,002 |
| Net Change in Fund Balance | 55,300 | 55,300 | 51,333 | (3,967) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 278,715 | 278,715 | 278,715 | 0 |
| Fund Balance End of Year | \$334,015 | \$334,015 | \$330,048 | (\$3,967) |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Tax Increment Equivalent Fund | | | |
|---|-------------------------------------|-----------------|----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Special Assessments | \$85,000 | \$85,000 | \$8,177 | -\$76,823 |
| Total Revenues | 85,000 | 85,000 | 8,177 | (76,823) |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal Retirement | 85,000 | 85,000 | 0 | 85,000 |
| Total Expenditures | 85,000 | 85,000 | 0 | 85,000 |
| Net Change in Fund Balance | 0 | 0 | 8,177 | 8,177 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 2,137 | 2,137 | 2,137 | 0 |
| Fund Balance End of Year | \$2,137 | \$2,137 | \$10,314 | \$8,177 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Indigent Driver Interlock Fund | | | |
|---|--------------------------------------|-----------------|----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Court Costs & Fines | \$15,000 | \$28,587 | \$28,587 | \$0 |
| Total Revenues | 15,000 | 28,587 | 28,587 | 0 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 0 | 0 | 0 | 0 |
| Total Expenditures | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | 15,000 | 28,587 | 28,587 | 0 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 21,972 | 21,972 | 21,972 | 0 |
| Fund Balance End of Year | \$36,972 | \$50,559 | \$50,559 | \$0 |

NONMAJOR DEBT SERVICE FUNDS

Fund Descriptions

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.

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2010

| | General Bond Retirement | Special Assessment | Total Nonmajor Debt Service Funds |
|--|----------------------------|-----------------------|--|
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$54,895 | \$1,430,938 | \$1,485,833 |
| Total Assets | 54,895 | 1,430,938 | 1,485,833 |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable | 0 | 0 | 0 |
| Total Liabilities | 0 | 0 | 0 |
| Fund Balances: | | | |
| Unreserved, Undesignated, Reported in: | | | |
| Debt Service Funds | 54,895 | 1,430,938 | 1,485,833 |
| Total Fund Balances | 54,895 | 1,430,938 | 1,485,833 |
| Total Liabilities and Fund Balances | \$54,895 | \$1,430,938 | \$1,485,833 |

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Fiscal Year Ended December 31, 2010

| | General Bond Retirement | Special Assessment | Total Nonmajor Debt Service Funds |
|--|----------------------------|-----------------------|--|
| Revenues: | | | |
| Investment Earnings | \$0 | \$10,217 | \$10,217 |
| Special Assessments | 0 | 405 | 405 |
| Total Revenues | 0 | 10,622 | 10,622 |
| Expenditures: | | | |
| Current: | | | |
| General Government | 7,723 | 0 | 7,723 |
| Debt Service: | | | |
| Principal Retirement | 1,160,000 | 0 | 1,160,000 |
| Interest and Fiscal Charges | 758,727 | 645 | 759,372 |
| Total Expenditures | 1,926,450 | 645 | 1,927,095 |
| Excess of Revenues Over (Under) Expenditures | (1,926,450) | 9,977 | (1,916,473) |
| Other Financing Sources (Uses): | | | |
| Transfers In | 2,243,783 | 0 | 2,243,783 |
| Transfers (Out) | (295,450) | 0 | (295,450) |
| Total Other Financing Sources (Uses) | 1,948,333 | 0 | 1,948,333 |
| Net Change in Fund Balance | 21,883 | 9,977 | 31,860 |
| Fund Balance (Deficit) Beginning of Year | 33,012 | 1,420,961 | 1,453,973 |
| Fund Balance (Deficit) End of Year | \$54,895 | \$1,430,938 | \$1,485,833 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | General Bond Retirement Fund | | | |
|---|------------------------------------|-----------------|-------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Taxes | \$0 | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 | 0 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 8,000 | 8,000 | 7,723 | 277 |
| Debt Service: | | | | |
| Principal Retirement | 1,550,000 | 1,550,000 | 1,265,000 | 285,000 |
| Interest and Fiscal Charges | 422,500 | 750,500 | 986,216 | (235,716) |
| Total Expenditures | 1,980,500 | 2,308,500 | 2,258,939 | 49,561 |
| Excess of Revenues Over (Under) Expenditures | (1,980,500) | (2,308,500) | (2,258,939) | 49,561 |
| Other Financing Sources (uses): | | | | |
| Debt Proceeds and Premium | 0 | 37,038 | 37,038 | 0 |
| Transfers In | 1,960,000 | 2,243,783 | 2,243,783 | 0 |
| Total Other Financing Sources (Uses) | 1,960,000 | 2,280,821 | 2,280,821 | 0 |
| Net Change in Fund Balance | (20,500) | (27,679) | 21,882 | 49,561 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 33,012 | 33,012 | 33,012 | 0 |
| Fund Balance End of Year | \$12,512 | \$5,333 | \$54,894 | \$49,561 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Special Assessment Fund | | | |
|---|-------------------------------|-----------------|-------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Special Assessments | \$0 | \$0 | \$8,978 | \$8,978 |
| Investment Earnings | 1,650 | 1,650 | 10,216 | 8,566 |
| Total Revenues | 1,650 | 1,650 | 19,194 | 17,544 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 7,000 | 7,000 | 0 | 7,000 |
| Debt Service: | | | | |
| Principal Retirement | 266,000 | 266,000 | 8,574 | 257,426 |
| Interest and Fiscal Charges | 5,000 | 5,000 | 645 | 4,355 |
| Total Expenditures | 278,000 | 278,000 | 9,219 | 268,781 |
| Net Change in Fund Balance | (276,350) | (276,350) | 9,975 | 286,325 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,420,961 | 1,420,961 | 1,420,961 | 0 |
| Fund Balance End of Year | \$1,144,611 | \$1,144,611 | \$1,430,936 | \$286,325 |

NONMAJOR CAPITAL PROJECTS FUNDS

Fund Descriptions

.2% Capital Improvement - 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.

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.

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

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

| | .2% Capital Improvement | Flood Protection | State Issue II | Downtown Development | Total Nonmajor Capital Projects Funds |
|--|----------------------------|---------------------|--------------------|-------------------------|--|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$2,415,407 | \$3,050 | \$0 | \$185,914 | \$2,604,371 |
| Receivables: | | | | | |
| Taxes | 686,832 | 0 | 0 | 0 | 686,832 |
| Interest | 3,624 | 0 | 0 | 0 | 3,624 |
| Total Assets | <u>3,105,863</u> | <u>3,050</u> | <u>0</u> | <u>185,914</u> | <u>3,294,827</u> |
| Liabilities and Fund Balances: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 106,443 | 0 | 0 | 0 | 106,443 |
| Deferred Revenue | 388,917 | 0 | 0 | 0 | 388,917 |
| Total Liabilities | <u>495,360</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>495,360</u> |
| Fund Balances: | | | | | |
| Reserved for Encumbrances | 532,814 | 15,802 | 1,252,484 | 12,300 | 1,813,400 |
| Unreserved, Undesignated, Reported in: Capital Projects Funds | <u>2,077,689</u> | <u>(12,752)</u> | <u>(1,252,484)</u> | <u>173,614</u> | <u>986,067</u> |
| Total Fund Balances | <u>2,610,503</u> | <u>3,050</u> | <u>0</u> | <u>185,914</u> | <u>2,799,467</u> |
| Total Liabilities and Fund Balances | <u>\$3,105,863</u> | <u>\$3,050</u> | <u>\$0</u> | <u>\$185,914</u> | <u>\$3,294,827</u> |

