



**Auditor of State  
Betty Montgomery**



**CITY OF FAIRFIELD  
BUTLER COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountant's Report..... (Under Separate Cover)	
Comprehensive Annual Financial Report ..... (Under Separate Cover)	
Independent Accountants' Report on Compliance and Internal Control Required by Government Auditing Standards.....	1

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

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

To the City Council:

We have audited the basic financial statements of the City of Fairfield, Butler County, Ohio (the City), as of and for the fiscal year ended December 31, 2002, and have issued our report thereon dated May 29, 2003, in which we noted the City adopted Governmental Accounting Standards Board Statements No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the City in a separate letter dated May 29, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 29, 2003



# City of Fairfield, Ohio

---

## Comprehensive Annual Financial Report

For The Year Ended December 31, 2002





**CITY OF FAIRFIELD, OHIO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2002**

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

**This Page Intentionally Left Blank**

**TABLE OF CONTENTS**

---

	<b>Page</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	vii
List of Principal Officials	xiv
City Organizational Chart	xv
Certificate of Achievement for Excellence in Financial Reporting	xvi
 <b>FINANCIAL SECTION</b>	
Report of Independent Accountants	1
Management's Discussion and Analysis	3
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Assets - Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	28
Statement of Fiduciary Net Assets - Fiduciary Funds	30
Notes to the Basic Financial Statements	31
 Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund	55
Notes to the Required Supplementary Information	57
 Combining Statements and Individual Fund Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	61
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	66

**TABLE OF CONTENTS**

---

	<b>Page</b>
Nonmajor Debt Service Funds:	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	70
Nonmajor Capital Projects Funds:	
Combining Balance Sheet	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	72
Agency Fund:	
Statement of Changes in Assets and Liabilities	73
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis):	
Street Construction, Maintenance and Repair Fund	74
State Highway Improvement Fund	75
County Motor Vehicle Registration Fund	76
Tax Recreation Fund	77
Law Enforcement Fund	78
Municipal Motor Vehicle Registration Fund	79
Law Enforcement and Education Fund	80
Drug and Alcohol Treatment Fund	81
Local Law Enforcement Fund	82
Probation Services Fund	83
Court Computer Fund	84
Special Projects Fund	85
General Bond Retirement Fund	86
Special Assessment Fund	87
.3% Street Improvement Fund	88
.2% Capital Improvement Fund	89
Downtown Development Fund	90
Symmes Road Extension Project Fund	91
Flood Protection Fund	92
State Issue II Fund	93

City of Fairfield  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2002

**TABLE OF CONTENTS**

---

	<u>Table</u>	<u>Page</u>
<b>STATISTICAL SECTION</b>		
General Government Expenditures by Function	1	95
General Revenues by Source	2	96
Billing and Collection of Special Assessments	3	97
Collection of Property Taxes - Real and Public Utility Property Taxes Only	4	98
Collection of Property Taxes - Tangible Personal Property Taxes Only	5	99
Assessed and Estimated Actual Value of Taxable Property	6	100
Property Tax Rates - Direct and Overlapping Governments	7	101
Ratio of Net General Obligation Debt to Assessed Value and Net General Obligation Debt Per Capita	8	102
Computation of Net Direct and Overlapping Debt	9	103
Ratio of Annual Debt Service Expenditures for General Obligation Debt to Total General Governmental Expenditures	10	104
Computation of Legal Debt Margin	11	105
Schedule of Revenue Bond Coverage - Water and Sewer Systems	12	106
Property Values, Financial Institution Deposits and Building Permit Values	13	107
Ten Largest Taxpayers	14	108
Demographic Statistics	15	109
Miscellaneous Statistics	16	110

**This Page Intentionally Left Blank**



# Introductory Section

---



May 29, 2003

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

The Comprehensive Annual Financial Report of the City of Fairfield, Ohio for the fiscal year ended December 31, 2002 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. Fairfield has chosen to implement GASB 34 one year before the City is required to do so. This report represents and reflects upon the City's financial operations and condition to the City's residents, its elected officials, management personnel, financial institutions, City bondholders, rating agencies and all other parties interested in the financial affairs of the City.

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



## **CITY OVERVIEW**

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

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

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

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

## **ECONOMIC CONDITIONS AND OUTLOOK**

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

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

A number of employers announced expansion plans in 2002. Mercy Hospital announced plans to double the size of its Mack Road campus. The \$54.6 million expansion project is expected to add 100 jobs and be completed in 2004. Power Net Global, Jungle Jim's International Food Market, Pacific Industries, Brilliant Promotions, and Master Halco also announced significant expansions.

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

## MAJOR INITIATIVES

The following were among the many diverse activities and/or programs to which both the elected officials and staff devoted their energies in 2002:

- 1) The City purchased the balance of the needed 4.8 acres of land in the Village Green area, which will house the long awaited **Community Center**. To be located adjacent to Village Green Park, opposite the Lane Public Library, the Community Center will provide Fairfield residents a gathering facility unlike any in the region. The structure will include a 250-seat theatre, multipurpose room, a seniors' activity center, arts and crafts classrooms, an art gallery and a children's activity area. Initial architectural plans were reviewed in 2002 with final design nearing completion.
- 2) The City finished construction on **North Trace**, a nine hole, executive course that opened for play on May 1, 2002. Located near the Fairfield Aquatic Center, the nine-hole executive offers a challenge to all levels of players. The course is built over a City drainage basin area that controls water flow during times of heavy rain. The greens are elevated to avoid damage during routine storm events.
- 3) The **Office of Homeland Security** recognized the City of Fairfield in its *State and Local Actions for Homeland Security*. The report noted the City's actions on Disaster Preparedness, Emergency Personnel, Water System Precautions and Preparedness Training.
- 4) The City of Fairfield completed construction of local road improvements. The Public Works Department installed new traffic signals at the intersections of **Pleasant Avenue** and **Resor Road**, and at **Pleasant Avenue** and **Nilles Road**. In addition, Public Works replace the uphill sidewalk along Pleasant Avenue, just south of Town Center, and added reflective raised pavement markers throughout the City to improve road safety.
- 5) In 2002, The City completed a needs assessment study for the **Police Department** and the **Municipal Court**. Population growth and the changing nature of policing activities have outdated the existing facilities. Due to the close interaction of the Municipal Court and the Police Department, it is desirable to have a new Justice Center, which will house both operations.
- 6) During the year, The Fire Department initiated a bicycle paramedic program. Comprised of nine paramedics, the bicycle paramedic group is able to maneuver in crowded area or difficult terrain, access situations rapidly, and stabilize patients prior to ambulance arrival.

## FUTURE PROJECTS

Accomplishments and significant capital projects to look forward to in 2003 include the following:

- 1) The City entered into an agreement to acquire the **Fairfield Mall** at a price of \$2.9 million. The mall is a 70,000 square foot commercial development located in the downtown area of Fairfield. The City's intent in acquiring the site is to control the development of commercial property in the downtown area of Fairfield. The development of the site may be multi-use with retail/commercial development combined with a municipal justice center facility.
- 2) The City will begin construction of the **Mack/Muhlhauser/Route 4** project. This project consists of widening Muhlhauser Road to five lanes from Route 4 and Mack Road to State Route 747. As part of the project, a bridge is to be constructed over the railroad tracks located near Route 4. Total estimated project cost is approximately \$12 million with most of the funding being provided under state and federal grants.
- 3) The Public Utilities Department will abandon the use of chlorine in disinfecting wastewater in 2003. A new process involving ultraviolet light is being introduced in 2003.
- 4) Extensive erosion along the easterly creek channel adjacent to the intersection of Mack Road and Winton Road has prompted preemptive action by the City. The Public Works Department recommended installing 270 feet of precast retaining panels and pilings to stabilize the area. Work is to be completed in 2003.
- 5) The City of Fairfield and the City of Hamilton joined to design a new skateboard park. The **Skateboard Park** will be located near the entrance of Joyce Park. Construction is set to begin in 2003.
- 6) The Fairfield Police Department has diligently worked towards earning accreditation by the Commission on Accreditation for Law Enforcement Agencies, Inc. Accreditation signifies the highest levels of training, professionalism and community involvement. Nine law enforcement subjects, containing more than 180 standards are addressed in the accreditation process. The department's goal is to earn its accreditation in 2003.

## INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

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

Budgetary control is maintained at the fund level by the use of encumbrances for purchase order amounts to vendors. Open encumbrances are reported as reservations of the fund balance for the governmental fund types at December 31, 2002.

## CASH MANAGEMENT

Excluding investments held by trustees, cash temporarily idle during the year 2002 was invested in State Treasury Asset Reserves, U.S. government securities or Repurchase Agreements (collateralized by U.S. Treasury Bills). As of year-end, State Treasury Asset Reserves made up 46.7% of the City's total cash, cash equivalents and investments, U.S. government securities 34.4%, certificates of deposits 16.9% and money market accounts and repurchase agreements 2%. Yields on these investment instruments ranged from 1.44% to 4.625%. The amount of interest earned during the year was \$1,161,665 as compared to \$2,305,678 earned in 2002.

## DEBT ADMINISTRATION

The ratio of net debt to assessed valuation and net debt per capita is useful indications of the City of Fairfield's debt position to all interested parties. The data for the City of Fairfield as of December 31, 2002 was as follows:

<b>2002 Population (Estimated)</b>	<b>43,365</b>
<b>Assessed Valuation</b>	<b>\$849,343,674</b>
<b>Total General Obligation (G.O.) Debt</b>	<b>\$8,945,000</b>
<b>Less Amount Available in Debt Service Fund</b>	<b>466,632</b>
<b>Net General Obligation Debt</b>	<b>\$8,478,368</b>
<b>Ratio of Net G.O. Debt to Assessed Valuation</b>	<b>1.00%</b>
<b>Debt per Capita</b>	<b>\$195.51</b>

The City's total debt at the close of 2002 included the above mentioned \$8,478,368 in net General Obligation debt, in addition to the General Obligation Debt listed above, \$130,000 in special assessment debt and \$20,449,007 in enterprise debt. The City's General Obligation bonds continue to have an excellent rating, which they have carried for the past several years. In 1999, Moody's Investor's Service upgraded the City's bonds to carry an "Aa3" credit rating.

## CITY INCOME TAX

The 1.5% locally levied tax applies to gross salaries, wages and other personal service compensation earned by residents, both in and out of the City and upon earnings of non-residents earned in the City. It also applies to net income of business organizations derived from business activities conducted in the City. In November of 1990, the citizens of Fairfield voted to change the distribution of the income taxes, which allocated monies to the Sewer Funds. The current 1.5% tax rate is now subdivided into three components. The first 1.0% is used for operating expenses of the General fund. Next, .3% is used for street construction, improvement and repair. Third, .2% of the tax is earmarked for capital improvements of a permanent nature.

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

	<u>2002</u>	<u>2001</u>
Allocated to <b>General Fund</b>	\$12,036,618	\$11,735,414
Allocated to <b>.3% Street Improvement Fund</b>	3,610,985	3,520,263
Allocated to <b>.2% Capital Improvement Fund</b>	2,407,324	2,347,082
<b>Gross Revenues</b>	<u>\$18,054,927</u>	<u>\$17,603,119</u>

In 2002, the citizens approved an income tax reallocation designed to increase the City's fiscal flexibility. While the tax rate remains unchanged at 1.5%, the new allocation channels 1.1% of the tax into the General Fund, .2% into the Street Improvement Fund and .2% into the Capital Improvement Fund.

The shift in resource allocation enhances the City's ability to meet the changing needs of its maturing community. Initially, the additional resources in the General Fund will be used to pay the construction of a new Community Center and the replacement of the Justice Center, as well as maintenance of the facilities. The reallocation becomes effective in 2004.

### **RISK MANAGEMENT**

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

### **INDEPENDENT AUDIT**

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. The State Auditor's Office 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.

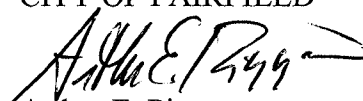
### **CERTIFICATE OF ACHIEVEMENT**

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, 2001. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

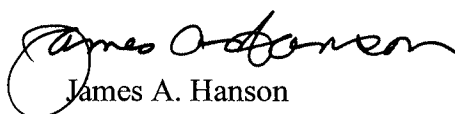
## ACKNOWLEDGEMENTS

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

Respectfully submitted,  
CITY OF FAIRFIELD



Arthur E. Pizzano  
City Manager



James A. Hanson  
Director of Finance

**CITY OF FAIRFIELD**  
**PUBLIC OFFICIALS**

**MAYOR**

Erick Cook

**COUNCIL MEMBERS**

Vice Mayor – Mark Scharringhausen

Ron D'Epifanio  
Jeffrey Holtegal  
Erick Cook

Steven Miller  
Howard Dirksen  
Michael Snyder

**APPOINTED OFFICIALS**

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

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

**DEPARTMENT OF FINANCE**

Director

James A. Hanson

**Division of Accounting**

Tina Williams      Karen Broughton      Diana Davenport      Pat Ragland      Deborah Daniels  
Mary Geyer

**Division of Income Tax**

Mary Hopton      Teresa Bolser      Lisa Wright      Deanna Rucinski      Patricia Finan

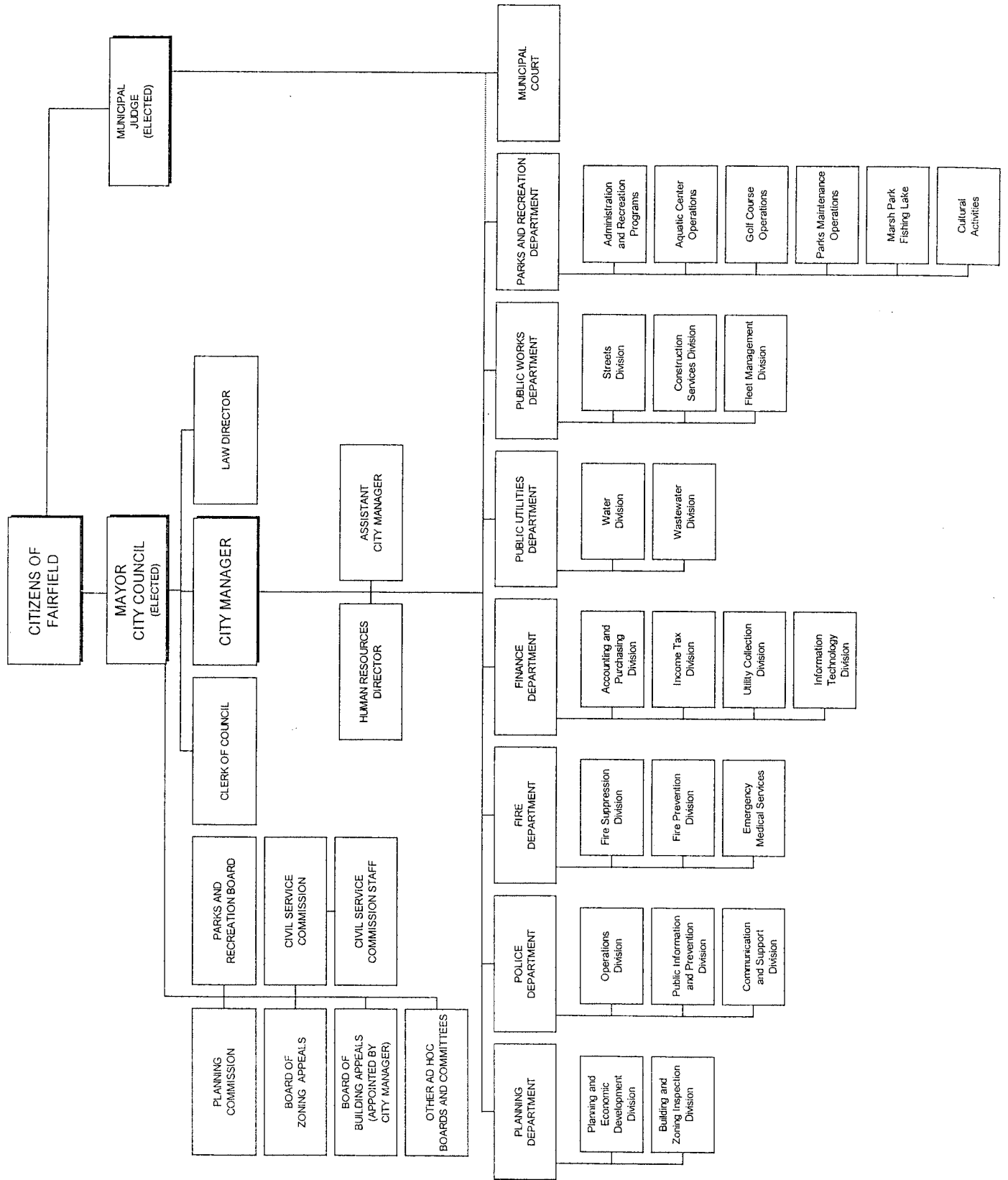
**Division of Utility Billing and Collection**

