



City of Fairfield, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2012

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City of Fairfield, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2012

Prepared By:
Department of Finance
Mary Hopton, Director

On the Cover

Joe Nuxhall Miracle League Field at Hatton Park

A state-of-the-art baseball complex designed specifically for persons with disabling conditions was dedicated June 10, 2012.

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Introductory Section

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June 28, 2013

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, 2012 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.

The City's employer base continues to help provide a stable backbone for the City's main revenue stream, income taxes. While many other communities are experiencing the loss of jobs, Fairfield has been fortunate to retain desirable businesses and industries that are keeping jobs at a consistent level in Fairfield.

The City's income tax showed some signs of improvement in 2012; however not to a level to compensate for the loss of \$1.5 million in State revenue. In the November, 2012 election, a ballot issue passed to reapportion the 1.5% income tax to help offset the State revenue losses. This reapportionment will reallocate approximately \$1.5 million by moving .05% each from the Street and Capital Improvement funds into the General fund.

Relevant Financial Policies

The Ohio Biennium Budget (HB 153) passed on June 30, 2011 removed the personal property tax effective July 2011, reduced the City's portion of the Local Government Fund by 50% over the next two years and the estate tax is eliminated as of January 1, 2013. These financial policies will result in an estimated loss of \$1.5 million to the City. The City has been able to work through these policies without greatly impacting the services provided to residents and businesses.

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 2012:

- 1) Improvements to the property, formerly a Fisher Body (General Motors) stamping plant were completed in 2012 through funding from a Community Development Block Grant. The project totaled approximately \$200,000 and included demolish a blighted vacant to allow for further economic development and growth at that property.
- 2) Improvements along River Road were completed in 2012. These improvements created 12 foot lanes as well as a 2 foot shoulder on this very busy road. This project was estimated to cost \$1.6 million with outside funding from the State in the amount of \$985,000. The actual cost of the project totaled \$1.3 million.
- 3) Construction work continued on the Exit 39 on I-275. These 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. As of the 2012, the City has spent approximately \$1.5 million on this project which is expected to be completed in the fall of 2013.
- 4) Improvements to By-Pass 4 were substantially complete in 2012. These improvements added 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 was constructed by the Butler County Transportation Improvement District. This project also modified the intersection of By-Pass 4 and Dixie Highway by creating a diversion road to carry all left turn movements. This project was projected to cost \$10.2 million with outside funding of \$1.2 million and to date the total project cost is \$8.9 million with an expected completion date of 2013.
- 5) Replacement of the SCADA (Supervisory Control and Data Acquisition) system at the Wastewater Plant was in progress at the end of 2012. The current system has become outdated since the installation in 1988. The estimated cost to

replace this system is \$500,000. This project is expected to be completed in late 2013 or early 2014.

- 6) A project that began in 2012 was the construction of a park, known as Huffman Park with an estimated total cost of \$925,000. This project began with a substantial donation from the Huffman family of \$860,000. This park is developed as an outdoor learning and golf center. This project is expected to be complete in 2013.

Future Projects

Accomplishments and significant capital projects to look forward to in 2013 include the following:

- 1) The preliminary work on the improvements at the intersection State Route 4 and Holden Boulevard began in 2013. This project will improve the traffic by adding an additional eastbound left turn lane from South Gilmore and an additional westbound turn lane from Holden Boulevard with an estimated cost of \$2.7 million including outside funding from the Ohio Department of Transportation of \$2.4 million.
- 2) Improvements to Seward Road including widening a segment of Seward Road from Union Centre to Port Union Road from two to three lanes. This project will benefit the business corridor along Seward Road. The work will begin in 2013 at a total estimated cost of \$1.8 million with outside funding of approximately \$900,000 from the Ohio Public Works Commission and Community Development Block Grant monies.
- 3) The addition of a generator to the Wastewater Plant to help maintain operations in the event of an emergency is a potential project for 2013. The total estimated cost of adding this generator is \$2.5 million. Financing options are being considered to make this project possible.

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 assignments of the fund balance for the governmental fund types at December 31, 2012.

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. The allocation of the income tax in effect for 2012 allowed for 1.1% of the revenues to go to the General fund, 0.2% to the Street Improvement fund and 0.2% to the Capital Improvement Fund. In 2012, the voters approved a reallocation taxes beginning in 2013. The new allocation of the 1.5% income tax will be 1.2% to the General fund, and 0.15% each to the Street and Capital Improvement funds.

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:

	2012	2011
Allocated to General Fund	\$18,016,557	\$17,586,611
Allocated to .2% Street Improvement Fund	3,275,738	3,197,566
Allocated to .2% Capital Improvement Fund	<u>3,275,738</u>	<u>3,197,566</u>
Gross Revenues	<u>\$24,568,034</u>	<u>\$23,981,743</u>

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, 2011. 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.

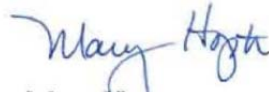
Acknowledgements

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
PUBLIC OFFICIALS**

MAYOR

Ron D'Epifanio

COUNCIL MEMBERS

Vice Mayor – Terry Senger

Tim Abbott
Mike Oler
Tim Meyers

Adam Jones
Jeff Holtegel
Debbie Pennington

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
Mark Wendling
Mary Hopton
John H. Clemmons
Dave Butsch
James Bell
Dave Crouch
Timothy Bachman
Michael Dickey
Donald Bennett
Alisha Wilson

DEPARTMENT OF FINANCE

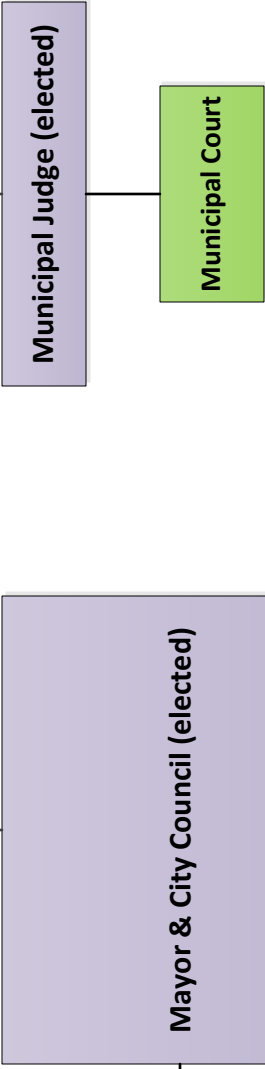
Mary Hopton, MBA
Tina Williams, CPA
Tom Hedge
Joseph Waldmann
Karen Broughton

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

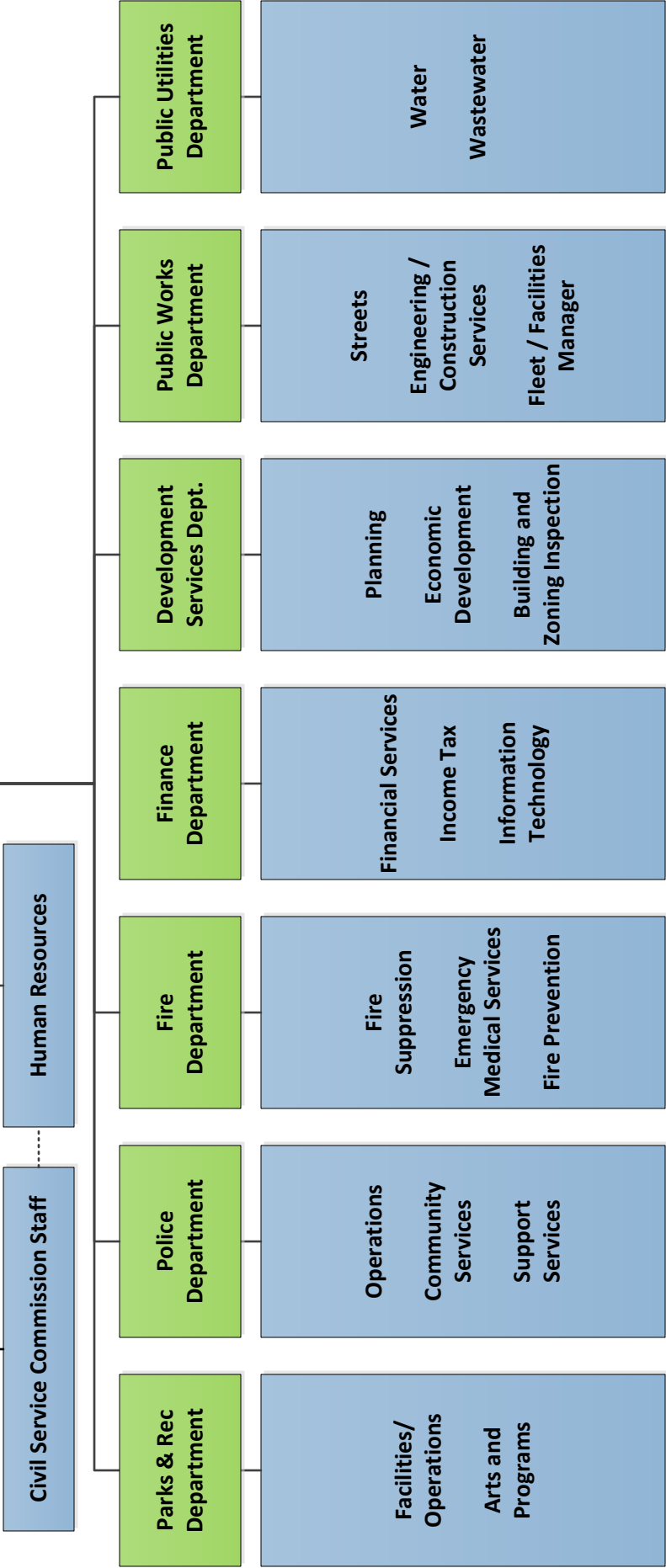
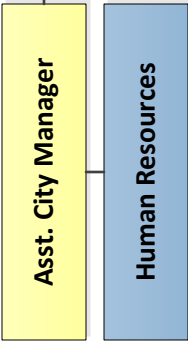


City Of Fairfield Service Delivery Chart

Citizens of Fairfield



- Planning Commission
- Board of Zoning Appeals
- Board of Building Appeals
- Parks & Recreation Board
- Civil Service Commission
- Charter Review Commission
- Other Ad Hoc Boards & Committees



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, 2011

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.



Christopher P. Morrell
President

Jeffrey R. Enen
Executive Director

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Financial Section

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INDEPENDENT AUDITORS' REPORT

To The City Council
City of Fairfield, Ohio:

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standards

As discussed in Note 20 to the basic financial statements, in 2012, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Dayton, Ohio
June 28, 2013

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(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, 2012. 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 position increased \$4,827,144. Net position of governmental activities increased \$4,698,591, net position of business-type activities increased by \$128,553.
- The general fund reported a fund balance of \$12,444,831.
- Business-type operations reflected operating income of \$246,897.
- The City had \$38,163,869 in expenses relating to governmental activities; program revenues offset \$11,548,187 of these expenses. General revenues of \$31,464,273 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 Position 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, 2012
(Unaudited)

These two statements report the City's net position and changes to that position. 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 Position 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, 2012
(Unaudited)

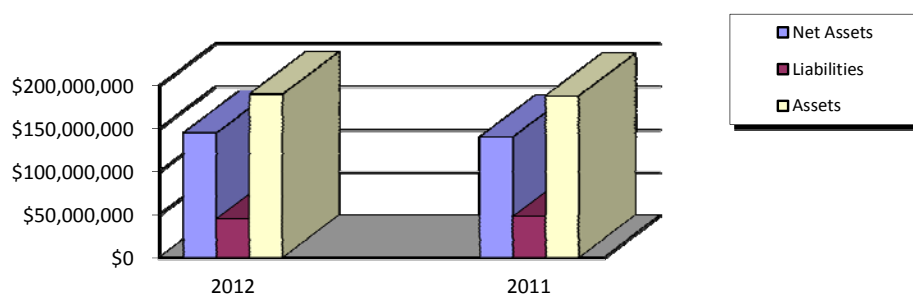
Fiduciary Funds - The City is the fiscal agent for the Municipal Court, Warranty Bonds and Joint Economic Development District. The City's fiduciary responsibility is reported in the Statement of Fiduciary Assets and Liabilities. We exclude these balances from the City's other financial statements because 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 Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2012 compared to 2011.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and Other Assets	\$41,502,353	\$41,684,603	\$11,782,837	\$11,661,357	\$53,285,190	\$53,345,960
Capital Assets	90,892,988	87,501,410	45,812,908	47,256,432	136,705,896	134,757,842
Total Assets	132,395,341	129,186,013	57,595,745	58,917,789	189,991,086	188,103,802
Liabilities:						
Long-Term Liabilities	26,359,005	27,507,417	7,664,424	8,821,553	34,023,429	36,328,970
Other Liabilities	8,684,337	9,025,188	2,327,531	2,620,999	11,011,868	11,646,187
Total Liabilities	35,043,342	36,532,605	9,991,955	11,442,552	45,035,297	47,975,157
Net Position:						
Net Investment in Capital Assets	67,275,297	64,296,950	37,444,547	37,488,020	104,719,844	101,784,970
Restricted	16,117,641	15,986,150	1,018,832	1,018,291	17,136,473	17,004,441
Unrestricted	13,959,061	12,370,308	9,140,411	8,968,926	23,099,472	21,339,234
Total Net Position	\$97,351,999	\$92,653,408	\$47,603,790	\$47,475,237	\$144,955,789	\$140,128,645



Total net position of the City as a whole increased \$4,827,144. Net position of the City's governmental activities increased \$4,698,591, while the net position of the City's business-type activities increased \$128,553 from 2011. The largest portion of the City's net position 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 position balance of \$23,099,472 that may be used to meet the government's ongoing obligations to citizens and creditors.

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Capital Assets increased mainly due to the start and completion of various construction projects throughout the City. Total Long-Term Liabilities decreased mainly due to the City continuing to make its principal payments on its long term debt obligations.

Table 2 shows the changes in net position at year-end and revenue and expense comparisons to 2011.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program Revenues:						
Charges for Services	\$4,328,703	\$4,301,850	\$13,989,199	\$13,226,649	\$18,317,902	\$17,528,499
Operating Grants and Contributions	3,338,989	3,614,620	3,999	25,919	3,342,988	3,640,539
Capital Grants and Contributions	3,880,495	3,115,434	0	0	3,880,495	3,115,434
Total Program Revenues	11,548,187	11,031,904	13,993,198	13,252,568	25,541,385	24,284,472
General Revenues:						
Income Taxes	23,709,192	23,652,942	0	0	23,709,192	23,652,942
Property Taxes	4,936,959	5,070,721	0	0	4,936,959	5,070,721
Grants and Entitlements	1,725,889	2,412,622	0	0	1,725,889	2,412,622
Investment Earnings	241,232	177,580	(17,798)	61,252	223,434	238,832
Other Revenues	851,001	642,837	201,918	145,376	1,052,919	788,213
Total General Revenues	31,464,273	31,956,702	184,120	206,628	31,648,393	32,163,330
Total Revenues	43,012,460	42,988,606	14,177,318	13,459,196	57,189,778	56,447,802
Program Expenses:						
General Government	8,451,042	8,375,019	0	0	8,451,042	8,375,019
Public Safety	16,249,928	16,309,564	0	0	16,249,928	16,309,564
Leisure Time Activities	3,412,316	3,394,755	0	0	3,412,316	3,394,755
Community Development	1,359,819	1,366,224	0	0	1,359,819	1,366,224
Basic Utility Service	412,238	479,877	0	0	412,238	479,877
Transportation and Street Repair	7,447,779	7,610,384	0	0	7,447,779	7,610,384
Public Health and Welfare	21,784	21,998	0	0	21,784	21,998
Interest and Fiscal Charges	808,963	1,034,139	0	0	808,963	1,034,139
Water Utility	0	0	4,510,147	4,622,668	4,510,147	4,622,668
Sewer Utility	0	0	5,100,875	4,951,150	5,100,875	4,951,150
Solid Waste	0	0	2,444,874	2,581,355	2,444,874	2,581,355
Recreation	0	0	2,142,869	2,066,756	2,142,869	2,066,756
Total Program Expenses	38,163,869	38,591,960	14,198,765	14,221,929	52,362,634	52,813,889
Increase (Decrease) in Net Position before Transfers	4,848,591	4,396,646	(21,447)	(762,733)	4,827,144	3,633,913
Transfers - Internal Activities	(150,000)	(440,000)	150,000	440,000	0	0
Change in Net Position	4,698,591	3,956,646	128,553	(322,733)	4,827,144	3,633,913
Net Position - Beginning of Year	92,653,408	88,696,762	47,475,237	47,797,970	140,128,645	136,494,732
Net Position - End of Year	\$97,351,999	\$92,653,408	\$47,603,790	\$47,475,237	\$144,955,789	\$140,128,645

City of Fairfield, Ohio
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Governmental Activities

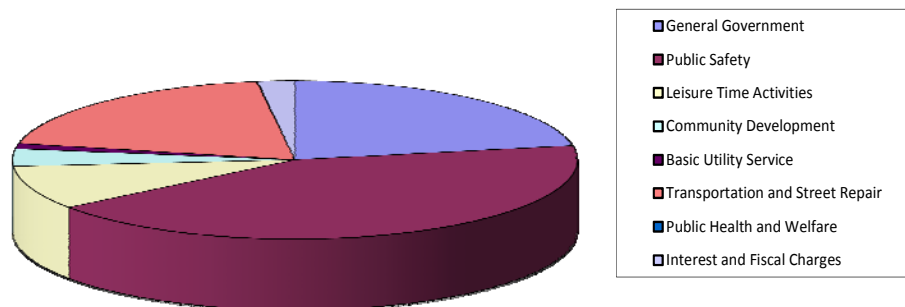
The City had an increase in revenues mainly due to an increase in Capital Grants and Contributions that the City received in 2012. Total expenses decreased mainly due to a decrease in interest and fiscal charges expenditures, which was mainly due to the City having to pay less interest due to the advance refunding of \$7,925,000 general obligation bonds at a lower interest rate.