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2010

| | .2% Capital Improvement | Flood Protection | State Issue II | Downtown Development | Total Nonmajor Capital Projects Funds |
|--|----------------------------|---------------------|-------------------|-------------------------|--|
| Revenues: | | | | | |
| Taxes | \$3,071,823 | \$0 | \$0 | \$0 | \$3,071,823 |
| Investment Earnings | 36,022 | 0 | 0 | 0 | 36,022 |
| Intergovernmental | 0 | 124,594 | 70,099 | 0 | 194,693 |
| Other Revenues | 14,741 | 0 | 0 | 0 | 14,741 |
| Total Revenues | 3,122,586 | 124,594 | 70,099 | 0 | 3,317,279 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Transportation and Street Repair | 384,820 | 0 | 0 | 27,334 | 412,154 |
| Capital Outlay | 1,384,484 | 3,789 | 0 | 0 | 1,388,273 |
| Total Expenditures | 1,769,304 | 3,789 | 0 | 27,334 | 1,800,427 |
| Excess of Revenues Over (Under) Expenditures | 1,353,282 | 120,805 | 70,099 | (27,334) | 1,516,852 |
| Other Financing Sources (Uses): | | | | | |
| Proceeds from Sale of Capital Assets | 1,000 | 0 | 0 | 0 | 1,000 |
| Transfers In | 0 | 65,000 | 0 | 0 | 65,000 |
| Transfers (Out) | (1,507,063) | 0 | 0 | 0 | (1,507,063) |
| Total Other Financing Sources (Uses) | (1,506,063) | 65,000 | 0 | 0 | (1,441,063) |
| Net Change in Fund Balance | (152,781) | 185,805 | 70,099 | (27,334) | 75,789 |
| Fund Balance (Deficit) Beginning of Year | 2,763,284 | (182,755) | (70,099) | 213,248 | 2,723,678 |
| Fund Balance (Deficit) End of Year | \$2,610,503 | \$3,050 | \$0 | \$185,914 | \$2,799,467 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | .2% Capital Improvement Fund | | | |
|---|------------------------------------|-----------------|-------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Taxes | \$3,084,218 | \$3,084,218 | \$3,146,064 | \$61,846 |
| Investment Earnings | 100,000 | 100,000 | 36,060 | (63,940) |
| Other Revenues | 1,000 | 1,000 | 14,741 | 13,741 |
| Total Revenues | 3,185,218 | 3,185,218 | 3,196,865 | 11,647 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 100,000 | 100,000 | 97,622 | 2,378 |
| Capital Outlay | 1,155,462 | 2,517,740 | 2,388,438 | 129,302 |
| Total Expenditures | 1,255,462 | 2,617,740 | 2,486,060 | 131,680 |
| Excess of Revenues Over (Under) Expenditures | 1,929,756 | 567,478 | 710,805 | 143,327 |
| Other Financing Sources (uses): | | | | |
| Proceeds from Sale of Capital Assets | 1,000 | 1,000 | 1,000 | 0 |
| Transfers (Out) | (1,405,000) | (1,507,100) | (1,507,063) | 37 |
| Total Other Financing Sources (Uses) | (1,404,000) | (1,506,100) | (1,506,063) | 37 |
| Net Change in Fund Balance | 525,756 | (938,622) | (795,258) | 143,364 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 2,571,408 | 2,571,408 | 2,571,408 | 0 |
| Fund Balance End of Year | \$3,097,164 | \$1,632,786 | \$1,776,150 | \$143,364 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Flood Protection Fund | | | |
|---|-----------------------------|-----------------|------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Intergovernmental | \$175,000 | \$175,000 | \$124,594 | (\$50,406) |
| Other Revenues | 250 | 250 | 0 | (250) |
| Total Revenues | 175,250 | 175,250 | 124,594 | (50,656) |
| Expenditures: | | | | |
| Capital Outlay | 370,722 | 289,592 | 19,593 | 269,999 |
| Total Expenditures | 370,722 | 289,592 | 19,593 | 269,999 |
| Excess of Revenues Over (Under) Expenditures | (195,472) | (114,342) | 105,001 | 219,343 |
| Other Financing Sources (uses): | | | | |
| Transfers In | 0 | 0 | 65,000 | 65,000 |
| Total Other Financing Sources (Uses) | 0 | 0 | 65,000 | 65,000 |
| Net Change in Fund Balance | (195,472) | (114,342) | 170,001 | 284,343 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | (182,754) | (182,754) | (182,754) | 0 |
| Fund Balance End of Year | (\$378,226) | (\$297,096) | (\$12,753) | \$284,343 |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | State Issue II Fund | | | |
|---|---------------------------|-----------------|---------------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Intergovernmental | \$350,000 | \$350,000 | \$70,099 | (\$279,901) |
| Total Revenues | 350,000 | 350,000 | 70,099 | (279,901) |
| Expenditures: | | | | |
| Capital Outlay | 128,850 | 1,372,584 | 1,322,583 | 50,001 |
| Total Expenditures | 128,850 | 1,372,584 | 1,322,583 | 50,001 |
| Net Change in Fund Balance | 221,150 | (1,022,584) | (1,252,484) | (229,900) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 0 | 0 | 0 | 0 |
| Fund Balance End of Year | \$221,150 | (\$1,022,584) | (\$1,252,484) | (\$229,900) |

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2010

| | Downtown Development Fund | | | |
|---|---------------------------------|-----------------|-----------|-------------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Investment Earnings | \$5,000 | \$5,000 | \$0 | (\$5,000) |
| Total Revenues | 5,000 | 5,000 | 0 | (5,000) |
| Expenditures: | | | | |
| Capital Outlay | 60,000 | 99,650 | 39,632 | 60,018 |
| Total Expenditures | 60,000 | 99,650 | 39,632 | 60,018 |
| Net Change in Fund Balance | (55,000) | (94,650) | (39,632) | 55,018 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 213,248 | 213,248 | 213,248 | 0 |
| Fund Balance End of Year | \$158,248 | \$118,598 | \$173,616 | \$55,018 |

NONMAJOR FUNDS

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.

Fund Descriptions

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

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

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

Fund Descriptions

Agency Fund - Municipal Courts - 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.

Agency Fund - Warranty Bonds - To account for warranty bonds collected.

Agency Fund - Joint Economic Development District - To account for various economic development projects between West Chester Township, the City of Springdale and the City of Fairfield.

City of Fairfield, Ohio
Combining Statement of Net Assets
Internal Service Funds
December 31, 2010

| | Employees' Benefits | Municipal Garage | Total Internal Service Funds |
|---------------------------------------|------------------------|---------------------|------------------------------------|
| Current Assets: | | | |
| Equity in Pooled Cash and Investments | \$295,283 | \$3,775 | \$299,058 |
| Total Assets | 295,283 | 3,775 | 299,058 |
| Liabilities: | | | |
| Accounts Payable | 818 | 1,663 | 2,481 |
| Accrued Wages and Benefits | 0 | 36,236 | 36,236 |
| Claims Payable | 14,009 | 0 | 14,009 |
| Total Current Liabilities | 14,827 | 37,899 | 52,726 |
| Long-Term Liabilities: | | | |
| Compensated Absences | 0 | 84,643 | 84,643 |
| Total Long-Term Liabilities | 0 | 84,643 | 84,643 |
| Total Liabilities | 14,827 | 122,542 | 137,369 |
| Net Assets: | | | |
| Unrestricted | 280,456 | (118,767) | 161,689 |
| Total Net Assets | \$280,456 | (\$118,767) | \$161,689 |

City of Fairfield, Ohio
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended December 31, 2010

| | Employees' Benefits | Municipal Garage | Total Internal Service Funds |
|---|------------------------|---------------------|------------------------------------|
| Operating Revenues: | | | |
| Charges for Services | \$4,030,146 | \$639,909 | \$4,670,055 |
| Other Revenues | <u>0</u> | <u>727</u> | <u>727</u> |
| Total Operating Revenues | <u>4,030,146</u> | <u>640,636</u> | <u>4,670,782</u> |
| Operating Expenses: | | | |
| Personal Services | 0 | 548,809 | 548,809 |
| Contractual Services | 3,893,743 | 11,717 | 3,905,460 |
| Materials and Supplies | <u>288</u> | <u>294,009</u> | <u>294,297</u> |
| Total Operating Expenses | <u>3,894,031</u> | <u>854,535</u> | <u>4,748,566</u> |
| Operating Income (Loss) | <u>136,115</u> | <u>(213,899)</u> | <u>(77,784)</u> |
| Non-Operating Revenues (Expenses): | | | |
| Investment Earnings | <u>51</u> | <u>0</u> | <u>51</u> |
| Total Non-Operating Revenues (Expenses) | <u>51</u> | <u>0</u> | <u>51</u> |
| Income (Loss) Before Transfers | 136,166 | (213,899) | (77,733) |
| Transfers In | <u>155,000</u> | <u>215,000</u> | <u>370,000</u> |
| Change in Net Assets | 291,166 | 1,101 | 292,267 |
| Net Assets Beginning of Year | <u>(10,710)</u> | <u>(119,868)</u> | <u>(130,578)</u> |
| Net Assets End of Year | <u>\$280,456</u> | <u>(\$118,767)</u> | <u>\$161,689</u> |

City of Fairfield, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2010

| | Employees' Benefits | Municipal Garage | Total Internal Service Funds |
|--|------------------------|---------------------|------------------------------------|
| Cash Flows from Operating Activities: | | | |
| Cash Received from Customers | \$4,030,146 | \$640,636 | \$4,670,782 |
| Cash Payments to Employees | 0 | (537,949) | (537,949) |
| Cash Payments to Suppliers | (3,892,676) | (318,010) | (4,210,686) |
| Net Cash Provided (Used) by Operating Activities | 137,470 | (215,323) | (77,853) |
| Cash Flows from Noncapital Financing Activities: | | | |
| Transfers from Other Funds | 155,000 | 215,000 | 370,000 |
| Noncapital Financing Activities | 155,000 | 215,000 | 370,000 |
| Cash Flows from Investing Activities: | | | |
| Earnings on Investments | 51 | 0 | 51 |
| Cash Flows from Investing Activities | 51 | 0 | 51 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 292,521 | (323) | 292,198 |
| Cash and Cash Equivalents Beginning of Year | 2,762 | 4,098 | 6,860 |
| Cash and Cash Equivalents End of Year | 295,283 | 3,775 | 299,058 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating Income (Loss) | 136,115 | (213,899) | (77,784) |
| Changes in Assets & Liabilities: | | | |
| Increase (Decrease) in Payables | 1,355 | (12,284) | (10,929) |
| Increase (Decrease) in Accrued Liabilities | 0 | 10,860 | 10,860 |
| Net Cash Provided (Used) by Operating Activities | \$137,470 | (\$215,323) | (\$77,853) |