Mary Lawson      Sandra Cotton      Roxanne Thompson      Rosemary Swartout

**Division of Information Systems**

J. Ben Warner      Tanya Kaiser      Derek Hunter      Yvette Kolb

# CITY OF FAIRFIELD, OHIO, ORGANIZATIONAL CHART





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairfield,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

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.



*William Patrick Vate*  
President

*Jeffrey L. Esser*  
Executive Director

**This Page is Intentionally Left Blank.**



## Financial Section

---

**This Page is Intentionally Left Blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the City Council:

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, Butler County, Ohio (the City), as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Butler County Ohio, as of December 31, 2002 and, the respective changes in financial position and cash flow, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 17, during the year ended December 31, 2002, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the respective budgetary comparison for the General Fund and the Fire Levy Fund are not a required part of the basic financial statements, but are supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

250 W. Court St. / Suite 150 E / Cincinnati, OH 45202  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section of this report to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



**Betty Montgomery**  
Auditor of State

May 29, 2003

# **City of Fairfield**

## **Management's Discussion and Analysis For The Year Ended December 31, 2002**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Fairfield's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2002. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter and the City's financial statements.

### **FINANCIAL HIGHLIGHTS**

- The City's total net assets increased \$3.4 million. Net assets of governmental activities increased \$3.4 million, net assets of business-type activities decreased by \$71,126.
- The general fund reported a fund balance of over \$8 million.
- Business-type operations reflected operating loss of \$687,187.
- During fiscal year 2002, the City issued \$4.5 million in Various Purpose General Obligation Bonds. The proceeds from this issue were used to pay off short-term obligations of the City. In addition, the City issued \$1.5 million in General Obligation Bond Anticipation Notes for improvements to the wastewater treatment plant.
- The City had \$29.9 million in expenses relating to governmental activities; program revenues offset only \$6.2 million of these expenses. \$27.1 million in general revenues were adequate to cover the cost of these programs.

### **USING THIS ANNUAL FINANCIAL REPORT**

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

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

## **REPORTING THE CITY AS A WHOLE**

### *Statement of Net Assets and the Statement of Activities*

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

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

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

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

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### *Fund Financial Statements*

The analysis of the City's major funds is presented later in the Management's Discussion and Analysis section. Fund financial statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are General, Fire Levy, .3% Street Improvement, .2% Capital Improvement, Downtown Development and Symmes Road Extension Project.



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

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

***Fiduciary Funds*** - The City is the fiscal agent for the Warranty Bonds. All of the City's fiduciary activities are reported in separate Statement of Fiduciary Net Assets and Statement of Changes in Assets and Liabilities. We exclude these activities 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 these funds are used for their intended purposes.

## **THE CITY AS A WHOLE**

As stated previously, the Statement of Net Assets looks at the City as a whole. This is the first year for government-wide financial statements using the full accrual basis of accounting. Therefore, comparisons with prior years are not presented. Table 1 provides a summary of the City's net assets at year-end.

**Table 1**  
**Net Assets**  
(In Millions)

	Governmental Activities <u>2002</u>	Business-Type Activities <u>2002</u>	Total <u>2002</u>
<b>Assets:</b>			
Current And Other Assets	\$37.1	\$19.4	\$56.5
Capital Assets, Net	<u>58.4</u>	<u>52.7</u>	<u>111.1</u>
Total Assets	<u>95.5</u>	<u>72.1</u>	<u>167.6</u>
<b>Liabilities:</b>			
Current and Other Liabilities	8.3	2.0	10.3
Long-Term Liabilities:			
Due within One Year	0.7	1.3	2.0
Due in More Than One Year	<u>10.3</u>	<u>17.7</u>	<u>28.0</u>
Total Liabilities	<u>19.3</u>	<u>21.0</u>	<u>40.3</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	49.1	34.2	83.3
Restricted for:			
Debt Service	1.7	0	1.7
Capital Projects	14.7	0	14.7
Special Revenue	2.0	0	2.0
Unrestricted	<u>8.7</u>	<u>16.9</u>	<u>25.6</u>
Total Net Assets	<u>\$76.2</u>	<u>\$51.1</u>	<u>\$127.3</u>

Because this is the first year to report all activities using the accrual basis of accounting, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current and prior year assets, liabilities, and changes in net assets.

Table 2 shows the changes in net assets at year-end. Since this is the first year the City has prepared financial statements following GASB Statement 34, revenue and expense comparisons to the prior year are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented. Refer to the following section for discussion of the reasons for the change in net assets during the year.

**Table 2**  
**Changes in Net Assets**  
**(In Millions)**

	Governmental Activities <u>2002</u>	Business-Type Activities <u>2002</u>	Total <u>2002</u>
Revenues			
Program Revenues:			
Charges for Services	\$2.4	\$9.8	\$12.2
Operating Grants, Contributions	3.5	0.0	3.5
Capital Grants and Contributions	<u>0.3</u>	<u>0.0</u>	<u>0.3</u>
Total Program Revenues	<u>6.2</u>	<u>9.8</u>	<u>16.0</u>
General Revenues:			
Property Taxes	4.6	0.0	4.6
Income Taxes	19.1	0.0	19.1
Grants and Entitlements	2.9	0.0	2.9
Investment Earnings	0.8	0.4	1.2
Refunds & Reimbursements	0.3	0.0	0.3
Other Revenue	0.1	0.3	0.4
Transfers-Internal Activities	<u>(0.6)</u>	<u>0.6</u>	<u>0.0</u>
Total General Revenues	<u>27.2</u>	<u>1.3</u>	<u>28.5</u>
Total Revenues	<u>33.4</u>	<u>11.1</u>	<u>44.5</u>
Program Expenses:			
General Government	6.4	0.0	6.4
Public Safety	12.0	0.0	12.0
Leisure Time Activities	2.1	0.0	2.1
Community Development	1.8	0.0	1.8
Basic Utility Service	0.5	0.0	0.5
Transportation & Street Repair	6.7	0.0	6.7
Interest and Fiscal Charges	0.5	0.0	0.5
Water	0.0	3.6	3.6
Sewer	0.0	4.1	4.1
Waste Collection	0.0	1.7	1.7
Recreation Facilities	<u>0.0</u>	<u>1.7</u>	<u>1.7</u>
Total Expenses	<u>30.0</u>	<u>11.1</u>	<u>41.1</u>
Increase (Decrease) in Net Assets	<u>\$3.4</u>	<u>\$0.0</u>	<u>\$3.4</u>

***Governmental Activities***

Council is active in promoting economic growth in Fairfield in 2002, as this economic growth does increase the earnings tax base as well. Fairfield has continued attracting employers to our city in the year 2002, thereby injecting the local economy with jobs and increasing the City's commercial tax base. The 1.50% income tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent more than 67% of the City's total general fund

revenues. During 2002, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2002 earnings tax revenues increased approximately 2.6% over 2001 tax revenues.