Council was active in promoting economic growth in Fairfield in 2012, as this economic growth does increase the earnings tax base as well. Fairfield has continued attracting employers to our City in the year 2012, 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 2012, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2012 earnings tax revenues increased approximately 0.2% over 2011 earnings tax revenues.

Governmental Activities
Program Expenses for 2012

	Percentage
General Government	22.1%
Public Safety	42.6%
Leisure Time Activities	8.9%
Community Development	3.6%
Basic Utility Service	1.1%
Transportation and Street Repair	19.5%
Public Health and Welfare	0.1%
Interest and Fiscal Charges	2.1%
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,

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and police and fire services all culminate into a full service city. Services in the City of Fairfield have increased over the years and this has been accomplished by the City Council and the City's work force.

Income Tax

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

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

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

Business-Type Activities

The City's business-type activities include Water Utility, Sewer Utility, Solid Waste Management and Recreation Facilities operations. The City's business-type activities had operating income of \$246,897 for 2012. The operating revenues for business-type activities were \$14,191,117, while operating expenses were \$13,944,220 for 2012. Operating income for 2012 was mainly due to an increase in the City's charges for services revenue, which was mainly due to an increase in water and sewer utilities collections in 2012 as compared to 2011.

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

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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.

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 2012 rate was \$13.50 per month (paid by the City) for

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curbside service (\$12.60 was charged back to the resident) and \$7.60 per month (paid by the City) for dumpster service (\$7.11 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 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 2012.

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 \$17,978,165 (43%), the fire levy fund comprised \$3,934,112 (9%), and the .2% street improvement fund comprised \$6,303,723 (15%), of the total \$41,607,462 governmental fund assets.

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General Fund: Fund balance at December 31, 2012 was \$12,447,831, an increase in fund balance of \$2,031,954 from 2011. The general fund had an increase in fund balance mainly due to an increase in taxes revenue and a decrease in general government, public safety and leisure time activities expenditures.

Fire Levy Fund: Fund deficit at December 31, 2012 was \$232,051, an decrease in fund deficit of \$34,811 from 2011. The decrease in fund deficit was mainly due to a \$200,000 transfer in to the Fire Levy Fund from the General Fund.

.2% Street Improvement Fund: Fund balance at December 31, 2012 was \$4,145,576. The .2% street improvement fund had a decrease in fund balance primarily due to the City spending the 2010 issuance of \$9.125 million in Roadway Improvement Bonds.

General Fund Budgeting Highlights

The City's General Fund budget is formally adopted at the department and object 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 \$24,226,724 and the final actual expenditures were \$21,947,677. The difference was \$2,279,047. 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 2012. As the City completed the year, its General Fund balance reported an actual fund balance of \$11,297,456, on a Non-GAAP Budgetary Basis.

Capital Assets and Debt Administration

Capital Assets

At year end, the City had \$136,705,896 invested in land, construction in progress, buildings and improvements, equipment and infrastructure. Table 3 shows 2012 balances compared to 2011:

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Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$17,798,769	\$16,497,759	\$1,641,949	\$1,641,949	\$19,440,718	\$18,139,708
Construction in Progress	15,408,497	11,045,245	306,060	312,271	15,714,557	11,357,516
Buildings and Improvements	47,406,718	47,097,112	47,719,118	47,506,918	95,125,836	94,604,030
Equipment	16,496,677	16,430,967	4,309,835	4,280,169	20,806,512	20,711,136
Infrastructure	79,502,167	78,937,113	33,489,382	33,340,084	112,991,549	112,277,197
Accumulated Depreciation	(85,719,840)	(82,506,786)	(41,653,436)	(39,824,959)	(127,373,276)	(122,331,745)
Total Net Capital Assets	<u>\$90,892,988</u>	<u>\$87,501,410</u>	<u>\$45,812,908</u>	<u>\$47,256,432</u>	<u>\$136,705,896</u>	<u>\$134,757,842</u>

The increase in net capital assets was mainly due to the start and completion of several street construction projects throughout the City.

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

Debt

The City had \$21,867,691 in Governmental Activities long-term debt and \$7,068,361 in Business-Type Activities long-term debt.

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City of Fairfield, Ohio
Management's Discussion and Analysis
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Table 4
Outstanding Debt at Year End

		2012	2011
Governmental Activities:			
<u>Bonds and Notes:</u>			
Various Purpose - 2002	4.33%	\$0	\$1,815,000
Community Arts Center Bond - 2003	3.74%	0	5,060,000
Various Purpose Golf and Justice Center - 2009	3.56%	5,395,000	5,630,000
Various Purpose Refunding - 2009	3.23%	1,750,000	2,010,000
Roadway Improvement Bonds - 2010A	4.64-6.09%	6,000,000	6,000,000
Roadway Improvement Bonds - 2010B	3.74-4.44%	1,230,000	1,230,000
Roadway Improvement Bonds - 2010C	2.00-2.25%	1,160,000	1,530,000
Various Purpose Refunding - 2012	3.66%	1,455,000	0
Community Arts Center Refunding 2012	4.50%	4,660,000	0
Premium/(Discount)	n/a	424,185	48,331
Deferred Charge on Refunding	n/a	(322,466)	0
Total Bonds and Notes:		21,751,719	23,323,331
Capital Lease	5.31%	115,972	197,735
Total Governmental Activities		<u>\$21,867,691</u>	<u>\$23,521,066</u>
Business Type Activities:			
OWDA Wastewater Improvement Loan	3.79-4.12%	\$4,357,688	\$5,154,545
Various Purpose Recreation Bonds	4.34%	0	1,395,000
Water Refunding Mortgage Revenue Bond - 2009	3.15%	1,425,000	1,690,000
Premium on Various Purpose Water Refunding - 2009	n/a	24,056	28,867
Various Purpose Refunding - 2012	3.66%	1,240,000	0
Premium on Various Purpose Water Refunding - 2012	n/a	66,245	0
Deferred Charge on Refunding - 2012	n/a	(44,628)	0
Total Business Type Activities		<u>\$7,068,361</u>	<u>\$8,268,412</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.

Economic Factors

The City of Fairfield has been able to work through the economic conditions over the past several years through good budgeting and internal controls. Stabilization of the City's main revenue source, income tax, has been largely due to the employers located in the City. The employers are holding their employment levels consistent as the economy stabilizes, which has resulted in steady withholding tax to the City.

With the 2012-2013 State operating budget and the elimination of the estate tax in 2013, the City has lost approximately \$1,500,000 in revenue. Fortunately, the City residents approved a reapportionment

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of the City's current income tax of 1.5% beginning in 2013. This reapportionment will replace the funds lost due to the State budget cuts by reallocating .05% each from the Street Improvement and Capital Improvement funds to the General fund. The income tax will allocation beginning in 2013 will be 1.2% to the General fund, or approximately \$1,500,000, and 0.15% each to the Street Improvement and Capital Improvement funds.

Contacting the City's Finance Department

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

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City of Fairfield, Ohio
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$28,591,098	\$8,947,139	\$37,538,237
Restricted Cash and Investments	0	1,018,832	1,018,832
Receivables:			
Taxes	9,823,385	0	9,823,385
Accounts	210,052	1,565,831	1,775,883
Interest	26,587	3,845	30,432
Intergovernmental	2,418,418	0	2,418,418
Special Assessments	160,092	0	160,092
Deferred Bond Issuance Costs	272,721	33,762	306,483
Inventory	0	213,428	213,428
Nondepreciable Capital Assets	33,207,266	1,948,009	35,155,275
Depreciable Capital Assets, Net	57,685,722	43,864,899	101,550,621
Total Assets	132,395,341	57,595,745	189,991,086
Liabilities:			
Accounts Payable	667,525	432,400	1,099,925
Accrued Wages and Benefits	1,701,697	290,153	1,991,850
Accrued Interest Payable	76,086	10,934	87,020
Unearned Revenue	4,484,700	0	4,484,700
Other Liabilities	0	230,781	230,781
Claims Payable	4,329	0	4,329
Due To Other Governments	0	63,263	63,263
Bond Anticipation Notes Payable	1,750,000	1,300,000	3,050,000
Long-Term Liabilities:			
Due Within One Year	1,839,211	1,408,889	3,248,100
Due In More Than One Year	24,519,794	6,255,535	30,775,329
Total Liabilities	35,043,342	9,991,955	45,035,297
Net Position:			
Net Investment in Capital Assets	67,275,297	37,444,547	104,719,844
Restricted for:			
Debt Service	1,674,118	0	1,674,118
Capital Projects	3,343,958	1,018,832	4,362,790
Street Construction and Repair	5,647,533	0	5,647,533
Court Services	4,426,054	0	4,426,054
Public Safety	294,156	0	294,156
Other Purposes	731,822	0	731,822
Unrestricted	13,959,061	9,140,411	23,099,472
Total Net Position	\$97,351,999	\$47,603,790	\$144,955,789

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2012

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$8,451,042	\$1,881,872	\$20,539	\$0
Public Safety	16,249,928	1,183,079	676,234	0
Leisure Time Activities	3,412,316	272,605	0	0
Community Development	1,359,819	281,964	0	1,569,712
Basic Utility Service	412,238	670,950	0	0
Transportation and Street Repair	7,447,779	38,233	2,642,216	2,310,783
Public Health and Welfare	21,784	0	0	0
Interest and Fiscal Charges	808,963	0	0	0
Total Governmental Activities	38,163,869	4,328,703	3,338,989	3,880,495
Business-Type Activities:				
Water Utility	4,510,147	4,025,197	0	0
Sewer Utility	5,100,875	5,492,327	0	0
Solid Waste	2,444,874	2,373,948	3,999	0
Recreation	2,142,869	2,097,727	0	0
Total Business-Type Activities	14,198,765	13,989,199	3,999	0
Totals	\$52,362,634	\$18,317,902	\$3,342,988	\$3,880,495

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 Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$6,548,631)	\$0	(\$6,548,631)
(14,390,615)	0	(14,390,615)
(3,139,711)	0	(3,139,711)
491,857	0	491,857
258,712	0	258,712
(2,456,547)	0	(2,456,547)
(21,784)	0	(21,784)
(808,963)	0	(808,963)
<u>(26,615,682)</u>	<u>0</u>	<u>(26,615,682)</u>
0	(484,950)	(484,950)
0	391,452	391,452
0	(66,927)	(66,927)
<u>0</u>	<u>(45,142)</u>	<u>(45,142)</u>
<u>0</u>	<u>(205,567)</u>	<u>(205,567)</u>
<u>(26,615,682)</u>	<u>(205,567)</u>	<u>(26,821,249)</u>
23,709,192	0	23,709,192
1,385,870	0	1,385,870
3,551,089	0	3,551,089
1,725,889	0	1,725,889
241,232	(17,798)	223,434
851,001	201,918	1,052,919
<u>(150,000)</u>	<u>150,000</u>	<u>0</u>
<u>31,314,273</u>	<u>334,120</u>	<u>31,648,393</u>
4,698,591	128,553	4,827,144
<u>92,653,408</u>	<u>47,475,237</u>	<u>140,128,645</u>
<u>\$97,351,999</u>	<u>\$47,603,790</u>	<u>\$144,955,789</u>

City of Fairfield, Ohio
Balance Sheet
Governmental Funds
December 31, 2012

	General	Fire Levy	.2% Street Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$11,269,607	\$171,653	\$5,780,120	\$10,936,283	\$28,157,663
Receivables:					
Taxes	5,219,256	3,577,937	513,096	513,096	9,823,385
Accounts	210,052	0	0	0	210,052
Interest	11,889	0	10,507	4,191	26,587
Intergovernmental	456,096	184,522	0	1,777,800	2,418,418
Special Assessments	0	0	0	160,092	160,092
Interfund	811,265	0	0	0	811,265
Total Assets	17,978,165	3,934,112	6,303,723	13,391,462	41,607,462
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	225,068	17,529	98,817	312,882	654,296
Accrued Wages and Benefits	1,148,659	386,175	0	132,030	1,666,864
Interfund Payable	0	0	0	811,265	811,265
Deferred Revenue	4,159,607	3,762,459	309,330	2,060,656	10,292,052
Bond Anticipation Notes Payable	0	0	1,750,000	0	1,750,000
Total Liabilities	5,533,334	4,166,163	2,158,147	3,316,833	15,174,477
Fund Balances:					
Restricted	0	0	4,145,576	10,675,983	14,821,559
Assigned	92,799	0	0	209,911	302,710
Unassigned	12,352,032	(232,051)	0	(811,265)	11,308,716
Total Fund Balances	12,444,831	(232,051)	4,145,576	10,074,629	26,432,985
Total Liabilities and Fund Balances	\$17,978,165	3,934,112	\$6,303,723	\$13,391,462	\$41,607,462

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2012

Total Governmental Fund Balance	\$26,432,985
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Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	90,892,988
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Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds.

Income Taxes	\$2,993,764	
Delinquent Property Taxes	207,718	
Interest	24,808	
Intergovernmental	2,210,918	
Other	<u>370,144</u>	
		5,807,352

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 position.	287,070
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In the statement of net position 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.	(76,086)
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Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	
Compensated Absences	(4,397,340)

Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.	272,721
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(21,867,691)</u>
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Net Position of Governmental Activities	<u><u>\$97,351,999</u></u>
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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, 2012

	General	Fire Levy	.2% Street Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$18,904,378	\$3,552,016	\$3,104,209	\$3,104,209	\$28,664,812
Fines, Licenses & Permits	1,261,187	6,000	0	737,815	2,005,002
Charges for Services	1,424,050	1,136,968	0	0	2,561,018
Investment Earnings	106,985	71	66,911	71,594	245,561
Intergovernmental	2,202,858	373,124	468,080	5,672,620	8,716,682
Special Assessments	14,821	0	0	14,119	28,940
Other Revenues	314,017	3,196	0	103,479	420,692
Total Revenues	24,228,296	5,071,375	3,639,200	9,703,836	42,642,707
Expenditures:					
Current:					
General Government	7,056,875	0	0	436,072	7,492,947
Public Safety	9,745,728	5,232,909	0	20,792	14,999,429
Leisure Time Activities	2,279,421	0	0	0	2,279,421
Community Development	1,304,371	0	0	0	1,304,371
Basic Utility Service	412,238	0	0	0	412,238
Transportation and Street Repair	0	0	1,013,759	3,374,805	4,388,564
Public Health and Welfare	21,784	0	0	0	21,784
Capital Outlay	30,393	3,655	3,496,308	5,728,612	9,258,968
Debt Service:					
Principal Retirement	81,763	0	0	1,635,000	1,716,763
Interest and Fiscal Charges	8,521	0	0	830,953	839,474
Bond Issuance Cost	0	0	0	109,811	109,811
Total Expenditures	20,941,094	5,236,564	4,510,067	12,136,045	42,823,770
Excess of Revenues Over (Under) Expenditures	3,287,202	(165,189)	(870,867)	(2,432,209)	(181,063)
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	34,752	0	0	87,512	122,264
Payments to Refunded Bond Escrow Agent	0	0	0	(6,852,466)	(6,852,466)
Sale of Refunding Bonds	0	0	0	6,540,000	6,540,000
Premium on Sale of Bonds	0	0	0	422,277	422,277
Transfers In	0	200,000	500,000	4,021,472	4,721,472
Transfers (Out)	(1,290,000)	0	(1,693,579)	(2,077,893)	(5,061,472)
Total Other Financing Sources (Uses)	(1,255,248)	200,000	(1,193,579)	2,140,902	(107,925)
Net Change in Fund Balance	2,031,954	34,811	(2,064,446)	(291,307)	(288,988)
Fund Balance (Deficit) - Beginning of Year	10,412,877	(266,862)	6,210,022	10,365,936	26,721,973
Fund Balance (Deficit) - End of Year	\$12,444,831	(\$232,051)	\$4,145,576	\$10,074,629	\$26,432,985

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, 2012

Net Change in Fund Balance - Total Governmental Funds (\$288,988)

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	\$7,712,638	
Depreciation Expense	<u>(4,321,060)</u>	
		3,391,578

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

Income Taxes	(\$21,860)	
Delinquent Property Taxes	949	
Interest	(4,331)	
Intergovernmental	242,742	
Other	<u>29,989</u>	
		247,489

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.