City of Fairfield, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2010

| | Municipal Court | | |
|---------------------------------------|-------------------------------------|-------------|-------------|
| | Beginning Balance | Additions | Deductions |
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$122,768 | \$978,990 | \$998,795 |
| Total Assets | 122,768 | 978,990 | 998,795 |
| Liabilities: | | | |
| Other Liabilities | 122,768 | 978,990 | 998,795 |
| Total Liabilities | \$122,768 | \$978,990 | \$998,795 |
| | | | |
| | Warranty Bonds | | |
| | Beginning Balance | Additions | Deductions |
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$10,904 | \$11 | \$68 |
| Total Assets | 10,904 | 11 | 68 |
| Liabilities: | | | |
| Other Liabilities | 10,904 | 11 | 68 |
| Total Liabilities | \$10,904 | \$11 | \$68 |
| | | | |
| | Joint Economic Development District | | |
| | Beginning Balance | Additions | Deductions |
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$18,451 | \$1,159,189 | \$1,155,027 |
| Receivables: | | | |
| Accounts | 0 | 146,725 | 0 |
| Total Assets | 18,451 | 1,305,914 | 1,155,027 |
| Liabilities: | | | |
| Other Liabilities | 18,451 | 1,305,914 | 1,155,027 |
| Total Liabilities | \$18,451 | \$1,305,914 | \$1,155,027 |

(Continued)

City of Fairfield, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2010

| | Total All Agency Funds | | | |
|---------------------------------------|------------------------|--------------------|--------------------|-------------------|
| | Beginning Balance | Additions | Deductions | Ending Balance |
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$152,123 | \$2,138,190 | \$2,153,890 | \$136,423 |
| Receivables: | | | | |
| Accounts | 0 | 146,725 | 0 | 146,725 |
| Total Assets | <u>152,123</u> | <u>2,284,915</u> | <u>2,153,890</u> | <u>283,148</u> |
| Liabilities: | | | | |
| Other Liabilities | <u>152,123</u> | <u>2,284,915</u> | <u>2,153,890</u> | <u>283,148</u> |
| Total Liabilities | <u>\$152,123</u> | <u>\$2,284,915</u> | <u>\$2,153,890</u> | <u>\$283,148</u> |

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Statistical Section

City of Fairfield, Ohio
Statistical Section

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

Contents

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

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

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

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

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

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

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

| | Calendar Year | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Governmental Activities | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$49,060,051 | \$42,799,518 | \$55,787,920 | \$54,410,081 | \$57,602,463 | \$60,813,629 | \$61,855,826 | \$65,966,427 | \$66,371,105 |
| Restricted | 18,439,582 | 24,840,210 | 19,587,895 | 11,788,385 | 11,245,048 | 10,331,713 | 16,285,100 | 14,757,991 | 13,308,997 |
| Unrestricted | 8,736,673 | 7,213,215 | 8,929,247 | 18,606,085 | 20,702,996 | 22,442,784 | 15,315,197 | 9,942,780 | 9,016,660 |
| Total Governmental Activities Net Assets | \$76,236,306 | \$74,852,943 | \$84,305,062 | \$84,804,551 | \$89,550,507 | \$93,588,126 | \$93,456,123 | \$90,667,198 | \$88,696,762 |
| Business-type activities | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$34,245,290 | \$35,166,882 | \$34,493,502 | \$34,091,302 | \$34,692,293 | \$34,821,973 | \$35,778,211 | \$37,114,611 | \$37,096,724 |
| Restricted | 0 | 0 | 1,438,321 | 1,131,986 | 1,193,743 | 1,207,193 | 1,270,771 | 1,018,871 | 1,018,149 |
| Unrestricted | 16,868,346 | 14,443,918 | 13,181,031 | 13,863,041 | 13,454,093 | 13,231,494 | 12,489,925 | 10,201,536 | 9,683,097 |
| Total Business-Type Activities Net Assets | \$51,113,636 | \$49,610,800 | \$49,112,854 | \$49,086,329 | \$49,340,129 | \$49,260,660 | \$49,538,907 | \$48,335,018 | \$47,797,970 |
| Total Primary Government | | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$83,305,341 | \$77,966,400 | \$90,281,422 | \$88,501,383 | \$92,294,756 | \$95,635,602 | \$97,634,037 | \$103,081,038 | \$103,467,829 |
| Restricted | 18,439,582 | 24,840,210 | 21,026,216 | 12,920,371 | 12,438,791 | 11,538,906 | 17,555,871 | 15,776,862 | 14,327,146 |
| Unrestricted | 25,605,019 | 21,657,133 | 22,110,278 | 32,469,126 | 34,157,089 | 35,674,278 | 27,805,122 | 20,144,316 | 18,699,757 |
| Total Primary Government Net Assets | \$127,349,942 | \$124,463,743 | \$133,417,916 | \$133,890,880 | \$138,890,636 | \$142,848,786 | \$142,995,030 | \$139,002,216 | \$136,494,732 |

Source: City Records

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

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

| | Calendar Year | | | | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Expenses | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| General Government | | | | | | | | | |
| Public Safety | \$6,377,765 | \$5,569,878 | \$7,274,175 | \$7,172,448 | \$7,817,572 | \$7,239,804 | \$7,801,044 | \$8,302,202 | \$8,219,146 |
| Leisure Time Activities | 12,033,560 | 12,233,671 | 13,603,790 | 13,502,174 | 14,603,318 | 15,016,636 | 15,725,351 | 16,505,748 | 17,357,175 |
| Community Development | 2,051,333 | 1,914,984 | 2,794,947 | 2,126,895 | 2,732,748 | 2,866,626 | 3,085,978 | 3,275,415 | 3,449,071 |
| Basic Utility Service | 1,812,689 | 3,073,536 | 1,113,666 | 1,043,526 | 1,232,188 | 1,617,775 | 1,702,850 | 1,489,030 | 1,438,118 |
| Transportation and Street Repair | 521,909 | 481,265 | 509,633 | 506,372 | 508,183 | 461,934 | 453,750 | 524,491 | 510,171 |
| Public Health and Welfare | 6,656,322 | 7,719,625 | 5,052,846 | 10,240,547 | 8,377,486 | 10,279,823 | 10,437,041 | 9,604,526 | 8,622,712 |
| Interest and Fiscal Charges | 25,576 | 25,809 | 25,278 | 25,007 | 24,363 | 24,166 | 23,457 | 23,074 | 22,441 |
| | 539,959 | 615,988 | 676,748 | 842,065 | 870,047 | 917,208 | 862,252 | 687,450 | 794,384 |
| Total Governmental Activities Expenses | 30,019,113 | 31,634,756 | 31,051,083 | 35,459,034 | 36,165,905 | 38,423,972 | 40,091,723 | 40,411,936 | 40,413,218 |
| Business-Type Activities: | | | | | | | | | |
| Water Utility | 3,696,360 | 3,830,735 | 3,964,028 | 3,763,190 | 3,696,111 | 4,269,598 | 4,263,391 | 4,780,644 | 4,450,415 |
| Sewer Utility | 4,164,390 | 4,330,106 | 4,616,131 | 4,517,979 | 4,710,334 | 5,113,311 | 4,966,224 | 4,987,541 | 5,030,761 |
| Solid Waste Management | 1,749,193 | 1,685,265 | 1,728,745 | 1,751,984 | 1,851,371 | 2,007,021 | 2,266,099 | 2,373,306 | 2,513,726 |
| Recreation Facilities | 1,680,839 | 1,735,131 | 1,790,010 | 1,885,070 | 1,897,000 | 1,936,693 | 2,095,997 | 2,222,772 | 2,358,398 |
| Total Business-Type Activities Expenses | 11,290,782 | 11,581,237 | 12,098,914 | 11,918,223 | 12,154,816 | 13,326,623 | 13,591,711 | 14,364,263 | 14,353,300 |
| Total Primary Government Expenses | \$41,309,895 | \$43,215,993 | \$43,149,997 | \$47,377,257 | \$48,320,721 | \$51,750,595 | \$53,683,434 | \$54,776,199 | \$54,766,518 |
| Program Revenues | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| Charges for Services and Sales: | | | | | | | | | |
| General Government | | | | | | | | | |
| Public Safety | \$1,272,226 | \$1,343,635 | \$2,905,819 | \$1,174,030 | \$1,282,363 | \$1,253,147 | \$2,146,381 | \$2,135,946 | \$2,002,295 |
| Leisure Time Activities | 107,392 | 21,239 | 17,073 | 1,463,507 | 1,715,358 | 1,790,379 | 1,108,266 | 1,264,931 | 1,144,876 |
| Community Development | 87,931 | 95,126 | 63,257 | 474,215 | 200,442 | 218,759 | 238,651 | 248,862 | 278,973 |
| Basic Utility Service | 530,645 | 487,169 | 394,855 | 65,027 | 487,966 | 341,793 | 446,641 | 365,788 | 335,889 |
| Transportation and Street Repair | 408,479 | 494,624 | 445,150 | 491,588 | 479,807 | 733,410 | 491,304 | 512,159 | 640,082 |
| Operating Grants and Contributions | 0 | 0 | 0 | 0 | 0 | 0 | 6,665 | 15,307 | 28,587 |
| Capital Grants and Contributions | 3,507,178 | 1,481,204 | 1,279,580 | 2,628,669 | 3,356,835 | 2,751,313 | 3,193,430 | 3,352,963 | 3,010,499 |
| | 335,590 | 150,233 | 1,797,917 | 1,556,398 | 781,952 | 1,410,875 | 647,472 | 1,331,917 | 790,846 |
| Total Governmental Activities Program Revenue: | 6,249,441 | 4,073,230 | 6,903,651 | 7,853,434 | 8,304,723 | 8,499,676 | 8,278,810 | 9,227,873 | 8,232,047 |