Program expenses for 2002 were as follows:	General Government	21.3%
	Public Safety	40.0%
	Leisure Time Activities	7.0%
	Community Development	6.0%
	Basic Utility Service	1.7%
	Transportation & Street Repair	22.3%
	Interest and Fiscal Charges	<u>1.7%</u>
	Total	<u>100.0%</u>

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

***Business-Type Activities***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As the community struggled with the maintenance of its flood detention projects an idea emerged to construct a 9-hole executive golf course within the detention basin adjacent to the existing 18-hole golf course. After researching the possible alternatives, the City again retained the services of Hurdzan Golf Course Architects to begin the design of the 9-hole golf course. In the spring of 2002, the 9-hole executive golf course opened for play. 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**

Information about the City's major governmental funds is presented in the Fund Financial Statements (See table of contents). These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$31.6 million and expenditures of \$32.3 million. Within the General fund revenues exceeded expenditures by \$2.2 million; and within the Fire Levy Fund expenditures exceeded revenues by \$203,966.

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

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

As the City completed the year, its General Fund balance reported an actual fund balance of \$6,946,697, on a Non-GAAP Budgetary Basis. This represents an increase of 6.2% over the 2001 actual fund balance (excluding prior year encumbrances appropriated).

Variations from original amounts budgeted are primarily due to Council's desire to fund the capitals costs in developing the downtown area of the City with a \$1,500,000 transfer from the General Fund, the purchase of property and to provide funds for designing the new Community Center.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

**Table 3**  
Capital Assets  
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Land	\$7.5	\$4.2	\$1.1	\$1.1	\$8.6	\$5.3
Building and Improvements	22.8	22.8	45.9	43.0	68.7	65.8
Equipment	9.0	8.1	2.1	3.3	11.1	11.4
Infrastructure	68.3	67.2	26.4	28.9	94.7	96.1
Accumulated Depreciation	<u>(49.2)</u>	<u>(46.2)</u>	<u>(22.8)</u>	<u>(22.7)</u>	<u>(72.0)</u>	<u>(68.9)</u>
Totals	<u>\$58.4</u>	<u>\$56.1</u>	<u>\$52.7</u>	<u>\$53.6</u>	<u>\$111.1</u>	<u>\$109.7</u>

Increases in Capital Assets were the result of the City purchasing land for construction of a municipal facility.

#### ***Debt***

At year-end the City had \$11.3 million in unvoted general obligation and special assessment bonds.

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

	<u>Governmental Activity</u>	
	<u>2002</u>	<u>2001</u>
Unvoted General Obligation Bonds:		
General Obligation Recreation Bonds	\$2,220,000	\$ 0
Various Purpose Special Assessment Bonds	130,000	210,000
Various Purpose General Obligation Bonds	<u>8,945,000</u>	<u>4,945,000</u>
Total	<u>\$11,295,000</u>	<u>\$5,155,000</u>

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

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

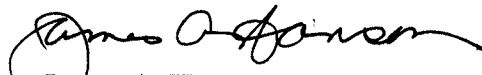
The City's overall legal debt margin was \$38,235,534 at year-end.

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

**CONTACTING THE CITY'S FINANCE DEPARTMENT**

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

  
 Arthur E. Pizzano  
 City Manager

  
 James A. Hanson  
 Director of Finance



City of Fairfield  
Statement of Net Assets  
December 31, 2002

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$24,572,066	\$16,520,655	\$41,092,721
Restricted Cash and Investments	0	1,721,217	1,721,217
<b>Receivables:</b>			
Taxes	8,965,844	0	8,965,844
Accounts	68,823	703,346	772,169
Interest	136,307	123,509	259,816
Intergovernmental	3,166,446	0	3,166,446
Special Assessments	152,025	0	152,025
Issuance Costs	0	112,261	112,261
Inventory	0	202,886	202,886
Nondepreciable Capital Assets	7,533,815	1,161,351	8,695,166
Depreciable Capital Assets, Net	50,912,324	51,581,762	102,494,086
<b>Total Assets</b>	<b>95,507,650</b>	<b>72,126,987</b>	<b>167,634,637</b>
<b>Liabilities:</b>			
Accounts Payable	155,600	112,264	267,864
Accrued Wages and Benefits	1,105,093	256,133	1,361,226
Accrued Interest Payable	35,668	41,960	77,628
Claims Payable	2,507	0	2,507
Deferred Revenue	6,937,768	0	6,937,768
Other Liabilities	23,359	118,375	141,734
Due to Other Governments	0	35,612	35,612
General Obligation Notes Payable	0	1,500,000	1,500,000
<b>Long-Term Liabilities:</b>			
Due Within One Year	678,671	1,266,986	1,945,657
Due In More Than One Year	10,332,678	17,682,021	28,014,699
<b>Total Liabilities</b>	<b>19,271,344</b>	<b>21,013,351</b>	<b>40,284,695</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	49,060,051	34,245,290	83,305,341
<b>Restricted for:</b>			
Debt Service	1,734,455	0	1,734,455
Capital Projects	14,686,667	0	14,686,667
Special Revenue	2,018,460	0	2,018,460
Unrestricted	8,736,673	16,868,346	25,605,019
<b>Total Net Assets</b>	<b>\$76,236,306</b>	<b>\$51,113,636</b>	<b>\$127,349,942</b>

See accompanying notes.

City of Fairfield  
Statement of Activities  
For the Fiscal Year Ended December 31, 2002

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$6,377,765	\$1,272,226	\$68,979	\$0
Public Safety	12,033,560	107,392	1,153,082	0
Public Health & Welfare	25,576	0	0	0
Leisure Time Activities	2,051,333	87,931	9,000	0
Community Development	1,812,689	530,645	0	17,826
Basic Utility Service	521,909	408,479	0	0
Transportation & Street Repair	6,656,322	0	2,276,117	317,764
Interest and Fiscal Charges	539,959	0	0	0
<b>Total Governmental Activities</b>	<b>30,019,113</b>	<b>2,406,673</b>	<b>3,507,178</b>	<b>335,590</b>
<b>Business-Type Activities:</b>				
Water Utility	3,696,360	3,346,234	0	0
Sewer Utility	4,164,390	3,576,138	0	0
Solid Waste Management	1,749,193	1,508,115	0	0
Recreation Facilities	1,680,839	1,409,174	0	0
<b>Total Business-Type Activities</b>	<b>11,290,782</b>	<b>9,839,661</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$41,309,895</b>	<b>\$12,246,334</b>	<b>\$3,507,178</b>	<b>\$335,590</b>

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

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$5,036,560)	\$0	(\$5,036,560)
(10,773,086)	0	(10,773,086)
(25,576)	0	(25,576)
(1,954,402)	0	(1,954,402)
(1,264,218)	0	(1,264,218)
(113,430)	0	(113,430)
(4,062,441)	0	(4,062,441)
(539,959)	0	(539,959)
<u>(23,769,672)</u>	<u>0</u>	<u>(23,769,672)</u>
0	(350,126)	(350,126)
0	(588,252)	(588,252)
0	(241,078)	(241,078)
0	(271,665)	(271,665)
<u>0</u>	<u>(1,451,121)</u>	<u>(1,451,121)</u>
<u>(\$23,769,672)</u>	<u>(\$1,451,121)</u>	<u>(\$25,220,793)</u>
19,114,762	0	19,114,762
4,558,801	0	4,558,801
2,916,695	0	2,916,695
1,400	0	1,400
729,920	442,843	1,172,763
304,120	0	304,120
129,755	387,152	516,907
(550,000)	550,000	0
<u>27,205,453</u>	<u>1,379,995</u>	<u>28,585,448</u>
3,435,781	(71,126)	3,364,655
<u>72,800,525</u>	<u>51,184,762</u>	<u>123,985,287</u>
<u>\$76,236,306</u>	<u>\$51,113,636</u>	<u>\$127,349,942</u>