Premium on Bonds Issued	(422,277)	
Refunding Bonds	(6,540,000)	
Bonds Refunded	<u>6,530,000</u>	
		(432,277)

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 position.

Principal Payment	\$1,716,763	
Bond Issuance Costs	109,811	
Deferred Amount on Refunding	<u>353,269</u>	
		2,179,843

In the statement of activities interest expense is accrued when incurred,
whereas in governmental funds an interest expenditure is reported
when due. 11,034

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	(\$507,852)	
Amortization of Bond Issuance Cost	(26,946)	
Amortization of Bond Premium	46,423	
Amortization of Deferred Amount on Refunding Bonds	<u>(30,803)</u>	
		(519,178)

(Continued)

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, 2012

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.

	<u>109,090</u>
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Change in Net Position of Governmental Activities	<u><u>\$4,698,591</u></u>
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See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2012

	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	\$4,610,819	\$3,365,672	\$199,982	\$770,666	\$8,947,139	\$433,435
Restricted Cash and Investments	1,018,832	0	0	0	1,018,832	0
Receivables:						
Accounts	505,791	770,259	289,781	0	1,565,831	0
Interest	2,892	890	0	63	3,845	0
Inventory	205,313	0	0	8,115	213,428	0
Total Current Assets	6,343,647	4,136,821	489,763	778,844	11,749,075	433,435
Noncurrent Assets:						
Nondepreciable Capital Assets	997,225	443,784	0	507,000	1,948,009	0
Depreciable Capital Assets, Net	16,348,015	24,343,983	0	3,172,901	43,864,899	0
Deferred Bond Issuance Costs	12,144	0	0	21,618	33,762	0
Total Noncurrent Assets	17,357,384	24,787,767	0	3,701,519	45,846,670	0
Total Assets	23,701,031	28,924,588	489,763	4,480,363	57,595,745	433,435
Liabilities:						
Accounts Payable	77,588	171,059	176,585	7,168	432,400	13,229
Accrued Wages and Benefits	117,119	132,581	0	40,453	290,153	34,833
Compensated Absences	56,210	101,800	0	6,529	164,539	0
Accrued Interest Payable	3,735	4,306	0	2,893	10,934	0
Other Liabilities	230,781	0	0	0	230,781	0
Claims Payable	0	0	0	0	0	4,329
Due To Other Governments	0	63,263	0	0	63,263	0
Bond Anticipation Notes Payable	0	1,300,000	0	0	1,300,000	0
Long-Term Liabilities Due Within One Year	270,000	829,350	0	145,000	1,244,350	0
Total Current Liabilities	755,433	2,602,359	176,585	202,043	3,736,420	52,391
Long-Term Liabilities:						
Compensated Absences	190,400	169,456	0	71,668	431,524	93,974
Bonds, Notes & Loans Payable	1,179,056	3,528,338	0	1,116,617	5,824,011	0
Total Long-Term Liabilities	1,369,456	3,697,794	0	1,188,285	6,255,535	93,974
Total Liabilities	2,124,889	6,300,153	176,585	1,390,328	9,991,955	146,365
Net Position:						
Net Investment in Capital Assets	15,896,184	19,130,079	0	2,418,284	37,444,547	0
Restricted for:						
Capital Projects	1,018,832	0	0	0	1,018,832	0
Unrestricted	4,661,126	3,494,356	313,178	671,751	9,140,411	287,070
Total Net Position	\$21,576,142	\$22,624,435	\$313,178	\$3,090,035	\$47,603,790	\$287,070

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2012

	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	\$16,385	\$29,811	\$0	\$0	\$46,196	\$0
Charges for Services	4,008,812	5,462,516	2,373,948	2,097,727	13,943,003	4,750,333
Other Revenues	139,053	28,003	0	34,862	201,918	30
Total Operating Revenues	4,164,250	5,520,330	2,373,948	2,132,589	14,191,117	4,750,363
Operating Expenses:						
Personal Services	1,928,939	2,278,566	0	1,059,983	5,267,488	507,137
Contractual Services	1,202,644	923,436	2,268,289	523,913	4,918,282	4,059,357
Materials and Supplies	597,839	558,189	176,585	365,957	1,698,570	300,049
Depreciation	740,078	1,133,208	0	186,594	2,059,880	0
Total Operating Expenses	4,469,500	4,893,399	2,444,874	2,136,447	13,944,220	4,866,543
Operating Income (Loss)	(305,250)	626,931	(70,926)	(3,858)	246,897	(116,180)
Non-Operating Revenues (Expenses):						
Investment Earnings	(30,863)	11,455	0	1,610	(17,798)	0
Interest (Expense)	(48,448)	(212,710)	0	(6,422)	(267,580)	0
Gain (Loss) on Disposal of Capital Assets	7,801	5,234	0	0	13,035	0
Operating Grants	0	0	3,999	0	3,999	0
Other Revenue	0	0	0	0	0	35,270
Total Non-Operating Revenues (Expenses)	(71,510)	(196,021)	3,999	(4,812)	(268,344)	35,270
Income (Loss) Before Transfers	(376,760)	430,910	(66,927)	(8,670)	(21,447)	(80,910)
Transfers In	0	0	0	150,000	150,000	190,000
Change in Net Position	(376,760)	430,910	(66,927)	141,330	128,553	109,090
Net Position - Beginning of Year	21,952,902	22,193,525	380,105	2,948,705	47,475,237	177,980
Net Position - End of Year	\$21,576,142	\$22,624,435	\$313,178	\$3,090,035	\$47,603,790	\$287,070

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, 2012

	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	\$4,185,228	\$5,363,233	\$2,381,141	\$2,132,589	\$14,062,191	\$4,750,363
Cash Payments to Employees	(1,928,219)	(2,259,819)	0	(1,061,770)	(5,249,808)	(499,052)
Cash Payments to Suppliers	(1,922,567)	(1,450,329)	(2,485,172)	(888,221)	(6,746,289)	(4,362,443)
Net Cash Provided (Used) by Operating Activities	334,442	1,653,085	(104,031)	182,598	2,066,094	(111,132)
Cash Flows from Noncapital Financing Activities:						
Operating Grants Received	0	0	29,918	0	29,918	0
Transfers from Other Funds	0	0	0	150,000	150,000	190,000
Net Cash Provided by Noncapital Financing Activities	0	0	29,918	150,000	179,918	190,000
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(443,055)	(153,678)	0	(19,623)	(616,356)	0
Debt Principal Payments	(265,000)	(796,857)	0	(150,000)	(1,211,857)	0
Debt Interest Payments	(51,525)	(213,612)	0	(13,517)	(278,654)	0
Proceeds from Sale of Capital Assets	7,801	5,234	0	0	13,035	0
Issuance of Short-Term Notes	0	1,300,000	0	0	1,300,000	0
Payment of Short-Term Notes	0	(1,500,000)	0	0	(1,500,000)	0
Other Cash Receipts	0	0	0	0	0	35,270
Net Cash Provided (Used) by Capital and Related Financing Activities	(751,779)	(1,358,913)	0	(183,140)	(2,293,832)	35,270
Cash Flows from Investing Activities:						
Earnings on Investments	(28,856)	12,878	0	1,619	(14,359)	0
Net Cash Provided (Used) by Cash Flows from Investing Activities	(28,856)	12,878	0	1,619	(14,359)	0
Net Increase (Decrease) in Cash and Cash Equivalents	(446,193)	307,050	(74,113)	151,077	(62,179)	114,138
Cash and Cash Equivalents - Beginning of Year	6,075,844	3,058,622	274,095	619,589	10,028,150	319,297
Cash and Cash Equivalents - End of Year	5,629,651	3,365,672	199,982	770,666	\$9,965,971	433,435
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	(305,250)	626,931	(70,926)	(3,858)	\$246,897	(116,180)
Adjustments:						
Depreciation	740,078	1,133,208	0	186,594	2,059,880	0
Changes in Assets & Liabilities:						
(Increase) Decrease in Receivables	(52,436)	(157,097)	7,193	0	(202,340)	0
(Increase) Decrease in Inventory	5,971	0	0	2,541	8,512	0
Increase (Decrease) in Payables	(101,830)	126,030	(39,446)	(892)	(16,138)	(3,037)
Increase (Decrease) in Accrued Liabilities	47,909	(75,987)	(852)	(1,787)	(30,717)	8,085
Net Cash Provided (Used) by Operating Activities	\$334,442	\$1,653,085	(\$104,031)	\$182,598	\$2,066,094	(\$111,132)

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
December 31, 2012

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$298,710
Receivables:	
Accounts	<u>119,242</u>
Total Assets	<u>417,952</u>
Liabilities:	
Other Liabilities	<u>417,952</u>
Total Liabilities	<u>\$417,952</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, 2012

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 17.

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 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 position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position 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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

The statement of net position 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 Position.

Fund Financial Statements

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

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

City of Fairfield, Ohio
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For the Year Ended December 31, 2012

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 position and changes in net position. 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.

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.

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

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

Deferred Revenue

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

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

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

Unearned Revenue

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

Expenses/Expenditures

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

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

City of Fairfield, Ohio
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For the Year Ended December 31, 2012

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 position/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 2012 amounted to \$106,985 in the general fund, \$71 in the fire levy fund, \$66,911 in the .2% street improvement fund, \$71,594 in other governmental funds.

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 position 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 position and in the respective proprietary funds.

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

All reported capital assets are depreciated except for land and construction in progress. Improvements

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

City of Fairfield, Ohio
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For the Year Ended December 31, 2012

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – spendable resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – spendable resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, City Council. This is done by ordinance by City Council.

Assigned – resources that are intended to be used for specific purposes as approved through the City's formal purchasing procedure by the Finance Director.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts, which had been restricted, committed or assigned for said purposes.

The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Restricted Assets

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

Net Position

Net position represents the difference between assets and liabilities. Net Investment in capital assets 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 position is 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 position are available. Of the City's \$17,136,473 in restricted net position, none was restricted by enabling legislation.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Operating Revenues and Expenses

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

Interfund Activity

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

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

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

Estimates

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

Note 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

City of Fairfield, Ohio
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certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (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

City of Fairfield, Ohio
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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, 2012, \$9,753,982 of the City's bank balance of \$24,689,324 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

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

Investments

As of December 31, 2012, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$1,006,920	1.79
Federal National Mortgage Association	3,003,960	1.30
Federal Home Loan Mortgage Association	1,004,090	2.29
Federal Farm Credit Bank	754,163	0.23
STAROhio	9,000,000	0.15
Total Fair Value	<u>\$14,769,133</u>	
Portfolio Weighted Average Maturity		0.65

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, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank were rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. Investments in STAROhio were rated AAAm by Standard & Poors.

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Concentration of Credit Risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 7% in Federal Home Loan Bank, 20% in Federal National Mortgage Association, 7% in Federal Home Loan Mortgage Corporation, 5% in Federal Farm Credit Bank and 61% in STAROhio.

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

Note 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 estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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

	Amount
Real Property	\$923,744,720
Public Utility	30,787,720
Total	<u>\$954,532,440</u>

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the

City of Fairfield, Ohio
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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 property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2012. 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 2012 operations. The receivable is therefore offset by a credit to deferred revenue.

Income Taxes

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

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

Note 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 and worker's compensation. 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, 2011 to December 31, 2012:

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Claims Liability, 1/1/2011	\$14,009
Claims net of changes in estimates	238,407
Payments	(237,476)
Claims Liability, 12/31/2011	14,940
Claims net of changes in estimates	225,084
Payments	(235,695)
Claims Liability, 12/31/2012	<u>\$4,329</u>

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	\$16,497,759	\$1,301,010	\$0	\$17,798,769
Construction in Progress	11,045,245	5,253,766	890,514	15,408,497
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	47,097,112	309,606	0	47,406,718
Equipment	16,430,967	1,173,716	1,108,006	16,496,677
Infrastructure	78,937,113	565,054	0	79,502,167
Totals at Historical Cost	<u>170,008,196</u>	<u>8,603,152</u>	<u>1,998,520</u>	<u>176,612,828</u>
Less Accumulated Depreciation:				
Buildings and Improvements	18,210,429	1,406,455	0	19,616,884
Equipment	12,858,871	1,075,613	1,108,006	12,826,478
Infrastructure	51,437,486	1,838,992	0	53,276,478
Total Accumulated Depreciation	<u>82,506,786</u>	<u>4,321,060</u>	<u>1,108,006</u>	<u>85,719,840</u>
Governmental Activities Capital Assets, Net	<u>\$87,501,410</u>	<u>\$4,282,092</u>	<u>\$890,514</u>	<u>\$90,892,988</u>

City of Fairfield, Ohio
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	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	312,271	251,750	257,961	306,060
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	47,506,918	212,200	0	47,719,118
Equipment	4,280,169	261,069	231,403	4,309,835
Infrastructure	33,340,084	149,298	0	33,489,382
Totals at Historical Cost	87,081,391	874,317	489,364	87,466,344
Less Accumulated Depreciation:				
Buildings and Improvements	22,049,281	965,329	0	23,014,610
Equipment	2,941,051	256,582	231,403	2,966,230
Infrastructure	14,834,627	837,969	0	15,672,596
Total Accumulated Depreciation	39,824,959	2,059,880	231,403	41,653,436
Business-Type Activities Capital Assets, Net	<u>\$47,256,432</u>	<u>(\$1,185,563)</u>	<u>\$257,961</u>	<u>\$45,812,908</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$515,417
Public Safety	757,688
Leisure Time Activities	796,251
Community Development	24,862
Transportation and Street Repair	2,226,842
Total Depreciation Expense	<u>\$4,321,060</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 (except for police and fire) 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 of an employee, depending on length of service with the City, is paid for his unused sick leave up to a maximum of 960 hours.

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Police employees are credited with 102 sick hours at the beginning of each year. Sick leave accumulation may not exceed 1,020 hours. An excess over the 1,020 maximum is paid to the police employee. In the case of death, termination, or retirement of a police employee, depending on length of service with the City, is paid for his unused sick leave up to a maximum of 1,020 hours.

Fire employees are credited with 130 sick hours at the beginning of each year. Sick leave accumulation may not exceed 1,300 hours. An excess over the 1,300 maximum is paid to the fire employee. In the case of death, termination, or retirement of a fire employee, depending on length of service with the City, is paid for his unused sick leave up to a maximum of 1,300 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
.2% Street Improvement Fund:					
Exit 39 Winton / Gilmore	0.74%	\$2,250,000	\$0	(\$2,250,000)	\$0
Exit 39 Winton / Gilmore	0.75%	\$0	\$1,750,000	\$0	1,750,000
Sewer Utility Fund:					
Sewer Expansion	1.00%	1,500,000	0	(1,500,000)	0
Sewer Expansion	0.75%	0	1,300,000	0	1,300,000
Total Notes Payable		<u>\$3,750,000</u>	<u>\$3,050,000</u>	<u>(\$3,750,000)</u>	<u>\$3,050,000</u>

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

Note 9 – Long-Term Debt

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
2003 Community Arts Center	3.74%	\$5,060,000	\$0	(\$5,060,000)	\$0	\$0
2002 Various Purpose	4.33%	1,815,000	0	(1,815,000)	0	0
2009 Various Purpose	3.56%	5,630,000	0	(235,000)	5,395,000	235,000
2009 Various Purpose Refunding	3.23%	2,010,000	0	(260,000)	1,750,000	270,000
2012 Various Purpose Refunding	3.66%	0	1,810,000	(355,000)	1,455,000	345,000
2012 Community Arts Center	4.50%	0	4,730,000	(70,000)	4,660,000	370,000
2010 A Roadway Improvement	4.64-6.09%	6,000,000	0	0	6,000,000	0
2010 B Roadway Improvement	3.74-4.44%	1,230,000	0	0	1,230,000	0
2010 C Roadway Improvement	2.00-2.25%	1,530,000	0	(370,000)	1,160,000	380,000
Premium/Discount		48,331	422,277	(46,423)	424,185	0
Deferred Charge		0	(353,269)	30,803	(322,466)	0
Total General Obligation Bonds		23,323,331	6,609,008	(8,180,620)	21,751,719	1,600,000
Capital Leases		197,735	0	(81,763)	115,972	86,207
Total Long-Term Liabilities		23,521,066	6,609,008	(8,262,383)	21,867,691	1,686,207
Compensated Absences		3,986,351	537,375	(32,412)	4,491,314	153,004
Total Governmental Activities		\$27,507,417	\$7,146,383	(\$8,294,795)	\$26,359,005	\$1,839,211
		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business Type Activities						
<u>Loans</u>						
OWDA Wastewater Improvement	3.79-4.12%	\$5,154,545	\$0	(\$796,857)	\$4,357,688	\$829,350
<u>General Obligation Bonds</u>						
2002 Various Purpose Recreation	4.34%	1,395,000	0	(1,395,000)	0	0
2012 Various Purpose Recreation	3.66%	0	1,390,000	(150,000)	1,240,000	145,000
Premium on 2012 Refunding		0	73,606	(7,361)	66,245	0
Deferred Charge on 2012 Refunding		0	(49,586)	4,958	(44,628)	0
2009 Various Purpose Refunding	3.15%	1,690,000	0	(265,000)	1,425,000	270,000
Premium on Refunding		28,867	0	(4,811)	24,056	0
Total General Obligation Bonds		3,113,867	1,414,020	(1,817,214)	2,710,673	415,000
Compensated Absences		553,141	82,526	(39,604)	596,063	164,539
Total Business-Type Activities		\$8,821,553	\$1,496,546	(\$2,653,675)	\$7,664,424	\$1,408,889

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.