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

| | Calendar Year | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Business-Type Activities: | | | | | | | | | |
| Charges for Services and Sales: | | | | | | | | | |
| Water Utility | 3,346,234 | 3,295,461 | 3,382,911 | 3,509,115 | 3,468,314 | 3,813,675 | 3,873,447 | 3,759,023 | 3,777,374 |
| Sewer Utility | 3,576,138 | 3,995,556 | 4,234,392 | 4,170,483 | 4,569,010 | 4,569,801 | 4,612,647 | 4,720,792 | 4,795,347 |
| Solid Waste Management | 1,508,115 | 1,371,403 | 1,410,475 | 1,460,257 | 1,492,120 | 1,567,007 | 1,620,155 | 1,774,420 | 1,937,507 |
| Recreation Facilities | 1,409,174 | 1,486,307 | 1,417,897 | 1,533,572 | 1,644,698 | 1,696,093 | 2,015,057 | 2,057,814 | 2,084,567 |
| Operating Grants and Contributions | 0 | 0 | 273,206 | 0 | 0 | 0 | 0 | 33,290 | 65,667 |
| Total Business-Type Activities Program Revenue | 9,839,661 | 10,148,727 | 10,718,881 | 10,673,427 | 11,174,142 | 11,646,576 | 12,121,306 | 12,345,339 | 12,660,462 |
| Total Primary Government Program Revenues | \$16,089,102 | \$14,221,957 | \$17,622,532 | \$18,526,861 | \$19,478,865 | \$20,146,252 | \$20,400,116 | \$21,573,212 | \$20,892,509 |
| Net (Expense)/Revenue | | | | | | | | | |
| Governmental Activities | (\$23,769,672) | (\$27,561,526) | (\$24,147,432) | (\$27,605,600) | (\$27,861,182) | (\$29,924,296) | (\$31,812,913) | (\$31,184,063) | (\$32,181,171) |
| Business-type activities | (1,451,121) | (1,432,510) | (1,380,033) | (1,244,796) | (980,674) | (1,680,047) | (1,470,405) | (2,018,924) | (1,692,838) |
| Total Primary Government Net Expenses | (\$25,220,793) | (\$28,994,036) | (\$25,527,465) | (\$28,850,396) | (\$28,841,856) | (\$31,604,343) | (\$33,283,318) | (\$33,202,987) | (\$33,874,009) |
| General Revenues and Other Changes in Net Assets | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| Income Taxes | \$19,114,762 | \$18,457,637 | \$20,228,063 | \$20,316,676 | \$22,302,563 | \$23,491,536 | \$23,770,850 | \$20,975,945 | \$23,206,157 |
| Property Taxes Levied for: | | | | | | | | | |
| General Purposes | 4,558,801 | 4,958,234 | 5,958,198 | 4,954,867 | 1,293,193 | 1,560,761 | 1,106,422 | 1,547,487 | 1,551,760 |
| Special Revenue Purposes | 0 | 449,200 | 0 | 0 | 3,679,353 | 4,515,318 | 3,306,657 | 3,921,193 | 3,799,059 |
| Grants and Entitlements not Restricted | 2,916,695 | 1,725,249 | 2,728,213 | 2,263,680 | 3,197,933 | 3,111,723 | 3,008,438 | 1,571,533 | 2,143,796 |
| Unrestricted Contributions | 1,400 | 33,320 | 0 | 0 | 0 | 0 | 0 | 375,000 | 0 |
| Investment Earnings | 729,920 | 543,188 | 380,569 | 946,699 | 1,464,849 | 1,676,017 | 1,416,837 | 403,898 | 216,726 |
| Refunds | 304,120 | 47,791 | 0 | 0 | 0 | 90,431 | 179,369 | 0 | 0 |
| Other Revenues | 129,755 | 68,403 | 317,431 | 273,167 | 1,219,247 | 156,129 | 172,337 | 168,142 | 211,309 |
| Transfers-Internal Activities | (550,000) | (396,000) | (650,000) | (650,000) | (550,000) | (640,000) | (1,280,000) | (568,060) | (918,072) |
| Total Governmental Activities | 27,205,453 | 25,887,022 | 28,962,474 | 28,105,089 | 32,607,138 | 33,961,915 | 31,680,910 | 28,395,138 | 30,210,735 |
| Business-Type Activities: | | | | | | | | | |
| Investment Earnings | 442,843 | 300,408 | 162,472 | 428,305 | 647,220 | 685,420 | 359,838 | 120,747 | 95,397 |
| Other Revenues | 387,152 | 37,895 | 69,615 | 139,966 | 37,254 | 275,158 | 108,814 | 126,228 | 142,321 |
| Transfers-Internal Activities | 550,000 | 396,000 | 650,000 | 650,000 | 550,000 | 640,000 | 1,280,000 | 568,060 | 918,072 |
| Total Business-Type Activities | 1,379,995 | 734,303 | 882,087 | 1,218,271 | 1,234,474 | 1,600,578 | 1,748,652 | 815,035 | 1,155,790 |
| Total Primary Government | \$28,585,448 | \$26,621,325 | \$29,844,561 | \$29,323,360 | \$33,841,612 | \$35,562,493 | \$33,429,562 | \$29,210,173 | \$31,366,525 |

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

| | Calendar Year | | | | | | | | |
|--------------------------|--------------------|----------------------|--------------------|------------------|--------------------|--------------------|------------------|----------------------|----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Change in Net Assets | | | | | | | | | |
| Governmental Activities | \$3,435,781 | (\$1,674,504) | \$4,815,042 | \$499,489 | \$4,745,956 | \$4,037,619 | (\$132,003) | (\$2,788,925) | (\$1,970,436) |
| Business-Type Activities | (71,126) | (698,207) | (497,946) | (26,525) | 253,800 | (79,469) | 278,247 | (1,203,889) | (537,048) |
| Total Primary Government | <u>\$3,364,655</u> | <u>(\$2,372,711)</u> | <u>\$4,317,096</u> | <u>\$472,964</u> | <u>\$4,999,756</u> | <u>\$3,958,150</u> | <u>\$146,244</u> | <u>(\$3,992,814)</u> | <u>(\$2,507,484)</u> |

Source: City Records

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

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

| | Calendar Year | | | | | | | | | |
|------------------------------------|---------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|--------------|--------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Fund | | | | | | | | | | |
| Reserved | \$818,400 | \$160,638 | \$161,563 | \$121,876 | \$43,987 | \$74,657 | \$37,690 | \$432,065 | \$323,790 | \$481,771 |
| Unreserved | 6,979,338 | 7,933,176 | 6,821,257 | 7,911,739 | 9,273,993 | 10,510,419 | 13,655,083 | 12,692,924 | 10,262,820 | 8,748,151 |
| Total General Fund | 7,797,738 | 8,093,814 | 6,982,820 | 8,033,615 | 9,317,980 | 10,585,076 | 13,692,773 | 13,124,989 | 10,586,610 | 9,229,922 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | 4,379,646 | 5,783,624 | 10,885,107 | 6,512,144 | 6,792,569 | 5,254,491 | 2,606,357 | 3,801,329 | 1,753,678 | 8,672,323 |
| Unreserved, Reported in: | | | | | | | | | | |
| Special Revenue Funds | 1,463,759 | 1,439,711 | 1,243,418 | 1,364,045 | 2,062,987 | 2,617,729 | 3,353,296 | 3,911,307 | 4,433,536 | 4,546,166 |
| Debt Service Funds | 0 | 0 | 1,551,097 | 1,582,749 | 1,652,542 | 1,991,644 | 1,498,864 | 1,528,211 | 1,453,973 | 1,485,833 |
| Capital Projects Funds | 8,061,210 | 10,030,048 | 10,562,319 | 8,371,053 | 194,779 | (10,454) | 146,107 | 363,059 | 5,493,406 | 4,540,749 |
| Total all Other Governmental Funds | \$13,904,615 | \$17,253,383 | \$24,241,941 | \$17,829,991 | \$10,702,877 | \$9,853,410 | \$7,604,624 | \$9,603,906 | \$13,134,593 | \$19,245,071 |