City of Fairfield  
Balance Sheet  
Governmental Funds  
December 31, 2002

	General	Fire Levy	.3% Street Improvement	.2% Capital Improvement	Downtown Development
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$7,590,750	\$659,197	\$7,154,687	\$2,731,625	\$1,915,861
<b>Receivables:</b>					
Taxes	3,590,765	4,164,054	726,615	484,410	0
Accounts	68,823	0	0	0	0
Interest	49,750	0	11,799	18,910	52,866
Intergovernmental	891,402	197,824	1,480,000	0	0
Special Assessments	0	0	0	0	0
Due from other funds	0	0	0	0	0
<b>Total Assets</b>	<b>12,191,490</b>	<b>5,021,075</b>	<b>9,373,101</b>	<b>3,234,945</b>	<b>1,968,727</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	62,525	6,877	17,854	4,625	4,721
Accrued Wages and Benefits	785,039	194,675	0	0	0
Compensated Absences	40,927	5,129	0	0	0
Accrued Interest Payable	0	0	0	0	0
Deferred Revenue	3,185,826	4,361,878	1,832,253	234,835	0
Other Liabilities	23,359	0	0	0	0
Due to other funds	0	0	15,425	19,361	0
<b>Total Liabilities</b>	<b>4,097,676</b>	<b>4,568,559</b>	<b>1,865,532</b>	<b>258,821</b>	<b>4,721</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	160,638	11,042	2,165,832	638,707	1,038,707
Reserved for Debt Service	0	0	0	0	0
<b>Unreserved, Undesignated, Reported in:</b>					
General Fund	7,933,176	0	0	0	0
Special Revenue Funds	0	441,474	0	0	0
Capital Projects Funds	0	0	5,341,737	2,337,417	925,299
<b>Total Fund Balances</b>	<b>8,093,814</b>	<b>452,516</b>	<b>7,507,569</b>	<b>2,976,124</b>	<b>1,964,006</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$12,191,490</b>	<b>\$5,021,075</b>	<b>\$9,373,101</b>	<b>\$3,234,945</b>	<b>\$1,968,727</b>

See accompanying notes.

<u>Symmes Road Extension Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$0	\$4,399,433	\$24,451,553
0	0	8,965,844
0	0	68,823
0	2,982	136,307
0	597,220	3,166,446
0	152,025	152,025
0	34,786	34,786
<u>0</u>	<u>5,186,446</u>	<u>36,975,784</u>
0	41,198	137,800
0	97,399	1,077,113
0	6,545	52,601
0	35,668	35,668
0	652,468	10,267,260
0	0	23,359
0	0	34,786
<u>0</u>	<u>833,278</u>	<u>11,628,587</u>
0	346,906	4,361,832
0	1,582,430	1,582,430
0	0	7,933,176
0	998,237	1,439,711
0	1,425,595	10,030,048
<u>0</u>	<u>4,353,168</u>	<u>25,347,197</u>
<u>\$0</u>	<u>\$5,186,446</u>	<u>\$36,975,784</u>

City of Fairfield  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 December 31, 2002

---

Total Governmental Fund Balance	\$25,347,197
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	58,446,139
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	3,329,492
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	7,229
Some liabilities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(1,507,663)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(9,386,088)</u>
Net Assets of Governmental Activities	<u><u>\$76,236,306</u></u>

See accompanying notes.

**This Page Intentionally Left Blank**

City of Fairfield  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2002

	General	Fire Levy	.3% Street Improvement	.2% Capital Improvement	Downtown Development
<b>Revenues:</b>					
Taxes	\$13,032,445	\$3,528,836	\$3,610,985	\$2,407,324	\$0
Fines, Licenses & Permits	1,181,430	2,375	0	0	0
Charges for Services	610,245	0	0	0	0
Investment Earnings	286,697	20,635	148,395	58,569	103,278
Intergovernmental	2,674,377	479,812	0	0	0
Special Assessments	22,020	0	0	0	0
Other Revenues	323,689	3,511	267,033	80	173,639
<b>Total Revenues</b>	<b>18,130,903</b>	<b>4,035,169</b>	<b>4,026,413</b>	<b>2,465,973</b>	<b>276,917</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	5,511,408	0	0	127,909	0
Public Safety	7,068,378	4,239,135	0	383,725	0
Public Health & Welfare	25,576	0	0	0	0
Leisure Time Activities	1,365,773	0	0	383,725	0
Community Development	923,767	0	0	0	4,360,025
Basic Utility Service	521,909	0	0	0	0
Transportation & Street Repair	398,003	0	1,977,413	383,725	0
<b>Debt Service:</b>					
Principal Retirement	71,910	0	0	0	0
Interest and Fiscal Charges	17,359	0	0	0	0
<b>Total Expenditures</b>	<b>15,904,083</b>	<b>4,239,135</b>	<b>1,977,413</b>	<b>1,279,084</b>	<b>4,360,025</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,226,820</b>	<b>(203,966)</b>	<b>2,049,000</b>	<b>1,186,889</b>	<b>(4,083,108)</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Fixed Assets	28,662	0	0	0	0
Proceeds of Long-Term Capital-Related Debt	0	0	500,000	0	0
Transfers In	0	0	0	0	1,300,000
Transfers (Out)	(2,350,000)	0	(15,425)	(433,781)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,321,338)</b>	<b>0</b>	<b>484,575</b>	<b>(433,781)</b>	<b>1,300,000</b>
<b>Net Change in Fund Balance</b>	<b>(94,518)</b>	<b>(203,966)</b>	<b>2,533,575</b>	<b>753,108</b>	<b>(2,783,108)</b>
<b>Fund Balance Beginning of Year (Restated)</b>	<b>8,188,332</b>	<b>656,482</b>	<b>4,973,994</b>	<b>2,223,016</b>	<b>4,747,114</b>
<b>Fund Balance End of Year</b>	<b>\$8,093,814</b>	<b>\$452,516</b>	<b>\$7,507,569</b>	<b>\$2,976,124</b>	<b>\$1,964,006</b>

See accompanying notes.



Symmes Road Extension Project	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$22,579,590
0	279,038	1,462,843
0	0	610,245
17,466	83,550	718,590
0	2,156,857	5,311,046
0	135,794	157,814
0	19,390	787,342
<u>17,466</u>	<u>2,674,629</u>	<u>31,627,470</u>
0	410,178	6,049,495
0	170,192	11,861,430
0	0	25,576
0	5,389	1,754,887
0	0	5,283,792
0	0	521,909
400,753	2,453,030	5,612,924
0	580,000	651,910
0	522,600	539,959
<u>400,753</u>	<u>4,141,389</u>	<u>32,301,882</u>
<u>(383,287)</u>	<u>(1,466,760)</u>	<u>(674,412)</u>
0	0	28,662
4,000,000	0	4,500,000
0	1,524,720	2,824,720
<u>(625,514)</u>	<u>0</u>	<u>(3,424,720)</u>
<u>3,374,486</u>	<u>1,524,720</u>	<u>3,928,662</u>
2,991,199	57,960	3,254,250
<u>(2,991,199)</u>	<u>4,295,208</u>	<u>22,092,947</u>
<u>\$0</u>	<u>\$4,353,168</u>	<u>\$25,347,197</u>

City of Fairfield  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended December 31, 2002

---

Net Change in Fund Balance - Total Governmental Funds	\$3,254,250
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays 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 by which capital outlays exceeded depreciation in the current period.	2,824,287
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the deduction for the loss on the disposal of capital assets must also be recognized.	(513,076)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,377,432
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	651,910
Some expenses reported in the statement of activities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(542,651)
The internal service fund used by management to charge the costs of insurance 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.	(116,371)
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.	<u>(4,500,000)</u>
Change in Net Assets of Governmental Activities	<u>\$3,435,781</u>

See accompanying notes.