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Year Ending December 31	General Obligation Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest
2013	\$2,015,000	\$924,138	\$829,350	\$167,368
2014	2,050,000	880,549	863,168	133,552
2015	2,105,000	834,223	898,363	98,354
2016	2,170,000	774,038	934,996	61,722
2017	1,820,000	704,271	612,730	23,596
2018-2022	6,780,000	2,641,309	219,081	6,740
2023-2027	4,820,000	1,397,830	0	0
2028-2030	2,555,000	267,183	0	0
Total	<u>\$24,315,000</u>	<u>\$8,423,541</u>	<u>\$4,357,688</u>	<u>\$491,332</u>

Advance Refunding

On May 9, 2012 the City issued \$7,930,000 in General Obligation bonds with an average interest rate of between 3.66% and 4.50% of which \$7,930,000 was used to advance refund \$7,925,000 of outstanding 2002 Various Purpose Bonds, 2003 Community Arts Center Bonds and 2002 Various Purpose Recreation Bonds with average interest rates between 3.74% and 4.34%. The net proceeds of \$8,292,052 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the three bond issues. As a result, \$7,925,000 of the 2002 Various Purpose Bonds, 2003 Community Arts Center Bonds and 2002 Various Purpose Recreation Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The City advance refunded 2002 Various Purpose Bonds, 2003 Community Arts Center Bonds and 2002 Various Purpose Recreation Bonds to reduce its total debt service payments by \$745,146 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$671,793.

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, 2012 was \$93,700. 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 prior years.

The City's lease obligations meet the criteria of a capital lease as defined by GASB62, 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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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
2013	\$90,288
2014	30,096
Total Minimum Lease Payments	120,384
Less: Amount Representing Interest	(4,412)
Present Value of Minimum Lease Payments	<u>\$115,972</u>

Capital assets acquired under capital leases in accordance with GASB62 are as follows:

Equipment	\$378,346
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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 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, 2012, 2011 and 2010 were \$1,763,709, \$1,759,940, and \$1,813,630 respectively. The full amount has been contributed for 2011 and 2010, and 89 percent has actually been contributed for 2012. The City's unpaid contractually required OPERS contributions (including post employment benefits) at year end (the liability) were recorded in the accrued wages and benefits line item of the government-wide and fund

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

financial statements along with various corresponding expenses/expenditures.

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.

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, 2012, 2011 and 2010 were \$943,635 (police) and \$557,522 (fire), \$940,289 (police) and \$553,454 (fire), and \$935,369 (police) and \$564,636 (fire), respectively. The 74% (police) and 74% (fire) has actually been contributed for 2012 and the full amount has been contributed for 2011 and 2010. The City's unpaid contractually required OP&F contributions (including post employment benefits) at year end (the liability) were recorded in the accrued wages and benefits line item of the government-wide and fund financial statements along with various corresponding expenses/expenditures.

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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 members. In 2012, 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 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. 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 rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$486,615 for 2012, \$466,614 for 2011; and \$136,801 for the period January 1 through February 28, 2010, and \$523,310 for the period of March 1 through December 31, 2010. The full amount has been contributed for 2011 and 2010, and 89 percent has actually been contributed for 2012.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

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

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is 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, 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2012 were \$318,100 (police) and \$152,277 (fire); for the year ending December 31, 2011 were \$325,531 (police) and \$156,717 (fire); and for the year ending December 31, 2010 were \$321,021 (police) and \$157,167 (fire); respectively, and

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

were allocated to the healthcare plan. The actual contributions for 2011 and 2010 were 100% and 74% (police) and 74% (fire) has actually been contributed for 2012.

Note 14 – Construction Commitments

The City had the following outstanding commitments at year end:

Project	Spent-to-date	Commitment Remaining
By-Pass 4 Widening	\$8,591,588	\$484,107
SCADA Upgrade	14,836	467,264
River Road Improvements	1,181,227	369,551
Storm Sewer Linings	0	216,549
I-275/Exit 39 - South Gilmore/Winton Rd.	230,463	72,507
Total	<u>\$10,018,114</u>	<u>\$1,609,978</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, 2012, 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.

Note 16 – Interfund Activity

Interfund receivable and payables and transfers in and out for the year ended December 31, 2012, consisted of the following:

	Interfund		Transfers	
	Receivable	Payable	In	Out
Major Funds:				
General	\$811,265	\$0	\$0	\$1,290,000
.2% Street Improvement	0	0	500,000	1,693,579
Fire Levy	0	0	200,000	0
Recreation Facilities	0	0	150,000	0
Internal Service	0	0	190,000	0
Other Governmental Funds	0	811,265	4,021,472	2,077,893
Totals	<u>\$811,265</u>	<u>\$811,265</u>	<u>\$5,061,472</u>	<u>\$5,061,472</u>

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Interfund balance/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 General Fund had an interfund receivable at year-end because the general fund covered the negative balances in the grant funds that did not receive reimbursement by year-end.

The City made various GAAP transfers from the Other Governmental Funds (.2% Capital Improvement Fund and Debt Service Fund) and the .2% Street Improvement Fund to the Debt Service Fund, the .2% Street Improvement Fund and Recreational Facilities Fund to pay 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, 2010 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

Net Distribution:

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Note 18 – Compliance and Accountability

Compliance

Noncompliance—Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated resources. The funds listed below had appropriations which exceeded estimated resources at December 31, 2012.

General Bond Retirement
Fire Levy
County Motor Vehicle Registration

Accountability

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

Fire Levy	\$232,051
Flood Protection	109,045
State Issue II	702,220

Note 19 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Fund Balances	General	Fire Levy	.2% Street Improvement	Other Governmental Funds	Total
Restricted for:					
Street Improvements	\$0	\$0	\$4,145,576	\$582,547	\$4,728,123
Probation Services	0	0	0	2,566,419	2,566,419
Court Computer	0	0	0	830,319	830,319
Special Projects	0	0	0	584,701	584,701
Mediation Services	0	0	0	426,907	426,907
Tax Recreation	0	0	0	253,138	253,138
Park Development	0	0	0	82,594	82,594
Law Enforcement	0	0	0	293,121	293,121
Drug and Alcohol Treatment	0	0	0	140,330	140,330
Capital Improvements	0	0	0	2,938,571	2,938,571
TIF Monies	0	0	0	15,916	15,916
Debt Service	0	0	0	1,513,433	1,513,433
Other Purposes	0	0	0	447,987	447,987
Total Restricted	0	0	4,145,576	10,675,983	14,821,559
Assigned to:					
Debt Service	0	0	0	45,252	45,252
Downtown Development	0	0	0	164,659	164,659
Encumbrances	92,799	0	0	0	92,799
Total Assigned	92,799	0	0	209,911	302,710
Unassigned (Deficit)	12,352,032	(232,051)	0	(811,265)	11,308,716
Total Fund Balance	<u>\$12,444,831</u>	<u>(\$232,051)</u>	<u>\$4,145,576</u>	<u>\$10,074,629</u>	<u>\$26,432,985</u>

Note 20 – Change in Accounting Principles

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB Statement No. 62 incorporates Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants' (AICPA) accounting and financial reporting guidance issued on or before November 30, 1989 into GASB authoritative literature. GASB Statement No. 63 provides financial reporting guidance for deferred outflows and inflows of resources and net position.

Note 21 – Subsequent Event

On November 6, 2012 voters approved the reapportionment of the City's 1.5% Municipal Income Tax rate, effective January 1, 2013. The income tax rate remained the same. The reapportionment only modified how existing revenues are budgeted. In 2012, 1.1% goes into the General Fund, .2% goes into the Street Improvement Fund and .2% goes into the Capital Improvement Fund. The reapportionment approved 1.2% into the General Fund, .15% into the Street Improvement Fund and .15% into the Capital Improvement Fund. Current economic conditions, coupled with losses in state revenue, have caused City income to decrease since 2008. The reapportionment will allow the City to maintain current service levels to the residents.

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, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$18,824,902	\$18,824,902	\$19,445,145	\$620,243
Licenses & Permits	156,050	156,050	225,418	69,368
Intergovernmental	1,647,000	1,647,000	2,317,315	670,315
Charges for Services	902,700	902,700	1,071,078	168,378
Court Costs & Fines	1,090,500	1,090,500	1,035,769	(54,731)
Special Assessments	15,000	15,000	14,821	(179)
Investment Earnings	75,000	75,000	94,391	19,391
Other Revenues	815,410	815,410	851,507	36,097
Total Revenues	23,526,562	23,526,562	25,055,444	1,528,882
Expenditures:				
Current:				
<u>General Government</u>				
City Council				
Personnel Related	225,861	232,161	232,155	6
Other	23,300	23,300	6,517	16,783
Total City Council	249,161	255,461	238,672	16,789
Mayor				
Personnel Related	11,372	11,372	11,350	22
Other	4,390	4,390	772	3,618
Total Mayor	15,762	15,762	12,122	3,640
Administration				
Personnel Related	495,117	495,117	487,662	7,455
Other	22,950	22,950	18,328	4,622
Total Administration	518,067	518,067	505,990	12,077
General Services				
Personnel Related	56,022	56,832	52,798	4,034
Other	3,392,755	3,637,100	2,856,950	780,150
Total General Services	3,448,777	3,693,932	2,909,748	784,184
Law				
Personnel Related	500	500	168	332
Other	504,050	504,050	503,989	61
Total Law	504,550	504,550	504,157	393
Human Resources				
Personnel Related	199,586	199,586	188,043	11,543
Other	50,150	50,150	33,932	16,218
Total Human Resources	249,736	249,736	221,975	27,761
Finance Administration & Accounting				
Personnel Related	593,445	593,445	581,385	12,060
Other	23,900	23,900	20,740	3,160
Total Finance Administration & Accounting	617,345	617,345	602,125	15,220
Income Tax				
Personnel Related	504,122	504,122	441,097	63,025
Other	79,993	75,469	65,043	10,426
Total Income Tax	584,115	579,591	506,140	73,451

Continued

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, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Information Technology				
Personnel Related	499,061	499,061	470,321	28,740
Other	39,854	39,772	33,435	6,337
Total Information Technology	538,915	538,833	503,756	35,077
Municipal Court				
Personnel Related	1,375,245	1,375,245	1,227,026	148,219
Other	274,200	274,200	165,520	108,680
Total Municipal Court	1,649,445	1,649,445	1,392,546	256,899
Public Works Administration				
Personnel Related	151,275	151,275	150,364	911
Other	28,475	28,475	14,358	14,117
Total Public Works Administration	179,750	179,750	164,722	15,028
Construction Services				
Personnel Related	508,036	508,036	474,768	33,268
Other	127,477	127,477	81,150	46,327
Total Construction Services	635,513	635,513	555,918	79,595
Municipal Building				
Personnel Related	70,016	71,216	70,508	708
Other	173,030	172,606	127,969	44,637
Total Municipal Building	243,046	243,822	198,477	45,345
Total General Government	9,434,182	9,681,807	8,316,348	1,365,459
<u>Public Safety</u>				
Police				
Personnel Related	9,049,255	9,049,255	8,512,517	536,738
Other	684,585	681,672	630,402	51,270
Total Police	9,733,840	9,730,927	9,142,919	588,008
Justice Center				
Personnel Related	62,451	62,451	62,230	221
Other	801,685	776,662	692,208	84,454
Total Justice Center	864,136	839,113	754,438	84,675
Total Public Safety	10,597,976	10,570,040	9,897,357	672,683
<u>Community Development</u>				
Planning & Economic Development				
Personnel Related	562,960	562,960	555,514	7,446
Other	49,500	49,500	23,564	25,936
Total Planning & Economic Development	612,460	612,460	579,078	33,382
Building & Zoning Inspection				
Personnel Related	679,579	679,579	678,878	701
Other	88,887	88,863	61,025	27,838
Total Building & Zoning Inspection	768,466	768,442	739,903	28,539
Total Community Development	1,380,926	1,380,902	1,318,981	61,921

Continued

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, 2012

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Leisure Time Activities</u>				
Parks & Recreation Administration				
Personnel Related	656,628	656,628	648,360	8,268
Other	107,706	107,706	99,432	8,274
Total Parks & Recreation Administration	764,334	764,334	747,792	16,542
Parks Maintenance Operations				
Personnel Related	594,140	594,140	559,077	35,063
Other	347,469	347,390	314,334	33,056
Total Parks Maintenance Operations	941,609	941,530	873,411	68,119
Marsh Park Fishing Lake				
Personnel Related	91,355	91,355	60,726	30,629
Other	45,050	45,050	35,101	9,949
Total Marsh Park Fishing Lake	136,405	136,405	95,827	40,578
Community Arts Center				
Personnel Related	301,111	301,111	289,767	11,344
Other	435,052	435,045	392,644	42,401
Total Community Arts Center	736,163	736,156	682,411	53,745
Total Leisure Time Activities	2,578,511	2,578,425	2,399,441	178,984
Capital Outlay	16,320	15,550	15,550	0
Total Expenditures	24,007,915	24,226,724	21,947,677	2,279,047
Excess of Revenues Over (Under) Expenditures	(481,353)	(700,162)	3,107,767	3,807,929
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	500	500	34,752	34,252
Transfers (Out)	(1,090,000)	(1,290,000)	(1,290,000)	0
Total Other Financing Sources (Uses)	(1,089,500)	(1,289,500)	(1,255,248)	34,252
Net Change in Fund Balance	(1,570,853)	(1,989,662)	1,852,519	3,842,181
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,444,937	9,444,937	9,444,937	0
Fund Balance End of Year	<u>\$7,874,084</u>	<u>\$7,455,275</u>	<u>\$11,297,456</u>	<u>\$3,842,181</u>

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, 2012

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,913,800	\$2,913,800	\$3,552,016	\$638,216
Licenses & Permits	6,000	6,000	6,000	0
Intergovernmental	419,500	419,500	373,125	(46,375)
Charges for Services	1,200,000	1,200,000	1,138,749	(61,251)
Investment Earnings	100	100	71	(29)
Other Revenues	4,000	4,000	3,195	(805)
Total Revenues	4,543,400	4,543,400	5,073,156	529,756
Expenditures:				
Public Safety				
Fire Suppression				
Personnel Related	4,636,387	4,701,387	4,574,408	126,979
Other	569,052	568,999	519,132	49,867
Total Fire Suppression	5,205,439	5,270,386	5,093,540	176,846
Paramedic Prevention				
Other	338,261	301,863	235,224	66,639
Total Fire Suppression	338,261	301,863	235,224	66,639
Total Expenditures	5,543,700	5,572,249	5,328,764	243,485
Excess of Revenues Over (Under) Expenditures	(1,000,300)	(1,028,849)	(255,608)	773,241
Other Financing Sources (uses):				
Transfers In	0	0	200,000	200,000
Total Other Financing Sources (Uses)	0	0	200,000	200,000
Net Change in Fund Balance	(1,000,300)	(1,028,849)	(55,608)	973,241
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	166,311	166,311	166,311	0
Fund Balance End of Year	(\$833,989)	(\$862,538)	\$110,703	\$973,241

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2012

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 and object 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 Budgetary 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 an assignment of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

(Continued)

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2012

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	\$2,031,954	\$34,811
Revenue Accruals	827,148	1,781
Expenditure Accruals	(688,716)	(31,249)
Encumbrances	(317,867)	(60,951)
Budget Basis	<u>\$1,852,519</u>	<u>(\$55,608)</u>