Source: City Records

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

| | Calendar Year | | | | | | | | | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Revenues: | | | | | | | | | | |
| Taxes | \$22,042,604 | \$22,579,590 | \$23,392,077 | \$26,220,071 | \$25,961,492 | \$27,105,520 | \$28,828,205 | \$28,500,970 | \$26,861,747 | \$28,266,333 |
| Fines, Licenses & Permits | 1,402,165 | 1,462,843 | 1,596,540 | 2,858,235 | 1,974,885 | 2,437,555 | 2,136,564 | 2,363,478 | 2,136,001 | 2,261,968 |
| Charges for Services | 450,036 | 610,245 | 645,196 | 851,781 | 1,573,729 | 1,525,192 | 1,962,620 | 1,809,440 | 2,211,605 | 1,790,882 |
| Investment Earnings | 1,376,349 | 718,590 | 541,134 | 379,609 | 815,309 | 1,441,262 | 1,635,445 | 1,456,745 | 406,997 | 367,848 |
| Intergovernmental | 6,478,071 | 5,311,046 | 4,803,384 | 4,504,553 | 6,767,918 | 6,489,289 | 6,767,796 | 7,270,321 | 6,560,501 | 6,189,211 |
| Special Assessments | 170,028 | 157,814 | 84,479 | 63,649 | 61,048 | 173,721 | 253,763 | 279,582 | 69,656 | 28,213 |
| Other Revenues | 1,597,086 | 787,342 | 295,901 | 274,294 | 436,861 | 1,322,942 | 312,794 | 319,880 | 662,331 | 385,809 |
| Total Revenues | \$33,516,339 | \$31,627,470 | \$31,358,711 | \$35,152,192 | \$37,591,242 | \$40,495,481 | \$41,897,187 | \$42,000,416 | \$38,908,838 | \$39,290,264 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General Government | \$5,081,666 | \$6,049,495 | \$6,055,799 | \$6,036,322 | \$6,451,328 | \$7,355,804 | \$6,697,012 | \$7,302,449 | \$7,932,771 | \$7,591,020 |
| Public Safety | 10,104,904 | 11,861,430 | 11,855,307 | 12,344,876 | 12,958,223 | 13,570,140 | 14,094,273 | 14,932,090 | 15,262,238 | 15,724,127 |
| Leisure Time Activities | 994,972 | 1,754,887 | 1,219,328 | 1,314,111 | 1,887,376 | 2,083,769 | 2,215,832 | 2,449,825 | 2,600,220 | 2,683,583 |
| Community Development | 886,016 | 5,283,792 | 2,297,100 | 1,033,798 | 1,107,022 | 1,183,209 | 1,573,045 | 1,588,348 | 1,439,439 | 1,451,970 |
| Basic Utility Service | 401,395 | 521,909 | 481,265 | 509,030 | 506,372 | 508,183 | 461,934 | 453,750 | 524,491 | 510,171 |
| Transportation and Street Repair | 2,280,900 | 5,612,924 | 2,817,083 | 2,528,611 | 7,908,631 | 6,058,791 | 7,946,070 | 8,260,640 | 7,318,320 | 6,208,262 |
| Public Health and Welfare | 26,731 | 25,576 | 25,809 | 25,278 | 25,007 | 24,363 | 24,166 | 23,457 | 23,074 | 22,441 |
| Capital Outlay | 16,326,623 | 0 | 6,480,035 | 14,417,429 | 10,226,385 | 7,349,867 | 5,363,198 | 2,368,797 | 6,902,977 | 6,092,909 |
| Debt Service: | | | | | | | | | | |
| Principal Retirement | 355,000 | 651,910 | 658,519 | 914,716 | 953,756 | 945,591 | 890,000 | 870,000 | 954,515 | 1,233,549 |
| Interest and Fiscal Charges | 472,071 | 539,959 | 615,988 | 676,748 | 642,186 | 998,885 | 954,928 | 855,696 | 565,524 | 776,107 |
| Bond Issuance Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 74,141 | 152,681 |
| Total Expenditures | \$36,930,278 | \$32,301,882 | \$32,506,233 | \$39,800,919 | \$42,666,286 | \$40,078,602 | \$40,220,458 | \$39,105,052 | \$43,597,710 | \$42,446,820 |

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

| | Calendar Year | | | | | | | | | |
|--|---------------|-------------|---------------|---------------|---------------|-------------|-------------|-------------|---------------|---------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Excess (Deficiency) of Revenues Over Expenditures | (\$3,413,939) | (\$674,412) | (\$1,147,522) | (\$4,648,727) | (\$5,075,044) | \$416,879 | \$1,676,729 | \$2,895,364 | (\$4,688,872) | (\$3,156,556) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from Sale of Capital Assets | \$208,032 | \$28,662 | \$21,086 | \$37,572 | \$17,295 | \$636,750 | \$12,002 | \$16,134 | \$346 | \$18,115 |
| Issuance of Capital Leases | 394,645 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 378,346 | 0 |
| Issuance of Long-Term Capital-Related Debt | 0 | 4,500,000 | 7,500,000 | 0 | 0 | 0 | 0 | 0 | 6,065,000 | 9,125,000 |
| Sale of Refunding Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,750,000 | 0 |
| Payments to Refunded Bond Escrow Agent | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2,829,535) | 0 |
| Premium/(Discount) on Sale of Refunded Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,083 | 37,037 |
| Transfers In | 2,331,616 | 2,824,720 | 3,469,673 | 2,958,603 | 3,092,588 | 6,168,926 | 4,818,767 | 5,922,490 | 9,330,293 | 3,374,427 |
| Transfers (Out) | (2,781,616) | (3,424,720) | (3,965,673) | (3,708,603) | (3,877,588) | (6,804,926) | (5,648,587) | (7,402,490) | (10,048,353) | (4,644,233) |
| Total Other Financing Sources (Uses) | 152,677 | 3,928,662 | 7,025,086 | (712,428) | (767,705) | 750 | (817,818) | (1,463,866) | 5,681,180 | 7,910,346 |
| Net Change in Fund Balances | (\$3,261,262) | \$3,254,250 | \$5,877,564 | (\$5,361,155) | (\$5,842,749) | \$417,629 | \$858,911 | \$1,431,498 | \$992,308 | \$4,753,790 |
| Debt service as a percentage of noncapital expenditures (1) | 4.0% | 4.6% | 4.4% | 5.4% | 5.0% | 5.9% | 5.3% | 4.7% | 4.2% | 5.5% |

Source: City Records

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

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

| Calendar Year | Real Property Assessed Value | Tangible Personal Property Assessed Value | Public | | Total Assessed Value | Total Estimated Actual Value | Total Direct Rate |
|------------------|------------------------------------|--|--------------|----------|----------------------------|------------------------------------|-------------------------|
| | | | Utilities | Personal | | | |
| | | | Assessed | Value | | | |
| 2001 | \$713,313,820 | \$86,791,735 | \$33,922,640 | | \$834,028,195 | \$2,382,937,700 | 5.94 |
| 2002 | 726,716,790 | 96,412,084 | 26,214,800 | | 849,343,674 | 2,426,696,211 | 5.94 |
| 2003 | 842,270,440 | 89,464,979 | 26,456,830 | | 958,192,249 | 2,737,692,140 | 5.94 |
| 2004 | 855,233,590 | 92,277,743 | 26,640,650 | | 974,151,983 | 2,783,291,380 | 5.94 |
| 2005 | 860,513,110 | 96,878,011 | 28,395,480 | | 985,786,601 | 2,816,533,146 | 5.94 |
| 2006 (1) | 925,860,030 | 100,613,661 | 28,118,140 | | 1,054,591,831 | 3,013,119,517 | 5.94 |
| 2007 (1) | 940,328,360 | 83,540,896 | 26,584,060 | | 1,050,453,316 | 3,067,550,375 | 5.94 |
| 2008 (1) | 953,317,810 | 63,486,119 | 24,221,990 | | 1,041,025,919 | 3,023,643,473 | 5.94 |
| 2009 (1) | 1,021,253,020 | 0 | 24,308,010 | | 1,045,561,030 | 2,905,398,587 | 5.94 |
| 2010 (1) | 976,992,690 | 0 | 25,642,990 | | 1,002,635,680 | 2,786,117,887 | 5.94 |

Source: County Auditor

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

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

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

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

| Calendar Year | Direct Rate | | | | Overlapping Rates | | |
|---------------|--------------|-------------|---------------|-------|-------------------|-------------|------------------------|
| | General Fund | Police Levy | Fire/EMS Levy | Total | County Levy | School Levy | Voactional School Levy |
| 2001 | 0.99 | 0.30 | 4.65 | 5.94 | 8.45 | 54.23 | 1.93 |
| 2002 | 0.99 | 0.30 | 4.65 | 5.94 | 8.75 | 54.10 | 1.93 |
| 2003 | 0.99 | 0.30 | 4.65 | 5.94 | 8.75 | 53.82 | 1.93 |
| 2004 | 0.99 | 0.30 | 4.65 | 5.94 | 8.74 | 53.82 | 1.93 |
| 2005 | 0.99 | 0.30 | 4.65 | 5.94 | 8.74 | 58.66 | 1.93 |
| 2006 | 0.99 | 0.30 | 4.65 | 5.94 | 9.44 | 58.60 | 1.93 |
| 2007 | 0.99 | 0.30 | 4.65 | 5.94 | 10.95 | 58.60 | 1.93 |
| 2008 | 0.99 | 0.30 | 4.65 | 5.94 | 10.45 | 58.60 | 1.93 |
| 2009 | 0.99 | 0.30 | 4.65 | 5.94 | 9.75 | 56.59 | 1.93 |
| 2010 | 0.99 | 0.30 | 4.65 | 5.94 | 9.75 | 56.52 | 1.93 |

Source: County Auditor

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

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

| 2010 (2) | | |
|-----------------------------------|---------------------|------------------------------------|
| Taxpayer | Assessed Value | Percentage of Total Assessed Value |
| Duke Energy Ohio, Inc. | \$26,416,400 | 2.63% |
| Sam Boymel Trustee | 12,535,510 | 1.25% |
| Faith-Village Park Apartments | 6,619,000 | 0.66% |
| Ohio Casualty Insurance Co. | 6,335,090 | 0.63% |
| Cincinnati Financial Corp. | 6,067,160 | 0.61% |
| Timber Hollow Apartments, LLC | 5,752,010 | 0.57% |
| Rajole, LLC | 5,493,150 | 0.55% |
| Osborne Joyce H Family LTD PRT | 5,430,870 | 0.54% |
| TGM Camelot, Inc. | 5,380,780 | 0.54% |
| Penn Gardens Capital Partners | 4,662,700 | 0.47% |
| | <u>\$84,692,670</u> | <u>8.45%</u> |
| 2005 (3) | | |
| Taxpayer | Assessed Value | Percentage of Total Assessed Value |
| Cincinnati Gas & Electric Company | \$20,629,170 | 1.96% |
| Cincinnati Financial Corp. | 15,927,450 | 1.51% |
| Sam Boymel Trustee | 9,142,420 | 0.87% |
| Ohio Casualty Insurance Co. | 6,952,730 | 0.66% |
| Faith-Village Park Apartments | 5,437,970 | 0.52% |
| Cincinnati Bell Telephone | 5,309,690 | 0.50% |
| Alliance TP Portfolio LTD | 5,243,500 | 0.50% |
| Teacher Retirement System | 5,045,490 | 0.48% |
| TGM Camelot, Inc. | 5,009,330 | 0.48% |
| Cincinnati-Oxford Assn. | 4,655,000 | 0.44% |
| | <u>\$83,352,750</u> | <u>7.92%</u> |