**This Page Intentionally Left Blank**

City of Fairfield  
Statement of Net Assets  
Proprietary Funds  
December 31, 2002

	Business-Type Activities -Enterprise Funds				
	Water Utility	Sewer Utility	Solid Waste Management	Recreation Facilities	Total Business-Type Activities
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$10,117,999	\$6,274,985	\$48,386	\$79,285	\$16,520,655
Restricted Cash and Investments	1,458,862	262,355	0	0	1,721,217
<b>Receivables:</b>					
Accounts	259,209	364,326	79,811	0	703,346
Interest	75,459	48,050	0	0	123,509
Issuance Costs	112,261	0	0	0	112,261
Inventory	142,000	0	0	60,886	202,886
<b>Total Current Assets</b>	<b>12,165,790</b>	<b>6,949,716</b>	<b>128,197</b>	<b>140,171</b>	<b>19,383,874</b>
Nondepreciable Capital Assets	349,105	305,246	0	507,000	1,161,351
Depreciable Capital Assets, Net	17,502,341	29,342,821	0	4,736,600	51,581,762
<b>Total Assets</b>	<b>30,017,236</b>	<b>36,597,783</b>	<b>128,197</b>	<b>5,383,771</b>	<b>72,126,987</b>
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts Payable	84,505	23,589	437	3,733	112,264
Accrued Wages and Benefits	101,482	111,234	775	42,642	256,133
Compensated Absences	0	16,659	0	0	16,659
Accrued Interest Payable	29,848	4,083	0	8,029	41,960
Claims Payable	0	0	0	0	0
Other Liabilities	118,375	0	0	0	118,375
Due to Other Governments	0	35,612	0	0	35,612
General Obligation Notes Payable	0	1,500,000	0	0	1,500,000
Long-Term Liabilities Due Within One Year	614,192	556,135	0	80,000	1,250,327
<b>Total Current Liabilities</b>	<b>948,402</b>	<b>2,247,312</b>	<b>1,212</b>	<b>134,404</b>	<b>3,331,330</b>
<b>Long-Term Liabilities:</b>					
Compensated Absences	211,367	154,926	4,187	64,045	434,525
Bonds, Notes & Loans Payable	4,605,000	10,502,496	0	2,140,000	17,247,496
<b>Total Liabilities</b>	<b>5,764,769</b>	<b>12,904,734</b>	<b>5,399</b>	<b>2,338,449</b>	<b>21,013,351</b>
<b>Net Assets:</b>					
Invested in Capital Assets, Net of Related Debt	12,632,254	18,589,436	0	3,023,600	34,245,290
Unrestricted	11,620,213	5,103,613	122,798	21,722	16,868,346
<b>Total Net Assets</b>	<b>\$24,252,467</b>	<b>\$23,693,049</b>	<b>\$122,798</b>	<b>\$3,045,322</b>	<b>\$51,113,636</b>

See accompanying notes.

---

---

Governmental  
Activities-  
Internal Service  
Fund

---

\$120,513  
0

0  
0  
0  
0

---

120,513

---

0  
0

---

120,513

---

17,800  
27,980  
0  
0  
2,507  
0  
0  
0  
0

---

48,287

---

64,997  
0

---

113,284

---

0  
7,229

---

\$7,229

---

---

City of Fairfield  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2002

	Business-Type Activities -Enterprise Funds				
	Water Utility	Sewer Utility	Solid Waste Management	Recreation Facilities	Total Business-Type Activities
Operating Revenues:					
Charges for Services	\$3,346,234	\$3,576,138	\$1,508,115	\$1,409,174	\$9,839,661
<b>Total Operating Revenues</b>	<b>3,346,234</b>	<b>3,576,138</b>	<b>1,508,115</b>	<b>1,409,174</b>	<b>9,839,661</b>
Operating Expenses:					
Personal Services	1,342,248	1,730,931	12,585	790,031	3,875,795
Contractual Services	459,483	348,223	1,736,016	264,984	2,808,706
Materials and Supplies	1,065,319	727,453	592	390,805	2,184,169
Depreciation	530,251	940,523	0	187,404	1,658,178
<b>Total Operating Expenses</b>	<b>3,397,301</b>	<b>3,747,130</b>	<b>1,749,193</b>	<b>1,633,224</b>	<b>10,526,848</b>
Operating Income (Loss)	(51,067)	(170,992)	(241,078)	(224,050)	(687,187)
Non-Operating Revenues (Expenses):					
Investment Earnings	288,952	151,819	1,515	557	442,843
Interest (Expense)	(299,059)	(423,341)	0	(47,615)	(770,015)
Gain (Loss) on Disposal of Fixed Assets	0	6,081	0	0	6,081
Other Revenue	134,835	252,317	0	0	387,152
<b>Total Non-Operating Revenues (Expenses)</b>	<b>124,728</b>	<b>(13,124)</b>	<b>1,515</b>	<b>(47,058)</b>	<b>66,061</b>
Income (Loss) Before Contributions & Transfers	73,661	(184,116)	(239,563)	(271,108)	(621,126)
Transfers In	0	0	250,000	300,000	550,000
Change in Net Assets	73,661	(184,116)	10,437	28,892	(71,126)
Net Assets Beginning of Year	24,178,806	23,877,165	112,361	3,016,430	51,184,762
<b>Net Assets End of Year</b>	<b>\$24,252,467</b>	<b>\$23,693,049</b>	<b>\$122,798</b>	<b>\$3,045,322</b>	<b>\$51,113,636</b>

See accompanying notes.

Governmental Activities- Internal Service Fund
\$2,349,650
<u>2,349,650</u>
398,106
1,876,065
242,082
<u>0</u>
2,516,253
<u>(166,603)</u>
232
0
0
<u>0</u>
232
(166,371)
<u>50,000</u>
(116,371)
<u>123,600</u>
<u><u>\$7,229</u></u>

City of Fairfield  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2002

	Business-Type Activities -Enterprise Funds				
	Water Utility	Sewer Utility	Solid Waste Management	Recreation Facilities	Total Business-Type Activities
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$3,443,810	\$4,088,828	\$1,508,115	\$1,413,950	\$10,454,703
Cash Payments to Employees	(1,345,428)	(1,622,701)	(12,208)	(798,458)	(3,778,795)
Cash Payments to Suppliers	(1,603,050)	(1,690,968)	(1,869,112)	(685,584)	(5,848,714)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>495,332</b>	<b>775,159</b>	<b>(373,205)</b>	<b>(70,092)</b>	<b>827,194</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Payments from Other Funds	0	0	250,000	300,000	550,000
Permit Fees Received	134,835	252,317	0	0	387,152
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>134,835</b>	<b>252,317</b>	<b>250,000</b>	<b>300,000</b>	<b>937,152</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Payments for Capital Acquisitions	(190,321)	(390,238)	0	(200,982)	(781,541)
Debt Proceeds	0	1,823,144	0	2,300,000	4,123,144
Debt Principal Payments	(690,302)	(1,069,789)	0	(2,380,000)	(4,140,091)
Debt Interest Payments	(288,225)	(513,614)	0	(50,634)	(852,473)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(1,168,848)</b>	<b>(150,497)</b>	<b>0</b>	<b>(331,616)</b>	<b>(1,650,961)</b>
<b>Cash Flows from Investing Activities:</b>					
Earnings on Investments	316,712	259,007	1,515	557	577,791
<b>Net Cash Provided by Cash Flows from Investing Activities</b>	<b>316,712</b>	<b>259,007</b>	<b>1,515</b>	<b>557</b>	<b>577,791</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(221,969)</b>	<b>1,135,986</b>	<b>(121,690)</b>	<b>(101,151)</b>	<b>691,176</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>11,798,830</b>	<b>5,401,354</b>	<b>170,076</b>	<b>180,436</b>	<b>17,550,696</b>
<b>Cash and Cash Equivalents End of Year (Includes Restricted Cash and Cash Equivalents)</b>	<b>11,576,861</b>	<b>6,537,340</b>	<b>48,386</b>	<b>79,285</b>	<b>18,241,872</b>
<b>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities</b>					
Operating Loss	(51,067)	(170,992)	(241,078)	(224,050)	(687,187)
<b>Adjustments:</b>					
Depreciation	530,251	940,523	0	187,404	1,658,178
<b>Changes in Assets &amp; Liabilities:</b>					
(Increase) Decrease in Receivables	51,600	20,092	14,756	0	86,448
(Increase) Decrease in Inventory	(52,104)	0	(147,946)	(17,223)	(217,273)
Increase (Decrease) in Payables	19,832	(122,694)	0	(7,796)	(110,658)
Increase (Decrease) in Accrued Liabilities	(3,180)	108,230	1,063	(8,427)	97,686
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$495,332</b>	<b>\$775,159</b>	<b>(\$373,205)</b>	<b>(\$70,092)</b>	<b>\$827,194</b>

See accompanying notes.