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, 2012

	.2% Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,066,800	\$3,066,800	\$3,275,739	\$208,939
Intergovernmental	235,000	235,000	474,405	239,405
Investment Earnings	55,000	55,000	65,275	10,275
Total Revenues	3,356,800	3,356,800	3,815,419	458,619
Expenditures:				
Capital Outlay	4,341,966	5,879,767	5,465,713	414,054
Total Expenditures	4,341,966	5,879,767	5,465,713	414,054
Excess of Revenues Over (Under) Expenditures	(985,166)	(2,522,967)	(1,650,294)	872,673
Other Financing Sources (uses):				
Transfers (Out)	(1,716,000)	(1,716,000)	(1,693,579)	22,421
Total Other Financing Sources (Uses)	(1,716,000)	(1,716,000)	(1,693,579)	22,421
Net Change in Fund Balance	(2,701,166)	(4,238,967)	(3,343,873)	895,094
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,371,791	8,371,791	8,371,791	0
Fund Balance End of Year	\$5,670,625	\$4,132,824	\$5,027,918	\$895,094

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$6,192,545	\$1,558,685	\$3,185,053	\$10,936,283
Receivables:				
Taxes	0	0	513,096	513,096
Interest	2,023	593	1,575	4,191
Intergovernmental	944,523	0	833,277	1,777,800
Special Assessments	0	160,092	0	160,092
Total Assets	<u>7,139,091</u>	<u>1,719,370</u>	<u>4,533,001</u>	<u>13,391,462</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	99,763	0	213,119	312,882
Accrued Wages and Benefits	132,030	0	0	132,030
Interfund Payable	0	0	811,265	811,265
Deferred Revenue	765,913	160,685	1,134,058	2,060,656
Total Liabilities	<u>997,706</u>	<u>160,685</u>	<u>2,158,442</u>	<u>3,316,833</u>
Fund Balances:				
Restricted	6,141,385	1,513,433	3,021,165	10,675,983
Assigned	0	45,252	164,659	209,911
Unassigned	0	0	(811,265)	(811,265)
Total Fund Balances	<u>6,141,385</u>	<u>1,558,685</u>	<u>2,374,559</u>	<u>10,074,629</u>
Total Liabilities and Fund Balances	<u>\$7,139,091</u>	<u>\$1,719,370</u>	<u>\$4,533,001</u>	<u>\$13,391,462</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, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$0	\$0	\$3,104,209	\$3,104,209
Fines, Licenses & Permits	737,815	0	0	737,815
Investment Earnings	11,754	44,597	15,243	71,594
Intergovernmental	2,669,475	0	3,003,145	5,672,620
Special Assessments	5,081	9,038	0	14,119
Other Revenues	92,235	0	11,244	103,479
Total Revenues	3,516,360	53,635	6,133,841	9,703,836
Expenditures:				
Current:				
General Government	423,267	12,805	0	436,072
Public Safety	20,792	0	0	20,792
Transportation and Street Repair	2,870,788	0	504,017	3,374,805
Capital Outlay	157,406	0	5,571,206	5,728,612
Debt Service:				
Principal Retirement	0	1,635,000	0	1,635,000
Interest and Fiscal Charges	0	830,953	0	830,953
Bond Issuance Cost	0	109,811	0	109,811
Total Expenditures	3,472,253	2,588,569	6,075,223	12,136,045
Excess of Revenues Over (Under) Expenditures	44,107	(2,534,934)	58,618	(2,432,209)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	462	0	87,050	87,512
Payments to Refunded Bond Escrow Agent	0	(6,852,466)	0	(6,852,466)
Sale of Refunding Bonds	0	6,540,000	0	6,540,000
Premium/(Discount) on Sale of Bonds	0	422,277	0	422,277
Transfers In	900,000	3,121,472	0	4,021,472
Transfers (Out)	0	(650,000)	(1,427,893)	(2,077,893)
Total Other Financing Sources (Uses)	900,462	2,581,283	(1,340,843)	2,140,902
Net Change in Fund Balance	944,569	46,349	(1,282,225)	(291,307)
Fund Balance (Deficit) - Beginning of Year	5,196,816	1,512,336	3,656,784	10,365,936
Fund Balance (Deficit) - End of Year	\$6,141,385	\$1,558,685	\$2,374,559	\$10,074,629

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, 2012

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Assets:					
Equity in Pooled Cash and Investments	\$559,656	\$40,939	\$259,502	\$253,138	\$116,944
Receivables:					
Interest	0	0	0	0	0
Intergovernmental	728,189	59,042	0	0	0
Total Assets	<u>1,287,845</u>	<u>99,981</u>	<u>259,502</u>	<u>253,138</u>	<u>116,944</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	80,129	0	18,200	0	0
Accrued Wages and Benefits	82,815	10,918	0	0	0
Deferred Revenue	584,061	47,356	0	0	0
Total Liabilities	<u>747,005</u>	<u>58,274</u>	<u>18,200</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Restricted	<u>540,840</u>	<u>41,707</u>	<u>241,302</u>	<u>253,138</u>	<u>116,944</u>
Total Fund Balances	<u>540,840</u>	<u>41,707</u>	<u>241,302</u>	<u>253,138</u>	<u>116,944</u>
Total Liabilities and Fund Balances	<u>\$1,287,845</u>	<u>\$99,981</u>	<u>\$259,502</u>	<u>\$253,138</u>	<u>\$116,944</u>

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$83,894	\$141,026	\$140,330	\$35,151	\$2,586,196	\$830,319	\$587,274
0	0	0	0	2,023	0	0
156,257	0	0	1,035	0	0	0
<u>240,151</u>	<u>141,026</u>	<u>140,330</u>	<u>36,186</u>	<u>2,588,219</u>	<u>830,319</u>	<u>587,274</u>
0	0	0	0	1,434	0	0
17,150	0	0	0	18,574	0	2,573
131,669	0	0	1,035	1,792	0	0
<u>148,819</u>	<u>0</u>	<u>0</u>	<u>1,035</u>	<u>21,800</u>	<u>0</u>	<u>2,573</u>
<u>91,332</u>	<u>141,026</u>	<u>140,330</u>	<u>35,151</u>	<u>2,566,419</u>	<u>830,319</u>	<u>584,701</u>
<u>91,332</u>	<u>141,026</u>	<u>140,330</u>	<u>35,151</u>	<u>2,566,419</u>	<u>830,319</u>	<u>584,701</u>
<u>\$240,151</u>	<u>\$141,026</u>	<u>\$140,330</u>	<u>\$36,186</u>	<u>\$2,588,219</u>	<u>\$830,319</u>	<u>\$587,274</u>
Continued						

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$426,907	\$15,916	\$115,353	\$6,192,545
Receivables:				
Interest	0	0	0	2,023
Intergovernmental	0	0	0	944,523
Total Assets	<u>426,907</u>	<u>15,916</u>	<u>115,353</u>	<u>7,139,091</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	0	99,763
Accrued Wages and Benefits	0	0	0	132,030
Deferred Revenue	0	0	0	765,913
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>997,706</u>
Fund Balances:				
Restricted	<u>426,907</u>	<u>15,916</u>	<u>115,353</u>	<u>6,141,385</u>
Total Fund Balances	<u>426,907</u>	<u>15,916</u>	<u>115,353</u>	<u>6,141,385</u>
Total Liabilities and Fund Balances	<u>\$426,907</u>	<u>\$15,916</u>	<u>\$115,353</u>	<u>\$7,139,091</u>

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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, 2012

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Revenues:					
Fines, Licenses & Permits	\$0	\$0	\$0	\$2,250	\$5,811
Investment Earnings	0	0	114	38	0
Intergovernmental	1,826,773	148,117	349,480	0	0
Special Assessments	0	0	0	0	0
Other Revenues	85,445	0	0	0	0
Total Revenues	1,912,218	148,117	349,594	2,288	5,811
Expenditures:					
Current:					
General Government	0	0	9,108	0	0
Public Safety	0	0	0	0	0
Transportation and Street Repair	2,460,065	138,118	0	0	0
Capital Outlay	0	0	139,867	0	0
Total Expenditures	2,460,065	138,118	148,975	0	0
Excess of Revenues Over (Under) Expenditures	(547,847)	9,999	200,619	2,288	5,811
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	462	0	0	0	0
Transfers In	900,000	0	0	0	0
Total Other Financing Sources (Uses)	900,462	0	0	0	0
Net Change in Fund Balance	352,615	9,999	200,619	2,288	5,811
Fund Balance (Deficit) - Beginning of Year	188,225	31,708	40,683	250,850	111,133
Fund Balance (Deficit) - End of Year	\$540,840	\$41,707	\$241,302	\$253,138	\$116,944

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	\$34,300	\$17,854	\$0	\$450,921	\$89,595	\$52,826
0	76	76	0	10,955	267	152
322,179	0	0	12,198	10,728	0	0
0	0	0	0	0	0	0
0	6,790	0	0	0	0	0
322,179	41,166	17,930	12,198	472,604	89,862	52,978
0	0	3,820	0	306,420	36,300	65,026
0	9,176	0	11,616	0	0	0
272,605	0	0	0	0	0	0
0	0	0	0	0	17,539	0
272,605	9,176	3,820	11,616	306,420	53,839	65,026
49,574	31,990	14,110	582	166,184	36,023	(12,048)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
49,574	31,990	14,110	582	166,184	36,023	(12,048)
41,758	109,036	126,220	34,569	2,400,235	794,296	596,749
\$91,332	\$141,026	\$140,330	\$35,151	\$2,566,419	\$830,319	\$584,701

Continued

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditure:
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2012

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Revenues:				
Fines, Licenses & Permits	\$46,025	\$0	\$38,233	\$737,815
Investment Earnings	76	0	0	11,754
Intergovernmental	0	0	0	2,669,475
Special Assessments	0	5,081	0	5,081
Other Revenues	0	0	0	92,235
Total Revenues	46,101	5,081	38,233	3,516,360
Expenditures:				
Current:				
General Government	200	2,393	0	423,267
Public Safety	0	0	0	20,792
Transportation and Street Repair	0	0	0	2,870,788
Capital Outlay	0	0	0	157,406
Total Expenditures	200	2,393	0	3,472,253
Excess of Revenues Over (Under) Expenditures	45,901	2,688	38,233	44,107
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	0	462
Transfers In	0	0	0	900,000
Total Other Financing Sources (Uses)	0	0	0	900,462
Net Change in Fund Balance	45,901	2,688	38,233	944,569
Fund Balance (Deficit) - Beginning of Year	381,006	13,228	77,120	5,196,816
Fund Balance (Deficit) - End of Year	\$426,907	\$15,916	\$115,353	\$6,141,385

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, 2012

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,925,000	\$1,925,000	\$1,830,500	(\$94,500)
Other Revenues	10,000	10,000	85,444	75,444
Total Revenues	1,935,000	1,935,000	1,915,944	(19,056)
Expenditures:				
Transportation and Street Repair				
Personnel Related	1,552,986	1,552,986	1,371,776	181,210
Other	1,175,661	1,226,228	1,077,519	148,709
Total Expenditures	2,728,647	2,779,214	2,449,295	329,919
Excess of Revenues Over (Under) Expenditures	(793,647)	(844,214)	(533,351)	310,863
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	0	0	462	462
Transfers In	900,000	900,000	900,000	0
Total Other Financing Sources (Uses)	900,000	900,000	900,462	462
Net Change in Fund Balance	106,353	55,786	367,111	311,325
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	155,931	155,931	155,931	0
Fund Balance End of Year	\$262,284	\$211,717	\$523,042	\$311,325

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, 2012

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$155,000	\$155,000	\$148,419	(\$6,581)
Total Revenues	155,000	155,000	148,419	(6,581)
Expenditures:				
Transportation and Street Repair Personnel Related	152,175	152,175	139,353	12,822
Total Expenditures	152,175	152,175	139,353	12,822
Net Change in Fund Balance	2,825	2,825	9,066	6,241
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	31,873	31,873	31,873	0
Fund Balance End of Year	\$34,698	\$34,698	\$40,939	\$6,241

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, 2012

	County Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$100,150	\$100,150	\$349,480	\$249,330
Investment Earnings	100	100	114	14
Total Revenues	100,250	100,250	349,594	249,344
Expenditures:				
Capital Outlay	64,328	181,139	153,625	27,514
Total Expenditures	64,328	181,139	153,625	27,514
Net Change in Fund Balance	35,922	(80,889)	195,969	276,858
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	40,683	40,683	40,683	0
Fund Balance End of Year	\$76,605	(\$40,206)	\$236,652	\$276,858

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, 2012

	Tax Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Licenses & Permits	\$2,450	\$2,450	\$2,250	(\$200)
Investment Earnings	50	50	38	(12)
Total Revenues	2,500	2,500	2,288	(212)
Total Expenditures	0	0	0	0
Net Change in Fund Balance	2,500	2,500	2,288	(212)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	250,850	250,850	250,850	0
Fund Balance End of Year	<u>\$253,350</u>	<u>\$253,350</u>	<u>\$253,138</u>	<u>(\$212)</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, 2012

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$1,000	\$1,000	\$5,846	\$4,846
Total Revenues	1,000	1,000	5,846	4,846
Expenditures:				
Public Safety				
Other	10,000	10,000	35	9,965
Total Expenditures	10,000	10,000	35	9,965
Net Change in Fund Balance	(9,000)	(9,000)	5,811	14,811
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	111,133	111,133	111,133	0
Fund Balance End of Year	\$102,133	\$102,133	\$116,944	\$14,811

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, 2012

	Municipal Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$320,000	\$320,000	\$323,435	\$3,435
Total Revenues	320,000	320,000	323,435	3,435
Expenditures:				
Transportation and Street Repair Personnel Related	329,713	329,713	276,687	53,026
Total Expenditures	329,713	329,713	276,687	53,026
Net Change in Fund Balance	(9,713)	(9,713)	46,748	56,461
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	37,146	37,146	37,146	0
Fund Balance End of Year	\$27,433	\$27,433	\$83,894	\$56,461

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, 2012

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$5,040	\$5,040	\$34,300	\$29,260
Investment Earnings	60	60	76	16
Other Revenues	0	0	6,790	6,790
Total Revenues	5,100	5,100	41,166	36,066
Expenditures:				
Public Safety				
Other	17,500	17,500	9,176	8,324
Total Expenditures	17,500	17,500	9,176	8,324
Net Change in Fund Balance	(12,400)	(12,400)	31,990	44,390
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	109,036	109,036	109,036	0
Fund Balance End of Year	\$96,636	\$96,636	\$141,026	\$44,390

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, 2012

	Drug and Alcohol Treatment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$12,040	\$12,040	\$17,854	\$5,814
Investment Earnings	60	60	76	16
Total Revenues	12,100	12,100	17,930	5,830
Expenditures:				
General Government				
Other	30,000	30,000	6,057	23,943
Total Expenditures	30,000	30,000	6,057	23,943
Net Change in Fund Balance	(17,900)	(17,900)	11,873	29,773
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	128,457	128,457	128,457	0
Fund Balance End of Year	\$110,557	\$110,557	\$140,330	\$29,773

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, 2012

	Local Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$12,199	\$12,199
Total Revenues	\$0	\$0	\$12,199	\$12,199
Expenditures:				
Public Safety				
Other	10,000	15,000	11,617	3,383
Total Expenditures	10,000	15,000	11,617	3,383
Net Change in Fund Balance	(10,000)	(15,000)	582	15,582
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	34,569	34,569	34,569	0
Fund Balance End of Year	\$24,569	\$19,569	\$35,151	\$15,582

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, 2012

	Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$29,500	\$29,500	\$12,485	(\$17,015)
Court Costs & Fines	480,000	480,000	450,921	(29,079)
Investment Earnings	1,500	1,500	11,640	10,140
Total Revenues	511,000	511,000	475,046	(35,954)
Expenditures:				
General Government				
Personnel Related	294,065	294,065	283,355	10,710
Other	44,832	43,694	24,849	18,845
Total Expenditures	338,897	337,759	308,204	29,555
Net Change in Fund Balance	172,103	173,241	166,842	(6,399)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,419,372	2,419,372	2,419,372	0
Fund Balance End of Year	\$2,591,475	\$2,592,613	\$2,586,214	(\$6,399)

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, 2012

	Court Computer Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$100,000	\$100,000	\$89,595	(\$10,405)
Investment Earnings	250	250	267	17
Total Revenues	100,250	100,250	89,862	(10,388)
Expenditures:				
General Government				
Other	112,637	112,597	70,960	41,637
Total Expenditures	112,637	112,597	70,960	41,637
Net Change in Fund Balance	(12,387)	(12,347)	18,902	31,249
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	811,417	811,417	811,417	0
Fund Balance End of Year	\$799,030	\$799,070	\$830,319	\$31,249