Source: County Auditor

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

(2) - 2010 tax year

(3) - 2005 tax year

City of Fairfield, Ohio
Property Tax Levies and Collections
Last Ten Calendar Years
Schedule 8

| Calendar Year | Taxes Levied for the Calendar Year | Collected within the Calendar Year of the Levy | | Delinquent Taxes Collected | Total Collections to Date | |
|------------------|--|---|-----------------------|----------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2001 | \$4,424,612 | \$4,213,486 | 95.23% | \$114,510 | \$4,327,996 | 97.82% |
| 2002 | 5,027,858 | 4,451,961 | 88.55% | 130,067 | 4,582,028 | 91.13% |
| 2003 | 4,701,032 | 4,553,855 | 96.87% | 147,215 | 4,701,070 | 100.00% |
| 2004 | 4,831,100 | 4,618,793 | 95.61% | 133,406 | 4,752,199 | 98.37% |
| 2005 | 4,761,737 | 4,632,520 | 97.29% | 98,853 | 4,731,373 | 99.36% |
| 2006 | 5,598,860 | 5,256,965 | 93.89% | 166,681 | 5,423,646 | 96.87% |
| 2007 | 5,528,641 | 5,197,981 | 94.02% | 155,648 | 5,353,629 | 96.83% |
| 2008 | 5,435,599 | 4,973,339 | 91.50% | 242,262 | 5,215,601 | 95.95% |
| 2009 | 5,174,402 | 4,860,458 | 93.93% | 173,884 | 5,034,342 | 97.29% |
| 2010 | 5,184,904 | 4,963,811 | 95.74% | 63,638 | 5,027,449 | 96.96% |

Source: County Auditor

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

| Calendar Year | Income Tax Rate | Withholding | Business | Individuals | Total | Percentage of Total | | |
|------------------|--------------------|--------------|-------------|-------------|--------------|---------------------|----------|-------------|
| | | | | | | Withholding | Business | Individuals |
| 2001 | 1.50% | \$13,578,070 | \$1,484,352 | \$3,060,897 | \$18,123,319 | 74.9% | 8.2% | 16.9% |
| 2002 | 1.50% | 13,613,373 | 1,513,207 | 3,100,696 | 18,227,276 | 74.7% | 8.3% | 17.0% |
| 2003 | 1.50% | 14,323,319 | 2,033,946 | 2,628,683 | 18,985,948 | 75.4% | 10.7% | 13.9% |
| 2004 | 1.50% | 15,268,560 | 2,149,376 | 3,013,100 | 20,431,036 | 74.7% | 10.5% | 14.8% |
| 2005 | 1.50% | 16,077,087 | 2,481,067 | 2,861,497 | 21,419,651 | 75.1% | 11.6% | 13.4% |
| 2006 | 1.50% | 16,835,490 | 2,453,588 | 2,884,054 | 22,173,132 | 75.9% | 11.1% | 13.0% |
| 2007 | 1.50% | 18,435,779 | 3,030,632 | 2,650,151 | 24,116,562 | 76.4% | 12.6% | 11.0% |
| 2008 | 1.50% | 17,973,429 | 3,554,484 | 2,646,073 | 24,173,986 | 74.4% | 14.7% | 10.9% |
| 2009 | 1.50% | 17,079,959 | 2,409,419 | 2,772,187 | 22,261,565 | 76.7% | 10.8% | 12.5% |
| 2010 | 1.50% | 16,998,101 | 3,732,095 | 2,865,283 | 23,595,479 | 72.0% | 15.8% | 12.1% |

Source: City Finance Department

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

| | 2010 |
|--|--------------------|
| Name | Amount |
| Cincinnati Insurance | \$2,887,282 |
| Mercy Regional Health | 893,699 |
| Liberty Mutual Group | 782,169 |
| Medco Health Solutions | 729,636 |
| Fairfield Board of Education | 691,929 |
| City of Fairfield | 316,574 |
| Koch Meat Co Inc. | 270,792 |
| Liberty Mutual Insurance | 270,265 |
| Pacific Mfg Ohio Inc. | 251,484 |
| Takumi stamping Inc. | 158,380 |
| Total Collections - Principal Taxpayers | <u>\$7,252,210</u> |
| Total Collections | \$23,595,479 |
| Combined percentage of total income taxes | 30.7% |
| | 2006 |
| Name | Amount |
| Cincinnati Insurance | \$2,556,982 |
| Ohio Casualty Group | 1,132,127 |
| Mercy Regional Health System | 737,669 |
| Fairfield Board of Education | 632,349 |
| Medco Health Solutions | 510,152 |
| City of Fairfield | 259,417 |
| Pacific Mfg Ohio Inc. | 226,750 |
| FedEx Freight East Inc. | 182,398 |
| PNG Telecommunications Inc. | 159,146 |
| Koch Meat Co Inc. | 228,501 |
| Total Collections - Principal Taxpayers | <u>\$6,625,491</u> |
| Total Collections | \$22,173,132 |
| Combined percentage of total income taxes | 29.9% |

Source: City Finance Department

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

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

| Calendar Year | Governmental Activities | | | | Business-Type Activities | | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|---------------|--------------------------|---------------|--------------------------|----------------|--------------------------|--------------------------|------------------------|---------------|--------------------------|-------------------------------|------------|
| | General Obligation Bonds | Notes Payable | Special Assessment Bonds | Capital Leases | Loans | General Obligation Bonds | Mortgage Revenue Bonds | Notes Payable | | | |
| 2001 | \$4,945,000 | \$4,500,000 | \$210,000 | \$382,998 | \$11,827,062 | \$0 | \$5,600,000 | \$2,550,000 | \$30,015,060 | 0.31% | \$696 |
| 2002 | 8,945,000 | 0 | 130,000 | 311,088 | 11,162,823 | 2,220,000 | 5,115,000 | 1,500,000 | 29,383,911 | 0.30% | 678 |
| 2003 | 15,930,000 | 0 | 75,000 | 222,569 | 10,502,496 | 2,140,000 | 4,605,000 | 1,500,000 | 34,975,065 | 0.34% | 787 |
| 2004 | 15,120,000 | 0 | 50,000 | 149,347 | 9,923,688 | 2,060,000 | 4,070,000 | 1,500,000 | 32,873,035 | 0.30% | 783 |
| 2005 | 14,275,000 | 9,000,000 | 25,000 | 65,591 | 9,321,282 | 1,975,000 | 3,505,000 | 4,000,000 | 42,166,873 | 0.38% | 995 |
| 2006 | 13,420,000 | 9,200,000 | 0 | 0 | 8,694,316 | 1,885,000 | 3,280,000 | 3,000,000 | 39,479,316 | 0.34% | 932 |
| 2007 | 12,530,000 | 8,000,000 | 0 | 0 | 8,041,787 | 1,795,000 | 3,045,000 | 2,500,000 | 35,911,787 | 0.30% | 847 |
| 2008 | 11,660,000 | 6,500,000 | 0 | 0 | 7,362,653 | 1,700,000 | 2,800,000 | 2,000,000 | 32,022,653 | 0.25% | 756 |
| 2009 | 16,840,566 | 0 | 0 | 348,831 | 6,655,829 | 3,843,489 | 0 | 1,900,000 | 29,588,715 | 0.24% | 698 |
| 2010 | 24,832,967 | 0 | 0 | 275,282 | 5,920,185 | 3,483,678 | 0 | 1,700,000 | 36,212,112 | N/A | 852 |

Source: City Finance Department

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

N/A - Information not available

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

| Calendar Year | General Bonded Debt Outstanding | Percentage of Estimated Actual Taxable Value of Property | Per Capita |
|------------------|------------------------------------|---|---------------|
| | General Obligation Bonds | | |
| 2001 | \$4,945,000 | 0.21% | \$115 |
| 2002 | 11,165,000 | 0.46% | 257 |
| 2003 | 18,070,000 | 0.66% | 407 |
| 2004 | 17,180,000 | 0.62% | 409 |
| 2005 | 16,250,000 | 0.58% | 384 |
| 2006 | 15,305,000 | 0.51% | 361 |
| 2007 | 14,325,000 | 0.47% | 338 |
| 2008 | 13,360,000 | 0.44% | 315 |
| 2009 | 20,684,055 | 0.71% | 488 |
| 2010 | 28,316,645 | 1.02% | 666 |