---

---

Governmental  
Activities-  
Internal Service  
Fund

---

\$2,349,650  
(328,689)  

---

(2,120,278)

---

(99,317)

50,095  

---

0

---

50,095

0  
0  
0  

---

0

---

0

---

232

---

232

(48,990)

---

169,503

---

---

120,513

(166,603)

0

0

0

(2,131)

---

69,417

---

---

(\$99,317)

City of Fairfield  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
December 31, 2002

---

	<u>Agency</u>
Assets:	
Cash with Fiscal and Escrow Agents	<u>\$21,456</u>
Total Assets	<u>\$21,456</u>
Liabilities:	
Other Liabilities	<u>21,456</u>
Total Liabilities	<u>\$21,456</u>

See accompanying notes.

## **City of Fairfield**

Notes to the Basic Financial Statements  
For The Year Ended December 31, 2002

### **1. DESCRIPTION OF THE CITY AND REPORTING ENTITY**

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

#### **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.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **Basis of Presentation**

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

## Government-wide Financial Statements

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

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

## Fund Financial Statements

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

## **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.

.3% Street Improvement Capital Projects Fund - This capital projects fund accounts for the construction and repair of the City’s streets. Financing has been derived from three-tenths of the City’s income tax.

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

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

Symmes Road Extension Project Capital Project Fund – This capital projects fund accounts for the construction of the Symmes Road Extension, which will provide an eastbound connection to Interstate 75. Financing is derived from transfers from the General Fund and investment earnings.

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

### Proprietary Funds

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

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

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

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

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

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

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

### Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: agency funds, pension trust funds, investment trust funds and private-purpose trust funds. The City’s agency fund is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. 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.

## **Measurement Focus**

### Government-wide Financial Statements

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

### Fund Financial Statements

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

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

## **Basis of Accounting**

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

### Revenues - Exchange and Non-exchange Transactions

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

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

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

### Deferred Revenue

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

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

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

#### Expenses/Expenditures

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

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

#### **Cash and Cash Equivalents**

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

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.

The difference in cost and fair value of investments for the City is considered immaterial and therefore is not recorded.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest-bearing depository accounts are presented on the statement of net assets/balance sheet as "Cash and Cash Equivalents in Segregated Accounts".

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

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

#### **Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.



On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

**Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed 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.

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

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

**Interfund Balances**

On fund financial statements, long-term interfund loans are classified as “advances to/from other funds” on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. There were no long-term interfund loans outstanding at fiscal year end. These amounts, as well as any short-term interfund balances, are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

## **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 liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year end taking into consideration any limits specified in the City's personnel manual.

The entire compensated absence liability is reported on the government-wide financial statements.

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

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

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

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

## **Fund Balance Reserves**

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

## **Net Assets**

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

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

## **Operating Revenues and Expenses**

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

## **Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

## **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.

## **Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

## **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.

### **3. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty day;
- Interim deposits in eligible institutions applying for interim funds;

- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository with which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amount equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Deposits collateralized by investment pools are classified as Category 3 deposits per GASB Statement No. 3.

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

*Deposits:*

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

*Investments:*

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

**A. Deposits**

At year end, the carrying amount of the City's deposits was \$10,774,967 and the bank balance was \$11,604,367. Federal Depository Insurance covered \$300,000 of the deposits and bank balance. All remaining deposits were classified as Category 3.

**B. Investments**

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

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value/ Fair Value</u>
U.S. Government Securities	\$13,204,819	\$ 0	\$ 0	\$13,204,819
STAROhio (1)	0	0	0	18,000,000
Money Market (1)	0	0	0	804,645
Repurchase Agreements	<u>0</u>	<u>0</u>	<u>50,963</u>	<u>50,963</u>
	<u>\$13,204,819</u>	<u>\$ 0</u>	<u>\$50,963</u>	<u>\$32,060,427</u>

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

**4. RECEIVABLES**

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

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

Special assessments expected to be collected in more than one year amounts to approximately \$152,025 in the Special Assessment Fund.

**Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2002 for real and public utility property taxes represents collections of the 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) is for 2002 taxes.

2002 real property taxes are levied after October 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value.

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

Real Property	\$726,716,790
Public Utility	26,214,800
Tangible Personal Property	<u>96,412,084</u>
Total Valuation	<u>\$849,343,674</u>

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

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

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

**Income Taxes**

The City levies a one percent 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.

**5. RISK MANAGEMENT**

**Description**

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

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

### Claim Liabilities

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

### Unpaid Claim Liabilities

The following figures represent the changes in medical and dental claims liabilities for the City from January 1, 2001 to December 31, 2002:

Claims Liability, 1/1/01	\$13,245
Claims net of changes in estimates	1,450,473
Payments	<u>(1,456,724)</u>
Claims Liability, 12/31/01	6,994
Claims net of changes in estimates	1,869,301
Payments	<u>(1,873,788)</u>
Claims Liability, 12/31/02	<u><u>\$2,507</u></u>

## 6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, not being depreciated:				
Land	\$4,154,175	\$3,379,640	\$0	\$7,533,815
Total Capital Assets, not being depreciated	<u>4,154,175</u>	<u>3,379,640</u>	<u>0</u>	<u>7,533,815</u>
Capital Assets, being depreciated:				
Buildings and Improvements	22,837,996	11,411	0	22,849,407
Equipment	8,167,741	1,805,219	(975,794)	8,997,166
Infrastructure	<u>67,207,227</u>	<u>1,064,289</u>	<u>0</u>	<u>68,271,516</u>
Total Capital Assets, being depreciated	<u>98,212,964</u>	<u>2,880,919</u>	<u>(975,794)</u>	<u>100,118,089</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(9,147,522)	(589,544)	0	(9,737,066)
Equipment	(5,440,608)	(921,458)	462,718	(5,899,348)
Infrastructure	<u>(31,644,081)</u>	<u>(1,925,270)</u>	<u>0</u>	<u>(33,569,351)</u>
Total Accumulated Depreciation	<u>(46,232,211)</u>	<u>(3,436,272)</u>	<u>462,718</u>	<u>(49,205,765)</u>
Total Capital Assets, being depreciated, net	<u>51,980,753</u>	<u>(555,353)</u>	<u>(513,076)</u>	<u>50,912,324</u>
Governmental Activities Capital Assets, net	<u>\$56,134,928</u>	<u>\$2,824,287</u>	<u>(\$513,076)</u>	<u>\$58,446,136</u>



**Business-Type Activities**

Capital Assets, not being depreciated:				
Land	<u>\$1,091,351</u>	<u>\$70,000</u>	<u>\$ 0</u>	<u>\$1,161,351</u>
Total Capital Assets, not being depreciated:	<u>1,091,351</u>	<u>70,000</u>	<u>0</u>	<u>1,161,351</u>
Capital Assets, being depreciated:				
Buildings and Improvements	43,028,747	2,926,681	0	45,955,428
Equipment	3,303,526	266,080	(1,482,744)	2,086,862
Infrastructure	<u>28,875,381</u>	<u>0</u>	<u>(2,475,139)</u>	<u>26,400,242</u>
Total Capital Assets, being depreciated	<u>75,207,654</u>	<u>3,192,761</u>	<u>(3,957,883)</u>	<u>74,442,532</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(12,604,806)	(956,798)	0	(13,561,604)
Equipment	(1,955,714)	(156,761)	1,482,744	(629,731)
Infrastructure	<u>(8,135,866)</u>	<u>(533,569)</u>	<u>0</u>	<u>(8,669,435)</u>
Total Accumulated Depreciation	<u>(22,696,386)</u>	<u>(1,647,128)</u>	<u>1,482,744</u>	<u>(22,860,770)</u>
Total Capital Assets, being depreciated, net	<u>52,511,268</u>	<u>1,545,633</u>	<u>(2,475,139)</u>	<u>51,581,762</u>
Business-Type Activities Capital Assets, Net	<u>\$53,602,619</u>	<u>\$1,615,633</u>	<u>(\$2,475,139)</u>	<u>\$52,743,113</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 309,251
Public Safety	538,964
Leisure Time Activities	263,115
Community Development	40,366
Transportation & Street Repair	<u>2,284,576</u>
	<u>\$3,436,272</u>

**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. It is the City's policy to accrue vacation leave benefits in the period they are earned in both the Governmental and the Proprietary Funds.