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, 2012

	Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$64,925	\$64,925	\$52,826	(\$12,099)
Investment Earnings	175	175	152	(23)
Total Revenues	65,100	65,100	52,978	(12,122)
Expenditures:				
General Government				
Personnel Related	62,720	62,720	54,759	7,961
Other	16,000	16,000	9,272	6,728
Total Expenditures	78,720	78,720	64,031	14,689
Net Change in Fund Balance	(13,620)	(13,620)	(11,053)	2,567
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	598,327	598,327	598,327	0
Fund Balance End of Year	\$584,707	\$584,707	\$587,274	\$2,567

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, 2012

	Mediation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$55,075	\$55,075	\$46,025	(\$9,050)
Investment Earnings	75	75	76	1
Total Revenues	55,150	55,150	46,101	(9,049)
Expenditures:				
General Government				
Other	5,000	5,000	200	4,800
Total Expenditures	5,000	5,000	200	4,800
Net Change in Fund Balance	50,150	50,150	45,901	(4,249)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	381,006	381,006	381,006	0
Fund Balance End of Year	\$431,156	\$431,156	\$426,907	(\$4,249)

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, 2012

	Tax Increment Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$85,000	\$85,000	\$5,081	(\$79,919)
Total Revenues	85,000	85,000	5,081	(79,919)
Expenditures:				
General Government				
Other	85,000	85,000	2,393	82,607
Total Expenditures	85,000	85,000	2,393	82,607
Net Change in Fund Balance	0	0	2,688	2,688
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,228	13,228	13,228	0
Fund Balance End of Year	\$13,228	\$13,228	\$15,916	\$2,688

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, 2012

	Indigent Driver Interlock Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$25,000	\$25,000	\$38,233	\$13,233
Total Revenues	25,000	25,000	38,233	13,233
Total Expenditures	0	0	0	0
Net Change in Fund Balance	25,000	25,000	38,233	13,233
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	77,120	77,120	77,120	0
Fund Balance End of Year	\$102,120	\$102,120	\$115,353	\$13,233

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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, 2012

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$45,252	\$1,513,433	\$1,558,685
Receivables:			
Interest	0	593	593
Special Assessments	0	160,092	160,092
Total Assets	<u>45,252</u>	<u>1,674,118</u>	<u>1,719,370</u>
Liabilities and Fund Balances:			
Liabilities:			
Deferred Revenue	0	160,685	160,685
Total Liabilities	<u>0</u>	<u>160,685</u>	<u>160,685</u>
Fund Balances:			
Restricted	0	1,513,433	1,513,433
Assigned	45,252	0	45,252
Total Fund Balances	<u>45,252</u>	<u>1,513,433</u>	<u>1,558,685</u>
Total Liabilities and Fund Balances	<u>\$45,252</u>	<u>\$1,674,118</u>	<u>\$1,719,370</u>

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, 2012

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$0	\$44,597	\$44,597
Special Assessments	0	9,038	9,038
Total Revenues	0	53,635	53,635
Expenditures:			
Current:			
General Government	11,957	848	12,805
Debt Service:			
Principal Retirement	1,635,000	0	1,635,000
Interest and Fiscal Charges	827,101	3,852	830,953
Bond Issuance Cost	109,811	0	109,811
Total Expenditures	2,583,869	4,700	2,588,569
Excess of Revenues Over (Under) Expenditures	(2,583,869)	48,935	(2,534,934)
Other Financing Sources (Uses):			
Payments to Refunded Bond Escrow Agent	(6,852,466)	0	(6,852,466)
Sale of Refunding Bonds	6,540,000	0	6,540,000
Premium/(Discount) on Sale of Bonds	422,277	0	422,277
Transfers In	3,121,472	0	3,121,472
Transfers (Out)	(650,000)	0	(650,000)
Total Other Financing Sources (Uses)	2,581,283	0	2,581,283
Net Change in Fund Balance	(2,586)	48,935	46,349
Fund Balance (Deficit) - Beginning of Year	47,838	1,464,498	1,512,336
Fund Balance (Deficit) - End of Year	\$45,252	\$1,513,433	\$1,558,685

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, 2012

	General Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
General Government				
Other	7,250	12,550	11,957	593
Debt Service:				
Principal Retirement	2,150,000	2,285,000	2,285,000	0
Interest and Fiscal Charges	1,037,500	1,032,200	827,101	205,099
Total Expenditures	3,194,750	3,329,750	3,124,058	205,692
Excess of Revenues Over (Under) Expenditures	(3,194,750)	(3,329,750)	(3,124,058)	205,692
Other Financing Sources (uses):				
Transfers In	2,730,000	3,175,000	3,121,472	(53,528)
Total Other Financing Sources (Uses)	2,730,000	3,175,000	3,121,472	(53,528)
Net Change in Fund Balance	(464,750)	(154,750)	(2,586)	152,164
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	47,838	47,838	47,838	0
Fund Balance End of Year	(\$416,912)	(\$106,912)	\$45,252	\$152,164

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, 2012

	Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$230,000	\$230,000	\$492,497	\$262,497
Investment Earnings	1,650	1,650	42,096	40,446
Total Revenues	231,650	231,650	534,593	302,943
Expenditures:				
Current:				
General Government				
Other	1,650	1,650	848	802
Debt Service:				
Principal Retirement	230,000	451,000	483,459	(32,459)
Interest and Fiscal Charges	0	0	3,852	(3,852)
Total Expenditures	231,650	452,650	488,159	(35,509)
Net Change in Fund Balance	0	(221,000)	46,434	267,434
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,467,246	1,467,246	1,467,246	0
Fund Balance End of Year	\$1,467,246	\$1,246,246	\$1,513,680	\$267,434

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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 – This capital project fund accounts 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 - This capital project fund accounts projects financed through the State of Ohio Public Works Commission. Financing is derived from grants from the stat 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.

Park Development - This capital projects fund accounts for the creation and development of Huffman Park.

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	.2% Capital Improvement	Flood Protection	State Issue II	Downtown Development	Park Development	Total Nonmajor Capital Projects Funds
Assets:						
Equity in Pooled Cash and Investments	\$2,937,800	\$0	\$0	\$164,659	\$82,594	\$3,185,053
Receivables:						
Taxes	513,096	0	0	0	0	513,096
Interest	1,575	0	0	0	0	1,575
Intergovernmental	20,606	110,450	702,221	0	0	833,277
Total Assets	<u>3,473,077</u>	<u>110,450</u>	<u>702,221</u>	<u>164,659</u>	<u>82,594</u>	<u>4,533,001</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	213,119	0	0	0	0	213,119
Interfund Payable	0	109,045	702,220	0	0	811,265
Deferred Revenue	321,387	110,450	702,221	0	0	1,134,058
Total Liabilities	<u>534,506</u>	<u>219,495</u>	<u>1,404,441</u>	<u>0</u>	<u>0</u>	<u>2,158,442</u>
Fund Balances:						
Restricted	2,938,571	0	0	0	82,594	3,021,165
Assigned	0	0	0	164,659	0	164,659
Unassigned	0	(109,045)	(702,220)	0	0	(811,265)
Total Fund Balances	<u>2,938,571</u>	<u>(109,045)</u>	<u>(702,220)</u>	<u>164,659</u>	<u>82,594</u>	<u>2,374,559</u>
Total Liabilities and Fund Balances	<u>\$3,473,077</u>	<u>\$110,450</u>	<u>\$702,221</u>	<u>\$164,659</u>	<u>\$82,594</u>	<u>\$4,533,001</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, 2012

	.2% Capital Improvement	Flood Protection	State Issue II	Downtown Development	Park Development	Total Nonmajor Capital Projects Funds
Revenues:						
Taxes	\$3,104,209	\$0	\$0	\$0	\$0	\$3,104,209
Investment Earnings	15,243	0	0	0	0	15,243
Intergovernmental	157,640	1,548,802	1,296,703	0	0	3,003,145
Other Revenues	2,884	8,360	0	0	0	11,244
Total Revenues	3,279,976	1,557,162	1,296,703	0	0	6,133,841
Expenditures:						
Current:						
Transportation and Street Repair	402,911	101,106	0	0	0	504,017
Capital Outlay	1,870,452	1,112,590	1,810,758	0	777,406	5,571,206
Total Expenditures	2,273,363	1,213,696	1,810,758	0	777,406	6,075,223
Excess of Revenues Over (Under) Expenditure	1,006,613	343,466	(514,055)	0	(777,406)	58,618
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	87,050	0	0	0	0	87,050
Transfers (Out)	(1,427,893)	0	0	0	0	(1,427,893)
Total Other Financing Sources (Uses)	(1,340,843)	0	0	0	0	(1,340,843)
Net Change in Fund Balance	(334,230)	343,466	(514,055)	0	(777,406)	(1,282,225)
Fund Balance (Deficit) - Beginning of Year	3,272,801	(452,511)	(188,165)	164,659	860,000	3,656,784
Fund Balance (Deficit) - End of Year	\$2,938,571	(\$109,045)	(\$702,220)	\$164,659	\$82,594	\$2,374,559

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, 2012

	.2% Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,036,800	\$3,036,800	\$3,275,738	\$238,938
Intergovernmental	0	0	157,640	157,640
Investment Earnings	35,000	35,000	14,755	(20,245)
Other Revenues	1,000	1,000	2,884	1,884
Total Revenues	3,072,800	3,072,800	3,451,017	378,217
Expenditures:				
Capital Outlay	1,246,165	3,047,405	2,783,108	264,297
Total Expenditures	1,246,165	3,047,405	2,783,108	264,297
Excess of Revenues Over (Under) Expenditures	1,826,635	25,395	667,909	642,514
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	1,000	1,000	87,050	86,050
Transfers (Out)	(1,400,000)	(1,428,000)	(1,427,893)	107
Total Other Financing Sources (Uses)	(1,399,000)	(1,427,000)	(1,340,843)	86,157
Net Change in Fund Balance	427,635	(1,401,605)	(672,934)	728,671
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,162,409	3,162,409	3,162,409	0
Fund Balance End of Year	\$3,590,044	\$1,760,804	\$2,489,475	\$728,671

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, 2012

	Flood Protection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$1,548,802	\$1,548,802
Other Revenues	0	0	8,360	8,360
Total Revenues	0	0	1,557,162	1,557,162
Expenditures:				
Capital Outlay	2,686,453	2,706,453	2,691,578	14,875
Total Expenditures	2,686,453	2,706,453	2,691,578	14,875
Net Change in Fund Balance	(2,686,453)	(2,706,453)	(1,134,416)	1,572,037
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(452,510)	(452,510)	(452,510)	0
Fund Balance End of Year	(\$3,138,963)	(\$3,158,963)	(\$1,586,926)	\$1,572,037

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, 2012

	State Issue II Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50,000	\$50,000	\$1,296,703	\$1,246,703
Total Revenues	50,000	50,000	1,296,703	1,246,703
Expenditures:				
Capital Outlay	1,316,016	3,286,016	2,251,015	1,035,001
Total Expenditures	1,316,016	3,286,016	2,251,015	1,035,001
Net Change in Fund Balance	(1,266,016)	(3,236,016)	(954,312)	2,281,704
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(162,546)	(162,546)	(162,546)	0
Fund Balance End of Year	(\$1,428,562)	(\$3,398,562)	(\$1,116,858)	\$2,281,704

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, 2012

	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	6,400	6,400	5,402	998
Total Expenditures	6,400	6,400	5,402	998
Net Change in Fund Balance	(1,400)	(1,400)	(5,402)	(4,002)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	170,061	170,061	170,061	0
Fund Balance End of Year	\$168,661	\$168,661	\$164,659	(\$4,002)

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, 2012

	Park Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	0	903,000	866,826	36,174
Total Expenditures	0	903,000	866,826	36,174
Net Change in Fund Balance	0	(903,000)	(866,826)	36,174
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	860,000	860,000	860,000	0
Fund Balance End of Year	<u>\$860,000</u>	<u>(\$43,000)</u>	<u>(\$6,826)</u>	<u>\$36,174</u>

OTHER GENERAL FUND

With the implementation of GASB Statement No. 54, certain funds that the City prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue funds and have been included with the General Fund in the governmental fund financial statements. The City has only presented the budget schedule for this funds.

Fund Description

Compensated Leave Fund - To account for payment of accrued sick and vacation leave for city employees upon retirement.

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, 2012

	Compensated Leave Fund (1)			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$300	\$200	\$305	\$105
Total Revenues	300	200	305	105
Total Expenditures	0	0	0	0
Net Change in Fund Balance	300	200	305	105
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	468,013	468,013	468,013	0
Fund Balance End of Year	<u>\$468,313</u>	<u>\$468,213</u>	<u>\$468,318</u>	<u>\$105</u>

(1) This fund is combined with the General fund in GAAP Statements.

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 Position
Internal Service Funds
December 31, 2012

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$268,211	\$165,224	\$433,435
Total Current Assets	268,211	165,224	433,435
Liabilities:			
Accounts Payable	840	12,389	13,229
Accrued Wages and Benefits	0	34,833	34,833
Claims Payable	4,329	0	4,329
Total Current Liabilities	5,169	47,222	52,391
Long-Term Liabilities:			
Compensated Absences	0	93,974	93,974
Total Long-Term Liabilities	0	93,974	93,974
Total Liabilities	5,169	141,196	146,365
Net Position:			
Unrestricted	263,042	24,028	287,070
Total Net Position	\$263,042	\$24,028	\$287,070

City of Fairfield, Ohio
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended December 31, 2012

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$4,037,981	\$712,352	\$4,750,333
Other Revenues	0	30	30
Total Operating Revenues	4,037,981	712,382	4,750,363
Operating Expenses:			
Personal Services	0	507,137	507,137
Contractual Services	4,048,300	11,057	4,059,357
Materials and Supplies	0	300,049	300,049
Total Operating Expenses	4,048,300	818,243	4,866,543
Operating Income (Loss)	(10,319)	(105,861)	(116,180)
Non-Operating Revenues (Expenses):			
Other Revenues	35,270	0	35,270
Total Non-Operating Revenues (Expenses)	35,270	0	35,270
Income (Loss) Before Transfers	24,951	(105,861)	(80,910)
Transfers In	0	190,000	190,000
Change in Net Position	24,951	84,139	109,090
Net Position - Beginning of Year	238,091	(60,111)	177,980
Net Position - End of Year	\$263,042	\$24,028	\$287,070

City of Fairfield, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2012

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$4,037,981	\$712,382	\$4,750,363
Cash Payments to Employees	0	(499,052)	(499,052)
Cash Payments to Suppliers	(4,058,902)	(303,541)	(4,362,443)
Net Cash Provided (Used) by Operating Activities	(20,921)	(90,211)	(111,132)
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	0	190,000	190,000
Net Cash Provided by Noncapital Financing Activities	0	190,000	190,000
Cash Flows from Capital and Related Financing Activities:			
Other Cash Receipts	35,270	0	35,270
Net Cash Provided (Used) by Capital and Related Financing Activities	35,270	0	35,270
Net Increase (Decrease) in Cash and Cash Equivalents	14,349	99,789	114,138
Cash and Cash Equivalents - Beginning of Year	253,862	65,435	319,297
Cash and Cash Equivalents - End of Year	268,211	165,224	433,435
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(10,319)	(105,861)	(116,180)
Changes in Assets & Liabilities:			
Increase (Decrease) in Payables	(10,602)	7,565	(3,037)
Increase (Decrease) in Accrued Liabilities	0	8,085	8,085
Net Cash Provided (Used) by Operating Activities	(\$20,921)	(\$90,211)	(\$111,132)

City of Fairfield, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2012

	Municipal Court		
	Beginning Balance	Additions	Deductions
Assets:			
Equity in Pooled Cash and Investments	\$103,204	\$932,695	\$932,651
Total Assets	103,204	932,695	932,651
Liabilities:			
Other Liabilities	103,204	932,695	932,651
Total Liabilities	\$103,204	\$932,695	\$932,651
	Warranty Bonds		
	Beginning Balance	Additions	Deductions
Assets:			
Equity in Pooled Cash and Investments	\$10,820	\$4	\$20
Total Assets	10,820	4	20
Liabilities:			
Other Liabilities	10,820	4	20
Total Liabilities	\$10,820	\$4	\$20
	Joint Economic Development District		
	Beginning Balance	Additions	Deductions
Assets:			
Equity in Pooled Cash and Investments	\$20,783	\$1,388,475	\$1,224,600
Receivables:			
Accounts	158,893	119,242	158,893
Total Assets	179,676	1,507,717	1,383,493
Liabilities:			
Other Liabilities	179,676	1,507,717	1,383,493
Total Liabilities	\$179,676	\$1,507,717	\$1,383,493

(Continued)

City of Fairfield, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2012

	Total All Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$134,807	\$2,321,174	\$2,157,271	\$298,710
Receivables:				
Accounts	158,893	119,242	158,893	119,242
Total Assets	293,700	2,440,416	2,316,164	417,952
Liabilities:				
Other Liabilities	293,700	2,440,416	2,316,164	417,952
Total Liabilities	\$293,700	\$2,440,416	\$2,316,164	\$417,952