Source: City Finance Department

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

City of Fairfield, Ohio
Direct and Overlapping Governmental Activities Debt
As of December 31, 2010
Schedule 13

| Governmental Unit | Net Debt Outstanding | Estimated Percentage Applicable (1) | Amount Applicable to City of Fairfield |
|--|-------------------------|---|--|
| Butler County | \$63,930,237 | 12.86% | \$8,221,428 |
| Fairfield City School District | 25,295,841 | 69.64% | 17,616,024 |
| Lakota Local School District | 164,219,104 | 0.40% | 656,876 |
| Butler Technology & Career Center Jt. Voc. School District | 5,500,000 | 11.77% | 647,350 |
| Subtotal Overlapping Debt | 258,945,182 | | 27,141,678 |
| City of Fairfield - Direct Debt | 29,925,000 | 100.00% | 29,925,000 |
| Total Direct and Overlapping Debt | \$288,870,182 | | \$57,066,678 |

Source: Ohio Municipal Advisory Council

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

| Legal Debt Margin Calculation for Calendar Year 2010 | | | | |
|--|-----------------|--|--|-----------------|
| Assessed Value | \$1,002,635,680 | | | \$1,002,635,680 |
| Statutory Legal Debt Limitation (1) | 10.5% | | | 5.5% |
| Total Debt Limitation | 105,276,746 | | | 55,144,962 |
| Debt Applicable to Limit: | | | | |
| Gross Indebtedness | 28,316,645 | | | 28,316,645 |
| Less: Bond Retirement Fund Balance | 0 | | | 0 |
| Total Net Debt Applicable to Limit | 28,316,645 | | | 28,316,645 |
| Legal Debt Margin | \$76,960,101 | | | \$26,828,317 |

| | Calendar Year | | | | | | | | | |
|------------------------------------|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Total Debt Limit (1) | | | | | | | | | | |
| Debt Limit (10.5%) | \$87,572,960 | \$89,181,086 | \$100,610,186 | \$102,285,958 | \$103,507,593 | \$110,732,142 | \$110,297,598 | \$109,307,721 | \$109,783,908 | \$105,276,746 |
| Total Net Debt Applicable to Limit | 9,281,783 | 8,478,368 | 15,512,938 | 14,707,804 | 13,860,169 | 12,738,213 | 12,405,624 | 12,412,260 | 16,807,554 | 28,316,645 |
| Legal Debt Margin | \$78,291,177 | \$80,702,718 | \$85,097,248 | \$87,578,154 | \$89,647,424 | \$97,993,929 | \$97,891,974 | \$96,895,461 | \$92,976,354 | \$76,960,101 |

| | | | | | | | | | | |
|---|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 10.6% | 9.5% | 15.4% | 14.4% | 13.4% | 11.5% | 11.2% | 11.4% | 15.3% | 26.9% |
|---|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|

| | Calendar Year | | | | | | | | | |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Total Unvoted Debt Limit (1) | | | | | | | | | | |
| Debt Limit (5.5%) | \$45,871,551 | \$46,713,902 | \$52,700,574 | \$53,578,359 | \$54,218,263 | \$58,002,551 | \$57,774,932 | \$57,256,426 | \$57,505,857 | \$55,144,962 |
| Total Net Debt Applicable to Limit | 9,281,783 | 8,478,368 | 15,512,938 | 14,707,804 | 13,860,169 | 12,738,213 | 12,405,624 | 12,412,260 | 16,807,554 | 28,316,645 |
| Legal Debt Margin | \$36,589,768 | \$38,235,534 | \$37,187,636 | \$38,870,555 | \$40,358,094 | \$45,264,338 | \$45,369,308 | \$44,844,166 | \$40,698,303 | \$26,828,317 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 20.2% | 18.1% | 29.4% | 27.5% | 25.6% | 22.0% | 21.5% | 21.7% | 29.2% | 51.3% |

Source: City Records

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

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

| Calendar Year | Special Assessment Bonds | | | |
|------------------|--------------------------------------|--------------|----------|----------|
| | Special Assessment Collections | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2001 | \$174,797 | \$210,000 | \$16,015 | 0.77 |
| 2002 | 160,275 | 130,000 | 10,587 | 1.14 |
| 2003 | 53,988 | 75,000 | 5,719 | 0.67 |
| 2004 | 76,098 | 50,000 | 3,813 | 1.41 |
| 2005 | 161,327 | 25,000 | 1,906 | 6.00 |
| 2006 | 76,373 | 0 | 0 | N/A |
| 2007 | 165,387 | 0 | 0 | N/A |
| 2008 | 142,506 | 0 | 0 | N/A |
| 2009 | 37,251 | 0 | 0 | N/A |
| 2010 | 25,576 | 0 | 0 | N/A |

Source: County Auditor

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

N/A - Information not available

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

| Calendar Year | Population | Personal Income (Thousands of Dollars) (1) | Per Capita Personal Income (2) | Unemployment Rate (3) |
|------------------|------------|---|--------------------------------------|--------------------------|
| 2001 | 43,149 | \$9,729,127 | \$28,881 | 3.20% |
| 2002 | 43,365 | 9,938,473 | 29,273 | 4.30% |
| 2003 | 44,449 | 10,285,549 | 30,014 | 4.60% |
| 2004 | 41,981 | 10,844,563 | 31,332 | 4.80% |
| 2005 | 42,370 | 11,080,584 | 31,662 | 4.70% |
| 2006 | 42,370 | 11,707,628 | 33,130 | 4.50% |
| 2007 | 42,386 | 12,114,458 | 33,848 | 5.10% |
| 2008 | 42,386 | 12,811,630 | 35,511 | 6.20% |
| 2009 | 42,386 | 12,585,955 | 34,654 | 9.30% |
| 2010 | 42,510 | N/A | N/A | 8.80% |

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

N/A - Information not available

| 2010 | | | |
|-----------------------------------|-------|---------------------|---|
| Major Employers (3) | Type | Number of Employees | Employer's Percentage of Total Employment |
| AK Steel Holding Corp | Mfg | (4) | (5) |
| Amylin Pharmaceuticals Inc | Mfg | (4) | (5) |
| BAE Systems | Mfg | (4) | (5) |
| Butler County Government | Govt | (4) | (5) |
| Cincinnati Financial Corp | Ins | (4) | (5) |
| Cornerstone Brands Inc | Trade | (4) | (5) |
| Fairfield City Schools | Govt | (4) | (5) |
| Ft Hamilton Memorial Hospital | Serv | (4) | (5) |
| Hamilton City Schools | Govt | (4) | (5) |
| Lakota Local Schools | Govt | (4) | (5) |
| Liberty Mutual/Ohio Casualty Corp | Ins | (4) | (5) |
| Mercy Regional Hospital | Serv | (4) | (5) |
| Miami University | Govt | (4) | (5) |
| Middletown Regional Health System | Serv | (4) | (5) |

| 2008 | | | |
|-----------------------------------|-------|---------------------|---|
| Major Employers (3) | Type | Number of Employees | Employer's Percentage of Total Population |
| AK Steel Holding Corp | Mfg | (4) | (5) |
| Amylin Pharmaceuticals Inc | Mfg | (4) | (5) |
| Armor Holdings Inc | Mfg | (4) | (5) |
| Butler County Government | Govt | (4) | (5) |
| Cincinnati Financial Corp | Ins | (4) | (5) |
| Cornerstone Brands Inc | Trade | (4) | (5) |
| Fairfield City Schools | Govt | (4) | (5) |
| Ft Hamilton Memorial Hospital | Serv | (4) | (5) |
| Hamilton City Schools | Govt | (4) | (5) |
| Lakota Local Schools | Govt | (4) | (5) |
| Liberty Mutual/Ohio Casualty Corp | Ins | (4) | (5) |
| Mercy Regional Hospital | Serv | (4) | (5) |
| Miami University | Govt | (4) | (5) |
| Middletown Regional Health System | Serv | (4) | (5) |

Source: Ohio Department of Development

(1) - For all of Butler County

(2) - Only current fiscal year and fiscal period two years ago information available. Information for fiscal period nine years ago not available.

(3) - Includes at minimum the ten largest employers for the county. In alphabetical order only.

(4) - The number of employees of each listed major employer was not available.

(5) - The employer's percentage of total employment for each major employer was not available.

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

| Function/Program | Full-Time Equivalent Employees as of December 31 | | | | | | | | | |
|----------------------------------|--|------|------|------|------|------|------|------|------|------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Government | | | | | | | | | | |
| City Administration | 6 | 5 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 |
| City Council | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Engineering | 8 | 8 | 8 | 8 | 7 | 7 | 7 | 7 | 7 | 6 |
| Facility/Janitors | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Municipal Court | 18 | 17 | 19 | 19 | 18 | 19 | 21 | 21 | 21 | 21 |
| Finance | 19 | 19 | 19 | 20 | 21 | 20 | 20 | 21 | 23 | 22 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 50 | 59 | 60 | 59 | 61 | 60 | 60 | 60 | 61 | 60 |
| Non-Sworn | 18 | 19 | 20 | 20 | 19 | 20 | 21 | 21 | 20 | 20 |
| Fire | 23 | 23 | 24 | 24 | 27 | 30 | 30 | 30 | 31 | 31 |
| Leisure Time Activities | | | | | | | | | | |
| Parks and recreation | 18 | 17 | 21 | 21 | 23 | 22 | 22 | 22 | 22 | 21 |
| Community Development | | | | | | | | | | |
| Planning and Zoning | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Building Inspection | 7 | 7 | 7 | 8 | 8 | 9 | 9 | 10 | 10 | 8 |
| Economic Development | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Basic Utility Service | | | | | | | | | | |
| Water | 21 | 21 | 22 | 22 | 21 | 20 | 22 | 21 | 21 | 21 |
| Wastewater | 21 | 23 | 22 | 23 | 21 | 22 | 22 | 22 | 22 | 21 |
| Transportation and Street Repair | 27 | 27 | 26 | 30 | 30 | 30 | 30 | 30 | 30 | 29 |
| Total | 245 | 255 | 263 | 269 | 270 | 273 | 278 | 279 | 282 | 274 |