Statistical Section

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STATISTICAL SECTION

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

Contents

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

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

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

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

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

Sources - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Net Investment in Capital Assets	\$42,799,518	\$55,787,920	\$54,410,081	\$57,602,463	\$60,813,629	\$61,855,826	\$65,966,427	\$66,371,105	\$64,296,950	\$67,275,297
Restricted	24,840,210	19,587,895	11,788,385	11,245,048	10,331,713	16,285,100	14,757,991	13,308,997	15,986,150	16,117,641
Unrestricted	7,213,215	8,929,247	18,606,085	20,702,996	22,442,784	15,315,197	9,942,780	9,016,660	12,370,308	13,959,061
Total Governmental Activities Net Position	\$74,852,943	\$84,305,062	\$84,804,551	\$89,550,507	\$93,588,126	\$93,456,123	\$90,667,198	\$88,696,762	\$92,653,408	\$97,351,999
Business-type activities										
Net Investment in Capital Assets	\$35,166,882	\$34,493,502	\$34,091,302	\$34,692,293	\$34,821,973	\$35,778,211	\$37,114,611	\$37,096,724	\$37,488,020	\$37,444,547
Restricted	0	1,438,321	1,131,986	1,193,743	1,207,193	1,270,771	1,018,871	1,018,149	1,018,291	1,018,832
Unrestricted	14,443,918	13,181,031	13,863,041	13,454,093	13,231,494	12,489,925	10,201,536	9,683,097	8,968,926	9,140,411
Total Business-Type Activities Net Position	\$49,610,800	\$49,112,854	\$49,086,329	\$49,340,129	\$49,260,660	\$49,538,907	\$48,335,018	\$47,797,970	\$47,475,237	\$47,603,790
Total Primary Government										
Net Investment in Capital Assets	\$77,966,400	\$90,281,422	\$88,501,383	\$92,294,756	\$95,635,602	\$97,634,037	\$103,081,038	\$103,467,829	\$101,784,970	\$104,719,844
Restricted	24,840,210	21,026,216	12,920,371	12,438,791	11,538,906	17,555,871	15,776,862	14,327,146	17,004,441	17,136,473
Unrestricted	21,657,133	22,110,278	32,469,126	34,157,089	35,674,278	27,805,122	20,144,316	18,699,757	21,339,234	23,099,472
Total Primary Government Net Position	\$124,463,743	\$133,417,916	\$133,890,880	\$138,890,636	\$142,848,786	\$142,995,030	\$139,002,216	\$136,494,732	\$140,128,645	\$144,955,789

Source: City Records

City of Fairfield, Ohio
Changes in Net Position
Last Ten Calendar Years
(accrual basis of accounting)
Schedule 2

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General Government	\$5,569,878	\$7,274,175	\$7,172,448	\$7,817,572	\$7,239,804	\$7,801,044	\$8,302,202	\$8,219,146	\$8,375,019	\$8,451,042
Public Safety	12,233,671	13,603,790	13,502,174	14,603,318	15,016,636	15,725,351	16,505,748	17,357,175	16,309,564	16,249,928
Leisure Time Activities	1,914,984	2,794,947	2,126,895	2,732,748	2,866,626	3,085,978	3,275,415	3,449,071	3,394,755	3,412,316
Community Development	3,073,536	1,113,666	1,043,526	1,232,188	1,617,775	1,702,850	1,489,030	1,438,118	1,366,224	1,359,819
Basic Utility Service	481,265	509,633	506,372	508,183	461,934	453,750	524,491	510,171	479,877	412,238
Transportation and Street Repair	7,719,625	5,052,846	10,240,547	8,377,486	10,279,823	10,437,041	9,604,526	8,622,712	7,610,384	7,447,779
Public Health and Welfare	25,809	25,278	25,007	24,363	24,166	23,457	23,074	22,441	21,998	21,784
Interest and Fiscal Charges	615,988	676,748	842,065	870,047	917,208	862,252	687,450	794,384	1,034,139	808,963
Total Governmental Activities Expenses	31,634,756	31,051,083	35,459,034	36,165,905	38,423,972	40,091,723	40,411,936	40,413,218	38,591,960	38,163,869
Business-Type Activities:										
Water Utility	3,830,735	3,964,028	3,763,190	3,696,111	4,269,598	4,263,391	4,780,644	4,450,415	4,622,668	4,510,147
Sewer Utility	4,330,106	4,616,131	4,517,979	4,710,334	5,113,311	4,966,224	4,987,541	5,030,761	4,951,150	5,100,875
Solid Waste Management	1,685,265	1,728,745	1,751,984	1,851,371	2,007,021	2,266,099	2,373,306	2,513,726	2,581,355	2,444,874
Recreation Facilities	1,735,131	1,790,010	1,885,070	1,897,000	1,936,693	2,095,997	2,222,772	2,358,398	2,066,756	2,142,869
Total Business-Type Activities Expenses	11,581,237	12,098,914	11,918,223	12,154,816	13,326,623	13,591,711	14,364,263	14,353,300	14,221,929	14,198,765
Total Primary Government Expenses	\$43,215,993	\$43,149,997	\$47,377,257	\$48,320,721	\$51,750,595	\$53,683,434	\$54,776,199	\$54,766,518	\$52,813,889	\$52,362,634
Program Revenues										
Governmental Activities:										
Charges for Services and Sales:										
General Government	\$1,343,635	\$2,905,819	\$1,174,030	\$1,282,363	\$1,253,147	\$2,146,381	\$2,135,946	\$2,002,295	\$2,333,954	\$1,881,872
Public Safety	21,239	17,073	1,463,507	1,715,358	1,790,379	1,108,266	1,264,931	1,144,876	1,224,775	1,183,079
Leisure Time Activities	95,126	63,257	474,215	200,442	218,759	238,651	248,862	278,973	252,125	272,605
Community Development	487,169	394,855	65,027	487,966	341,793	446,641	365,788	335,889	79,800	281,964
Basic Utility Service	494,624	445,150	491,588	479,807	733,410	491,304	512,159	640,082	384,635	670,950
Transportation and Street Repair	0	0	0	0	0	6,665	15,307	28,587	26,561	38,233
Operating Grants and Contributions	1,481,204	1,279,580	2,628,669	3,356,835	2,751,313	3,193,430	3,352,963	3,010,499	3,614,620	3,338,989
Capital Grants and Contributions	150,233	1,797,917	1,556,398	781,952	1,410,875	647,472	1,331,917	790,846	3,115,434	3,880,495
Total Governmental Activities Program Revenues	4,073,230	6,903,651	7,853,434	8,304,723	8,499,676	8,278,810	9,227,873	8,232,047	11,031,904	11,548,187

City of Fairfield, Ohio
Changes in Net Position
Last Ten Calendar Years
(accrual basis of accounting)
Schedule 2 (Continued)

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities:										
Charges for Services and Sales:										
Water Utility	3,295,461	3,382,911	3,509,115	3,468,314	3,813,675	3,873,447	3,759,023	3,777,374	3,749,292	4,025,197
Sewer Utility	3,995,556	4,234,392	4,170,483	4,569,010	4,569,801	4,612,647	4,720,792	4,795,347	5,229,115	5,492,327
Solid Waste Management	1,371,403	1,410,475	1,460,257	1,492,120	1,567,007	1,620,155	1,774,420	1,937,507	2,294,545	2,373,948
Recreation Facilities	1,486,307	1,417,897	1,533,572	1,644,698	1,696,093	2,015,057	2,057,814	2,084,567	1,953,697	2,097,727
Operating Grants and Contributions	0	273,206	0	0	0	0	33,290	65,667	25,919	3,999
Total Business-Type Activities Program Revenues	10,148,727	10,718,881	10,673,427	11,174,142	11,646,576	12,121,306	12,345,339	12,660,462	13,252,568	13,993,198
Total Primary Government Program Revenues	\$14,221,957	\$17,622,532	\$18,526,861	\$19,478,865	\$20,146,252	\$20,400,116	\$21,573,212	\$20,892,509	\$24,284,472	\$25,541,385
Net (Expense)/Revenue										
Governmental Activities	(\$27,561,526)	(\$24,147,432)	(\$27,605,600)	(\$27,861,182)	(\$29,924,296)	(\$31,812,913)	(\$31,184,063)	(\$32,181,171)	(\$27,560,056)	(\$26,615,682)
Business-type activities	(1,432,510)	(1,380,033)	(1,244,796)	(980,674)	(1,680,047)	(1,470,405)	(2,018,924)	(1,692,838)	(969,361)	(205,567)
Total Primary Government Net Expenses	(\$28,994,036)	(\$25,527,465)	(\$28,850,396)	(\$28,841,856)	(\$31,604,343)	(\$33,283,318)	(\$33,202,987)	(\$33,874,009)	(\$28,529,417)	(\$26,821,249)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$18,457,637	\$20,228,063	\$20,316,676	\$22,302,563	\$23,491,536	\$23,770,850	\$20,975,945	\$23,206,157	\$23,652,942	\$23,709,192
Property Taxes Levied for:										
General Purposes	4,958,234	5,958,198	4,954,867	1,293,193	1,560,761	1,106,422	1,547,487	1,551,760	1,474,934	1,385,870
Special Revenue Purposes	449,200	0	0	3,679,353	4,515,318	3,306,657	3,921,193	3,799,059	3,595,787	3,551,089
Grants and Entitlements not Restricted	1,725,249	2,728,213	2,263,680	3,197,933	3,111,723	3,008,438	1,571,533	2,143,796	2,412,622	1,725,889
Unrestricted Contributions	33,320	0	0	0	0	0	375,000	0	0	0
Investment Earnings	543,188	380,569	946,699	1,464,849	1,676,017	1,416,837	403,898	216,726	177,580	241,232
Refunds	47,791	0	0	0	90,431	179,369	0	0	0	0
Other Revenues	68,403	317,431	273,167	1,219,247	156,129	172,337	168,142	211,309	642,837	851,001
Transfers-Internal Activities	(396,000)	(650,000)	(650,000)	(550,000)	(640,000)	(1,280,000)	(568,060)	(918,072)	(440,000)	(150,000)
Total Governmental Activities	25,887,022	28,962,474	28,105,089	32,607,138	33,961,915	31,680,910	28,395,138	30,210,735	31,516,702	31,314,273
Business-Type Activities:										
Investment Earnings	300,408	162,472	428,305	647,220	685,420	359,838	120,747	95,397	61,252	(17,798)
Other Revenues	37,895	69,615	139,966	37,254	275,158	108,814	126,228	142,321	145,376	201,918
Transfers-Internal Activities	396,000	650,000	650,000	550,000	640,000	1,280,000	568,060	918,072	440,000	150,000
Total Business-Type Activities	734,303	882,087	1,218,271	1,234,474	1,600,578	1,748,652	815,035	1,155,790	646,628	334,120
Total Primary Government	\$26,621,325	\$29,844,561	\$29,323,360	\$33,841,612	\$35,562,493	\$33,429,562	\$29,210,173	\$31,366,525	\$32,163,330	\$31,648,393

City of Fairfield, Ohio
Changes in Net Position
Last Ten Calendar Years
(accrual basis of accounting)
Schedule 2 (Concluded)

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Change in Net Position										
Governmental Activities	(\$1,674,504)	\$4,815,042	\$499,489	\$4,745,956	\$4,037,619	(\$132,003)	(\$2,788,925)	(\$1,970,436)	\$3,956,646	\$4,698,591
Business-Type Activities	(698,207)	(497,946)	(26,525)	253,800	(79,469)	278,247	(1,203,889)	(537,048)	(322,733)	128,553
Total Primary Government	(\$2,372,711)	\$4,317,096	\$472,964	\$4,999,756	\$3,958,150	\$146,244	(\$3,992,814)	(\$2,507,484)	\$3,633,913	\$4,827,144

Source: City Records

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

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 (1)	2012
General Fund										
Reserved	\$161,563	\$121,876	\$43,987	\$74,657	\$37,690	\$432,065	\$323,790	\$481,771	\$0	\$0
Unreserved	6,821,257	7,911,739	9,273,993	10,510,419	13,655,083	12,692,924	10,262,820	8,748,151	0	0
Assigned									251,377	92,799
Unassigned									10,161,500	12,352,032
Total General Fund	6,982,820	8,033,615	9,317,980	10,585,076	13,692,773	13,124,989	10,586,610	9,229,922	10,412,877	12,444,831
All Other Governmental Funds										
Reserved	10,885,107	6,512,144	6,792,569	5,254,491	2,606,357	3,801,329	1,753,678	8,672,323	0	0
Unreserved, Reported in:										
Special Revenue Funds	1,243,418	1,364,045	2,062,987	2,617,729	3,353,296	3,911,307	4,433,536	4,546,166	0	0
Debt Service Funds	1,551,097	1,582,749	1,652,542	1,991,644	1,498,864	1,528,211	1,453,973	1,485,833	0	0
Capital Projects Funds	10,562,319	8,371,053	194,779	(10,454)	146,107	363,059	5,493,406	4,540,749	0	0
Restricted									17,004,137	14,821,559
Assigned									212,497	209,911
Unassigned									(907,538)	(1,043,316)
Total all Other Governmental Funds	\$24,241,941	\$17,829,991	\$10,702,877	\$9,853,410	\$7,604,624	\$9,603,906	\$13,134,593	\$19,245,071	\$16,309,096	\$13,988,154

Source: City Records

(1) - Prior year amounts have not been restated for the implementation of GASB Statement 54. The change in the classification of fund balance amounts in 2011 are discussed in the Notes to the Financial Statements.

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

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$23,392,077	\$26,220,071	\$25,961,492	\$27,105,520	\$28,828,205	\$28,500,970	\$26,861,747	\$28,266,333	\$28,583,571	\$28,664,812
Fines, Licenses & Permits	1,596,540	2,858,235	1,974,885	2,437,555	2,136,564	2,363,478	2,136,001	2,261,968	2,182,221	2,005,002
Charges for Services	645,196	851,781	1,573,729	1,525,192	1,962,620	1,809,440	2,211,605	1,790,882	2,370,058	2,561,018
Investment Earnings	541,134	379,609	815,309	1,441,262	1,635,445	1,456,745	406,997	367,848	211,364	245,561
Intergovernmental	4,803,384	4,504,553	6,767,918	6,489,289	6,767,796	7,270,321	6,560,501	6,189,211	7,382,476	8,716,682
Special Assessments	84,479	63,649	61,048	173,721	253,763	279,582	69,656	28,213	19,026	28,940
Other Revenues	295,901	274,294	436,861	1,322,942	312,794	319,880	662,331	385,809	1,193,989	420,692
Total Revenues	\$31,358,711	\$35,152,192	\$37,591,242	\$40,495,481	\$41,897,187	\$42,000,416	\$38,908,838	\$39,290,264	\$41,942,705	\$42,642,707
Expenditures:										
Current:										
General Government	\$6,055,799	\$6,036,322	\$6,451,328	\$7,355,804	\$6,697,012	\$7,302,449	\$7,932,771	\$7,591,020	\$7,868,338	\$7,492,947
Public Safety	11,855,307	12,344,876	12,958,223	13,570,140	14,094,273	14,932,090	15,262,238	15,724,127	15,276,912	14,999,429
Leisure Time Activities	1,219,328	1,314,111	1,887,376	2,083,769	2,215,832	2,449,825	2,600,220	2,683,583	2,527,523	2,279,421
Community Development	2,297,100	1,033,798	1,107,022	1,183,209	1,573,045	1,588,348	1,439,439	1,451,970	1,326,096	1,304,371
Basic Utility Service	481,265	509,030	506,372	508,183	461,934	453,750	524,491	510,171	479,877	412,238
Transportation and Street Repair	2,817,083	2,528,611	7,908,631	6,058,791	7,946,070	8,260,640	7,318,320	6,208,262	5,315,056	4,388,564
Public Health and Welfare	25,809	25,278	25,007	24,363	24,166	23,457	23,074	22,441	21,998	21,784
Capital Outlay	6,480,035	14,417,429	10,226,385	7,349,867	5,363,198	2,368,797	6,902,977	6,092,909	7,697,920	9,258,968
Debt Service:										
Principal Retirement	658,519	914,716	953,756	945,591	890,000	870,000	954,515	1,233,549	1,577,547	1,716,763
Interest and Fiscal Charges	615,988	676,748	642,186	998,885	954,928	855,696	565,524	776,107	1,024,387	839,474
Bond Issuance Cost	0	0	0	0	0	0	74,141	152,681	0	109,811
Total Expenditures	\$32,506,233	\$39,800,919	\$42,666,286	\$40,078,602	\$40,220,458	\$39,105,052	\$43,597,710	\$42,446,820	\$43,115,654	\$42,823,770

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

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Excess (Deficiency) of Revenues Over Expenditures	(\$1,147,522)	(\$4,648,727)	(\$5,075,044)	\$416,879	\$1,676,729	\$2,895,364	(\$4,688,872)	(\$3,156,556)	(\$1,172,949)	(\$181,063)
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	\$21,086	\$37,572	\$17,295	\$636,750	\$12,002	\$16,134	\$346	\$18,115	\$25,929	\$122,264
Issuance of Capital Leases	0	0	0	0	0	0	378,346	0	0	0
Issuance of Long-Term Capital-Related Debt	7,500,000	0	0	0	0	0	6,065,000	9,125,000	0	0
Sale of Refunding Bonds	0	0	0	0	0	0	2,750,000	0	0	6,540,000
Payments to Refunded Bond Escrow Agent	0	0	0	0	0	0	(2,829,535)	0	0	(6,852,466)
Premium/(Discount) on Sale of Refunded Bonds	0	0	0	0	0	0	35,083	37,037	0	422,277
Transfers In	3,469,673	2,958,603	3,092,588	6,168,926	4,818,767	5,922,490	9,330,293	3,374,427	3,591,239	4,721,472
Transfers (Out)	(3,965,673)	(3,708,603)	(3,877,588)	(6,804,926)	(5,648,587)	(7,402,490)	(10,048,353)	(4,644,233)	(4,197,239)	(5,061,472)
Total Other Financing Sources (Uses)	7,025,086	(712,428)	(767,705)	750	(817,818)	(1,463,866)	5,681,180	7,910,346	(580,071)	(107,925)
Net Change in Fund Balances	\$5,877,564	(\$5,361,155)	(\$5,842,749)	\$417,629	\$858,911	\$1,431,498	\$992,308	\$4,753,790	(\$1,753,020)	(\$288,988)
Debt service as a percentage of noncapital expenditures (1)	4.4%	5.4%	5.0%	5.9%	5.3%	4.7%	4.2%	5.5%	7.3%	7.3%

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		Tangible Personal Property		Public Utilities Personal		Total Assessed Value		Total Estimated Actual Value		Total Direct Rate
	Assessed Value		Assessed Value		Assessed Value		Value		Value		
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		3,001,295,189		5.94
2008 (1)	953,317,810		63,486,119		24,221,990		1,041,025,919		3,040,020,341		5.94
2009 (1)	1,021,253,020		0		24,308,010		1,045,561,030		3,036,815,632		5.94
2010 (1)	976,992,690		0		25,642,990		1,002,635,680		2,786,117,887		5.94
2011 (1)	977,696,820		0		28,055,930		1,005,752,750		2,794,779,582		5.94
2012 (1)	923,744,720		0		30,787,720		954,532,440		2,652,448,898		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
2003	0.99	0.30	4.65	5.94	8.75	53.82
2004	0.99	0.30	4.65	5.94	8.74	53.82
2005	0.99	0.30	4.65	5.94	8.74	58.66
2006	0.99	0.30	4.65	5.94	9.44	58.60
2007	0.99	0.30	4.65	5.94	10.95	58.60
2008	0.99	0.30	4.65	5.94	10.45	58.60
2009	0.99	0.30	4.65	5.94	9.75	56.59
2010	0.99	0.30	4.65	5.94	9.75	56.52
2011	0.99	0.30	4.65	5.94	9.72	56.60
2012	0.99	0.30	4.65	5.94	9.72	63.10
						1.93
						1.93
						1.93
						1.93
						1.93
						1.93
						1.93
						1.93
						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 Seven Years Ago (1)
Schedule 7

2012 (2)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio, Inc.	\$24,278,610	2.54%
Sam Boymel Trustee	10,145,040	1.06%
Sisters of Mercy	6,631,750	0.69%
Ohio Casualty Insurance Co.	6,243,640	0.65%
Cincinnati Financial Group	6,067,160	0.64%
Faith-Village Park Apartments	5,642,110	0.59%
Woodstock & Glen Eagle Apartments	5,361,060	0.56%
Timber Hollow Apartments, LLC	5,125,150	0.54%
Rajole, LLC	4,890,590	0.51%
TGM Camelot, Inc.	4,791,740	0.50%
	<u>\$79,176,850</u>	<u>8.28%</u>
2005 (3)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Cincinnati Gas & Electric Company	\$20,629,170	1.98%
Cincinnati Financial Corp.	15,927,450	1.53%
Sam Boymel Trustee	9,142,420	0.88%
Ohio Casualty Insurance Co.	6,952,730	0.67%
Faith-Village Park Apartments	5,437,970	0.52%
Cincinnati Bell Telephone	5,309,690	0.51%
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	0.45%
	<u>\$83,352,750</u>	<u>8.00%</u>

Source: County Auditor

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

(2) - Collection Year 2012

(3) - Collection Year 2005

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
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%
2011	5,225,619	4,993,958	95.57%	175,800	5,169,758	98.93%
2012	5,153,091	4,977,999	96.60%	172,024	5,150,023	99.94%

Source: County Auditor

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

	2012
Name	Amount
Cincinnati Insurance	\$3,072,456
Liberty Mutual Group	1,359,089
Mercy Regional Health System	1,209,622
Fairfield Board of Education	605,701
Merck-Medco Rx Services	601,811
Koch Meat Co Inc	341,090
Pacific Mfg Ohio Inc	327,451
City of Fairfield	297,532
Jungle Jim's Market	171,175
Devco Holdings	169,902

Total Collections - Principal Taxpayers	<u>\$8,155,829</u>
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Total Collections	\$24,568,234
Combined percentage of total income taxes	33.2%

	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>
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Total Collections	\$22,173,132
Combined percentage of total income taxes	29.9%

Source: City Finance Department

(1) - Current and six 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			
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%	\$831
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%	781
2005	14,275,000	9,000,000	25,000	65,591	9,321,282	1,975,000	3,505,000	4,000,000	42,166,873	0.38%	1,002
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%	938
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%	853
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%	761
2009	16,840,566	0	0	348,831	6,655,829	3,843,489	0	1,900,000	29,588,715	0.23%	703
2010	24,832,967	0	0	275,282	5,920,185	3,483,678	0	1,700,000	36,212,112	0.28%	852
2011	23,323,331	2,250,000	0	197,735	5,154,545	3,113,867	0	1,500,000	35,539,478	0.26%	836
2012	21,751,719	1,750,000	0	115,972	4,357,688	2,710,673	0	1,300,000	31,986,052	N/A	752

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 Total General Obligation Bonds	Debt Service Fund Balance	General Bonded Debt Outstanding Net General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	\$22,750,000	\$1,138,035	\$21,611,965	0.79%	\$513
2004	21,300,000	1,174,353	20,125,647	0.72%	478
2005	19,780,000	1,237,711	18,542,289	0.66%	440
2006	18,585,000	1,309,857	17,275,143	0.57%	410
2007	17,370,000	1,374,488	15,995,512	0.53%	380
2008	16,160,000	1,410,471	14,749,529	0.49%	350
2009	20,684,055	1,420,961	19,263,094	0.63%	458
2010	28,316,645	1,430,938	26,885,707	0.96%	632
2011	26,437,198	1,464,498	24,972,700	0.89%	587
2012	24,462,392	1,513,433	22,948,959	0.87%	540

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, 2012
Schedule 13

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Fairfield
Butler County	\$55,530,120	12.82%	\$7,118,961
Fairfield City School District	25,874,765	69.37%	\$17,949,324
Lakota Local School District	150,585,000	0.41%	\$617,399
Butler Technology & Career Center Jt. Voc. School District	3,500,000	11.77%	\$411,950
Subtotal Overlapping Debt	235,489,885		26,097,634
City of Fairfield - Direct Debt	24,462,392	100.00%	24,462,392
Total Direct and Overlapping Debt	\$259,952,277		\$50,560,026

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 2012

Assessed Value	\$954,532,440	\$954,532,440	\$954,532,440
Statutory Legal Debt Limitation (1)	10.5%	10.5%	5.5%
Total Debt Limitation	100,225,906	100,225,906	52,499,284
Debt Applicable to Limit:			
Gross Indebtedness	24,462,392	24,462,392	24,462,392
Less: Bond Retirement Fund Balance	0	0	0
Total Net Debt Applicable to Limit	24,462,392	24,462,392	24,462,392
Legal Debt Margin	\$75,763,514	\$75,763,514	\$28,036,892

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Debt Limit (1)										
Debt Limit (10.5%)	\$100,610,186	\$102,285,958	\$103,507,593	\$110,732,142	\$110,297,598	\$109,307,721	\$109,783,908	\$105,276,746	\$100,225,906	\$100,225,906
Total Net Debt Applicable to Limit	24,250,000	22,800,000	32,780,000	30,785,000	27,870,000	24,660,000	22,584,055	30,016,645	26,437,198	24,462,392
Legal Debt Margin	\$76,360,186	\$79,485,958	\$70,727,593	\$79,947,142	\$82,427,598	\$84,647,721	\$87,199,853	\$75,260,101	\$73,788,708	\$75,763,514
Total Net Debt Applicable to the Limit										
as a Percentage of Debt Limit	24.1%	22.3%	31.7%	27.8%	25.3%	22.6%	20.6%	28.5%	26.4%	24.4%

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$52,700,574	\$53,578,359	\$54,218,263	\$58,002,551	\$57,774,932	\$57,256,426	\$57,505,857	\$55,144,962	\$52,499,284	\$52,499,284
Total Net Debt Applicable to Limit	24,250,000	22,800,000	32,780,000	30,785,000	27,870,000	24,660,000	22,584,055	30,016,645	26,437,198	24,462,392
Legal Debt Margin	\$28,450,574	\$30,778,359	\$21,438,263	\$27,217,551	\$29,904,932	\$32,596,426	\$34,921,802	\$25,128,317	\$26,062,086	\$28,036,892
Total Net Debt Applicable to the Limit										
as a Percentage of Debt Limit	46.0%	42.6%	60.5%	53.1%	48.2%	43.1%	39.3%	54.4%	50.4%	46.6%

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	
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
2011	274,721	0	0	N/A
2012	506,161	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 (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2003	42,097	\$10,285,549	\$30,014	4.60%
2004	42,097	10,844,563	31,332	4.80%
2005	42,097	11,080,584	31,662	4.70%
2006	42,097	11,707,628	33,130	4.50%
2007	42,097	12,114,458	33,848	5.10%
2008	42,097	12,811,630	35,511	6.20%
2009	42,097	12,653,202	34,512	9.30%
2010	42,510	12,959,978	35,138	8.80%
2011	42,510	13,538,158	36,590	7.90%
2012	42,510	N/A	N/A	6.00%

Sources:

- (1) - Population estimates provided by U.S. Census Bureau (2000 Census for years 2002 - 2009 and 2010 Census for years 2010 - 2011)
- (2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts
- (3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts
- (4) - Ohio Bureau of Employment Services

N/A - Information not available

2012			
Major Employers (3)	Type	Number of Employees	Employer's Percentage of Total Employment
AK Steel Holding Corp	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)
GE Aviation	Mfg	(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)
Miller Coors	Mfg	(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 year and three years ago information available. Information for 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
City Administration	6	6	5	5	5	5	5	5	5	5
City Council	2	2	2	2	2	2	2	2	2	2
Engineering	8	8	7	7	7	7	7	6	6	6
Facility/Janitors	2	2	2	2	2	2	2	2	2	2
Municipal Court	19	19	18	19	21	21	21	21	21	20
Finance	19	20	21	20	20	21	23	22	21	21
Public Safety										
Police										
Officers	60	59	61	60	60	60	61	60	59	58
Non-Sworn	20	20	19	20	21	21	20	20	20	20
Fire	24	24	27	30	30	30	31	31	30	29
Leisure Time Activities										
Parks and recreation	21	21	23	22	22	22	22	21	20	20
Community Development										
Planning and Zoning	4	4	4	4	4	4	4	4	4	4
Building Inspection	7	8	8	9	9	10	10	8	8	8
Economic Development	1	1	1	1	1	1	1	1	1	1
Basic Utility Service										
Water	22	22	21	20	22	21	21	21	21	21
Wastewater	22	23	21	22	22	22	22	21	22	21
Transportation and Street Repair	26	30	30	30	30	30	30	29	28	27
Total	263	269	270	273	278	279	282	274	270	265

Source: City Finance Department

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

Function/Program	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Community Environment										
Planning and Development										
Building permits issued	2,140	2,237	2,192	1,910	1,739	1,902	1,890	1,806	1,787	2,068
Building inspections conducted	5,343	5,733	4,895	4,030	3,491	4,196	2,841	3,250	2,665	2,904
Economic Development										
Value of Residential Construction	\$19,381,595	\$18,884,763	\$19,727,985	\$15,292,249	\$8,266,873	\$5,987,184	\$7,878,345	\$7,131,659	\$6,581,580	\$8,020,432
Value of Commercial Construction	\$76,493,987	\$28,039,382	\$45,152,931	\$68,682,460	\$31,323,193	\$40,943,871	\$10,637,756	\$18,436,106	\$16,158,312	\$22,505,453
General Government										
Finance Department - Income Tax										
Income Tax Refunds	1,322	1,122	1,126	1,050	1,163	932	1,060	1,108	948	1,063
Dollar Amount of Refunds	\$551,286	\$490,110	\$514,281	\$435,208	\$650,850	\$886,280	\$838,260	\$733,150	\$488,939	\$493,998
Average Refund Amount	\$417	\$437	\$457	\$414	\$560	\$951	\$791	\$662	\$516	\$465
Court										
Number of Criminal Cases	4,111	2,744	3,432	4,066	4,063	4,123	4,702	4,478	4,334	3,359
Number of Civil Cases	1,638	1,928	1,876	1,905	2,014	2,136	1,837	1,660	1,667	1,459
Construction Services										
Square Footage of Sidewalk Repairs	12,823	14,769	1,110	16,439	17,198	26,999	32,598	19,432	31,350	13,951
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	1,483	1,236	1,223	1,178	1,929	3,798	3,612	3,458	3,476	2,802
Juvenile	385	382	474	565	441	497	387	355	26	222
Citations	7,036	5,428	7,354	5,758	3,438	3,847	3,432	3,208	2,555	2,310
Accidents	1,516	1,516	1,470	1,514	1,403	1,628	1,283	1,207	1,232	1,237
Fire										
Emergency responses	3,574	3,681	3,818	4,247	5,257	3,929	4,355	4,676	5,378	5,465
Fire Calls	172	143	3,172	4,461	1,244	2,366	1,022	879	869	906
Inspections	3,300	3,200	3,560	3,600	2,841	2,032	2,100	2,124	2,136	1,526
Transportation										
Public Works										
Number of Street Miles Resurfaced	9	6	6	5	8	7	6	7	5	4
Tons of Street Salt Used	6,725	4,159	3,811	949	5,648	6,663	5,277	8,146	3,671	1,177
Cubic Yards of Leaves Picked-up	3,053	5,770	5,985	8,054	5,300	4,056	6,074	4,396	2,929	3,952

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

Function/Program	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Leisure										
Parks and Recreation										
Number of Theater Patrons	(a)	(a)	(a)	8,113	11,842	12,645	13,775	15,516	14,395	14,345
Number of Pool Admissions	36,550	38,000	40,139	42,614	43,124	42,204	41,747	34,741	46,505	34,838
Program Attendance:										
Youth/Preschool	7,224	8,168	9,259	15,245	18,968	33,535	26,464	19,710	18,861	21,796
Fitness	320	725	950	6,800	8,311	11,225	12,695	12,298	12,254	12,479
Senior Activities	320	350	420	5,500	9,883	11,152	12,957	14,521	13,559	16,323
Water										
Water main breaks	43	43	55	55	35	66	65	64	60	57
Average daily consumption (millions of gallons)	5.057	4.789	4.986	5.125	5.040	5.760	5.360	5.250	5.200	5.149
Peak daily consumption (millions of gallons)	7.020	5.366	5.739	6.076	6.546	7.883	8.208	7.749	7.407	8.282
Wastewater										
Average daily sewage treatment (millions of gallons)	5.724	5.717	5.605	5.977	5.308	5.900	5.679	5.084	4.934	4.955

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	7,424	7,424	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	50,033	50,033	50,033	50,033	50,033	50,033	50,033
Police Cruisers	21	21	21	26	26	26	26	26	27	24
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	4	4	4	4	5	5	5	5	5	4
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	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.6	160.7
Highways (miles)	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.14	7.27	7.27
Streetslights	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	2,962	2,962
Traffic signals	53	53	53	55	58	58	58	58	60	61
Parks and Recreation										
Number of Parks	24	24	24	25	25	25	25	25	25	26
Area of Parks (acreage)	438.50	438.50	438.50	469	469	469	469	469	469	577
Playgrounds	11	11	12	12	12	12	12	12	12	15
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	1	1	1	1	1	1	1	1
Golf Courses	2	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	2,278	2,299	2,301	2,326	2,326	2,384	2,384	2,384	1,965	1,965
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)	160.40	161.00	164.00	166.10	166.10	175.00	175.00	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.