Source: City Finance Department

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

| Function/Program | Calendar Year | | | | | | | | | |
|------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Community Environment | | | | | | | | | | |
| Planning and Development | | | | | | | | | | |
| Building permits issued | 2,011 | 2,164 | 2,140 | 2,237 | 2,192 | 1,910 | 1,739 | 1,902 | 1,890 | 1,806 |
| Building inspections conducted | 5,959 | 6,847 | 5,343 | 5,733 | 4,895 | 4,030 | 3,491 | 4,196 | 2,841 | 3,250 |
| Economic Development | | | | | | | | | | |
| Value of Residential Construction | \$13,891,545 | \$15,291,021 | \$19,381,595 | \$18,884,763 | \$19,727,985 | \$15,292,249 | \$8,266,873 | \$5,987,184 | \$7,878,345 | \$7,131,659 |
| Value of Commercial Construction | \$36,009,579 | \$39,900,230 | \$76,493,987 | \$28,039,382 | \$45,152,931 | \$68,682,460 | \$31,323,193 | \$40,943,871 | \$10,637,756 | \$18,436,106 |
| General Government | | | | | | | | | | |
| Finance Department - Income Tax | | | | | | | | | | |
| Income Tax Refunds | 1,166 | 1,228 | 1,322 | 1,122 | 1,126 | 1,050 | 1,163 | 932 | 1,060 | 1,108 |
| Dollar Amount of Refunds | \$446,399 | \$400,338 | \$551,286 | \$490,110 | \$514,281 | \$435,208 | \$650,850 | \$886,280 | \$838,260 | \$733,150 |
| Average Refund Amount | \$383 | \$326 | \$417 | \$437 | \$457 | \$414 | \$560 | \$951 | \$791 | \$662 |
| Court | | | | | | | | | | |
| Number of Criminal Cases | 2,024 | 2,759 | 4,111 | 2,744 | 3,432 | 4,066 | 4,063 | 4,123 | 4,702 | 4,478 |
| Number of Civil Cases | 1,217 | 1,540 | 1,638 | 1,928 | 1,876 | 1,905 | 2,014 | 2,136 | 1,837 | 1,660 |
| Construction Services | | | | | | | | | | |
| Square Footage of Sidewalk Repairs | 16,787 | 47,330 | 12,823 | 14,769 | 1,110 | 16,439 | 17,198 | 26,999 | 32,598 | 19,432 |
| Securities of Persons and Property | | | | | | | | | | |
| Police | | | | | | | | | | |
| Physical arrests: | | | | | | | | | | |
| Adult | 1,299 | 1,387 | 1,483 | 1,236 | 1,223 | 1,178 | 1,929 | 3,798 | 3,612 | 3,458 |
| Juvenile | 394 | 393 | 385 | 382 | 474 | 565 | 441 | 497 | 387 | 355 |
| Citations | 8922 | 7207 | 7,036 | 5,428 | 7,354 | 5,758 | 3,438 | 3,847 | 3,432 | 3,208 |
| Accidents | 1,615 | 1,563 | 1,516 | 1,516 | 1,470 | 1,514 | 1,403 | 1,628 | 1,283 | 1,207 |
| Fire | | | | | | | | | | |
| Emergency responses | 3,226 | 3,484 | 3,574 | 3,681 | 3,818 | 4,247 | 5,257 | 3,929 | 4,355 | 4,676 |
| Fire Calls | 153 | 167 | 172 | 143 | 3,172 | 4,461 | 1,244 | 2,366 | 1,022 | 879 |
| Inspections | 2,900 | 3,000 | 3,300 | 3,200 | 3,560 | 3,600 | 2,841 | 2,032 | 2,100 | 2,124 |
| Transportation | | | | | | | | | | |
| Public Works | | | | | | | | | | |
| Number of Street Miles Resurfaced | 6 | 8 | 9 | 6 | 6 | 5 | 8 | 7 | 6 | 7 |
| Tons of Street Salt Used | 1,449 | 3,240 | 6,725 | 4,159 | 3,811 | 949 | 5,648 | 6,663 | 5,277 | 8,146 |
| Cubic Yards of Leaves Picked-up | 5,697 | 7,346 | 3,053 | 5,770 | 5,985 | 8,054 | 5,300 | 4,056 | 6,074 | 4,396 |

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

| Function/Program | Calendar Year | | | | | | | | | |
|---|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Leisure | | | | | | | | | | |
| Parks and Recreation | | | | | | | | | | |
| Number of Theater Patrons | (a) | (a) | (a) | (a) | 8,113 | 11,842 | 12,645 | 13,775 | 15,516 | 14,395 |
| Number of Pool Admissions | 34,810 | 36,550 | 38,000 | 40,139 | 42,614 | 43,124 | 42,204 | 41,747 | 34,741 | 46,505 |
| Program Attendance: | | | | | | | | | | |
| Youth/Preschool | 6,823 | 7,224 | 8,168 | 9,259 | 15,245 | 18,968 | 33,535 | 26,464 | 19,710 | 18,861 |
| Fitness | 172 | 320 | 725 | 950 | 6,800 | 8,311 | 11,225 | 12,695 | 12,298 | 12,254 |
| Senior Activities | 275 | 320 | 350 | 420 | 5,500 | 9,883 | 11,152 | 12,957 | 14,521 | 13,559 |
| Water | | | | | | | | | | |
| Water main breaks | 35 | 43 | 43 | 55 | 55 | 35 | 66 | 65 | 64 | 60 |
| Average daily consumption (millions of gallons) | 5.017 | 5.057 | 4.789 | 4.986 | 5.125 | 5.040 | 5.760 | 5.360 | 5.250 | 5.200 |
| Peak daily consumption (millions of gallons) | 5.670 | 7.020 | 5.366 | 5.739 | 6.076 | 6.546 | 7.883 | 8.208 | 7.749 | 7.407 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (millions of gallons) | 5.389 | 5.724 | 5.717 | 5.605 | 5.977 | 5.308 | 5.900 | 5.679 | 5.084 | 4.934 |

Source: Various City Departments

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

(b) - Not available.

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

| Function/Program | Calendar Year | | | | | | | | | |
|---|---------------|--------|--------|--------|--------|---------|--------|--------|--------|--------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Government | | | | | | | | | | |
| Municipal Building (square footage) | 19,284 | 19,284 | 19,284 | 19,284 | 19,284 | 19,284 | 19,284 | 19,284 | 19,284 | 19,284 |
| Municipal Building Annex (square footage) | (a) | (a) | (a) | (a) | (a) | 7,424 | 7,424 | 7,424 | 7,424 | 7,424 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square Footage of Building | 17,795 | 17,795 | 17,795 | 17,795 | 17,795 | 50,033 | 50,033 | 50,033 | 50,033 | 50,033 |
| Police Cruisers | 20 | 20 | 21 | 21 | 21 | 26 | 26 | 26 | 26 | 26 |
| Fire | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of Fire Engines | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Number of EMS Vehicles | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Public Works | | | | | | | | | | |
| Area of City (square miles) | 20.18 | 20.18 | 20.18 | 20.18 | 20.18 | 20.18 | 20.18 | 20.18 | 20.18 | 20.18 |
| Streets (miles) | 147.0 | 147.0 | 147.0 | 160.5 | 160.5 | 160.5 # | 160.5 | 160.5 | 160.5 | 160.5 |
| Highways (miles) | 7.14 | 7.14 | 7.14 | 7.14 | 7.14 | 7.14 # | 7.14 | 7.14 | 7.14 | 7.14 |
| Streetslights | 1,525 | 1,525 | 1,525 | 1,525 | 1,525 | 1,525 | 1,525 | 1,525 | 1,525 | 1,525 |
| Traffic signals | 49 | 52 | 53 | 53 | 53 | 55 | 58 | 58 | 58 | 58 |
| Parks and Recreation | | | | | | | | | | |
| Number of Parks | 24 | 24 | 24 | 24 | 24 | 25 | 25 | 25 | 25 | 25 |
| Area of Parks (acreage) | 438.50 | 438.50 | 438.50 | 438.50 | 438.50 | 469 | 469 | 469 | 469 | 469 |
| Playgrounds | 9 | 10 | 11 | 11 | 12 | 12 | 12 | 12 | 12 | 12 |
| Baseball/softball diamonds | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Soccer/football fields | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Aquatic Center /Swimming pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community Arts centers | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf Courses | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Municipal Water | | | | | | | | | | |
| Storage Capacity (millions of gallons) | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Water Mains (miles) | 172.00 | 172.00 | 172.00 | 172.00 | 172.00 | 172.00 | 172.00 | 172.00 | 172.00 | 172.00 |
| Fire hydrants | 2,238 | 2,255 | 2,278 | 2,299 | 2,301 | 2,326 | 2,326 | 2,384 | 2,384 | 2,384 |
| Sewers | | | | | | | | | | |
| Treatment Capacity (millions of gallons) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Sanitary Sewers (miles) | 159.80 | 160.20 | 160.40 | 161.00 | 164.00 | 166.10 | 166.10 | 175.00 | 175.00 | 175.00 |

Source: Various City Departments

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