## Accumulated Unpaid Sick Leave

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

## 8. NOTES PAYABLE

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
<b>Capital Projects Fund:</b>				
3.32% Various Purpose Road Improvement	\$500,000	\$0	(500,000)	\$0
3.65% Symmes Road Improvement	<u>4,000,000</u>	<u>0</u>	<u>(4,000,000)</u>	<u>0</u>
<b>Total Capital Projects Fund</b>	<u>4,500,000</u>	<u>0</u>	<u>(4,500,000)</u>	<u>0</u>
<b>Enterprise Fund:</b>				
3.00% Wastewater System Improvement	250,000	0	(250,000)	0
3.00% Family Aquatic Center	800,000	0	(800,000)	0
2.26% Golf Course	1,500,000	0	(1,500,000)	0
1.75% Sewer Expansion	<u>0</u>	<u>1,500,000</u>	<u>0</u>	<u>1,500,000</u>
<b>Total Enterprise Fund</b>	<u>2,550,000</u>	<u>1,500,000</u>	<u>2,550,000</u>	<u>1,500,000</u>
<b>Total</b>	<u>\$7,050,000</u>	<u>\$1,500,000</u>	<u>(\$7,050,000)</u>	<u>\$1,500,000</u>

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

## 9. LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
<u>General Obligation Bonds</u>					
7.00% Justice Center	\$ 300,000	\$ 0	(\$50,000)	\$ 250,000	\$ 50,000
6.90% Fire Station	610,000	0	(50,000)	560,000	55,000
4.40% Various Purpose - 1999	4,035,000	0	(165,000)	3,870,000	170,000
4.34% Various Purpose - 2002	<u>0</u>	<u>4,500,000</u>	<u>(235,000)</u>	<u>4,265,000</u>	<u>240,000</u>
<b>Total General Obligation Bonds</b>	<u>4,945,000</u>	<u>4,500,000</u>	<u>(500,000)</u>	<u>8,945,000</u>	<u>515,000</u>

<b>Special Assessment Bonds</b>					
9.875% Industrial Park	60,000	0	(30,000)	30,000	30,000
7.625% Woodridge Road	125,000	0	(25,000)	100,000	25,000
12.625% Le Saints Drive	<u>25,000</u>	<u>0</u>	<u>(25,000)</u>	<u>0</u>	<u>0</u>
Total Special Assessment Bonds	<u>210,000</u>	<u>0</u>	<u>(80,000)</u>	<u>130,000</u>	<u>55,000</u>
Capital Leases	382,998	0	(71,910)	311,088	75,559
Compensated Absences	<u>1,562,139</u>	<u>63,122</u>	<u>0</u>	<u>1,625,261</u>	<u>33,112</u>
Total Governmental Activities	<u>\$7,100,137</u>	<u>\$4,563,122</u>	<u>(\$651,910)</u>	<u>\$11,011,349</u>	<u>\$678,671</u>
	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>			<u>Balance</u>	<u>One Year</u>
<b>Business-Type Activities</b>					
<b>Loans</b>					
2.00% OPWC Seward Road					
Water Tank	\$309,494	\$0	(\$205,302)	\$104,192	\$104,192
3.79-4.12% OWDA Wastewater					
Improvement	<u>11,517,568</u>	<u>0</u>	<u>(458,937)</u>	<u>11,058,631</u>	<u>556,135</u>
Total Loans	<u>11,827,062</u>	<u>0</u>	<u>(664,239)</u>	<u>11,162,823</u>	<u>660,327</u>
<b>General Obligation Bonds</b>					
4.34% Various Purpose Recreation	<u>0</u>	<u>2,300,000</u>	<u>(80,000)</u>	<u>2,220,000</u>	<u>80,000</u>
<b>Mortgage Revenue Bonds</b>					
3.00-6.20% Water Refunding	1,290,000	0	(295,000)	995,000	315,000
3.76-5.05% Water Refunding	<u>4,310,000</u>	<u>0</u>	<u>(190,000)</u>	<u>4,120,000</u>	<u>195,000</u>
Total Mortgage Revenue Bonds	<u>5,600,000</u>	<u>0</u>	<u>(485,000)</u>	<u>5,115,000</u>	<u>510,000</u>
Compensated Absences	<u>510,533</u>	<u>0</u>	<u>(59,349)</u>	<u>451,184</u>	<u>16,659</u>
Total Business-Type Activities	<u>\$17,937,595</u>	<u>\$2,300,000</u>	<u>(\$1,288,588)</u>	<u>\$18,949,007</u>	<u>\$1,266,986</u>

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

<u>Year Ending</u> <u>December 31</u>	<b>General</b> <b>Obligation Bonds</b>		<b>Special</b> <b>Assessment Bonds</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$595,000	\$517,274	\$55,000	\$10,587
2004	605,000	484,660	25,000	5,719
2005	640,000	454,440	25,000	3,813
2006	650,000	422,622	25,000	1,906
2007	680,000	390,381	0	0
2008-2012	3,425,000	1,489,018	0	0
2013-2017	3,590,000	702,896	0	0
2018-2021	<u>980,000</u>	<u>110,613</u>	<u>0</u>	<u>0</u>
Total	<u>\$11,165,000</u>	<u>\$4,571,904</u>	<u>\$130,000</u>	<u>\$22,025</u>

<u>Year Ending</u> <u>December 31</u>	<u>Mortgage</u> <u>Revenue Bonds</u>		<u>Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$510,000	\$255,470	\$660,327	\$437,316
2004	535,000	229,010	578,808	417,912
2005	565,000	200,663	602,405	394,314
2006	225,000	169,610	626,967	369,753
2007	235,000	159,598	652,529	344,191
2008-2012	1,340,000	626,740	3,684,098	1,299,498
2013-2017	1,705,000	266,387	4,138,608	484,592
2018-2021	0	0	219,081	6,739
Total	<u>\$5,115,000</u>	<u>\$1,907,478</u>	<u>\$11,162,823</u>	<u>\$3,754,315</u>

## 10. DEFEASANCE OF BONDS

### Mortgage Revenue Bonds

In prior years, the City defeased certain Mortgage Revenue Bonds by the deposit of Treasury Bonds and Notes with Trustees in an amount sufficient to meet principal and interest payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On December 31, 2002, \$720,000 of the outstanding is considered defeased.

### Special Assessment Bonds

The Special Assessment Fund purchased special assessment sidewalk bonds issued by the City. The value of the bonds at December 31, 2002 was \$50,963. 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.

## 11. INDUSTRIAL AND ECONOMIC DEVELOPMENT REVENUE BONDS

The City issued \$55,712,748 in industrial and economic development revenue bonds for various projects between the years 1973 through 1990. In February of 2000, the City issued \$6,625,000 in industrial development revenue bonds. As of December 31, 2002 \$5,005,911 was outstanding. The bonds are not a liability nor are the proceeds of the issues assets of the City and, accordingly, they are not reflected on the City's financial records. Debt service on these issues is payable solely from the revenues of the Company and/or individual for whom the debt was issued.

## 12. LEASES

### A. Capital Leases

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

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

Year Ending December 31	
2003	\$89,269
2004	89,269
2005	89,269
2006	<u>74,390</u>
Total minimum lease payments	342,197
Less: Amount representing interest	<u>(31,109)</u>
Present value of minimum lease payments	<u>\$311,088</u>

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

### **13. DEFINED BENEFIT PENSION PLANS**

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

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

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 13.55 percent of covered payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2002, 2001 and 2000 were \$1,187,230, \$916,951, and \$880,334, respectively. The full amount has been contributed for 2001 and 2000 and 75 percent has been contributed for 2002.

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

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24.0 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for the years ending December 31, 2002, 2001 and 2000 were \$952,086, \$864,884 and \$692,824, respectively. The full amount has been contributed for 2001 and 2000 and 67 percent has been contributed for 2002.

#### **14. POSTEMPLOYMENT BENEFITS**

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

The Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The current year employer contribution rate was 13.55 percent of covered payroll; 5.00 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

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

The number of active contributing participants was 402,041. The City's actual contributions for the current year, which were used to fund postemployment benefits were \$432,843. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

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

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

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

The City's actual contributions for the current year that were used to fund postemployment benefits were \$266,129 for police and \$92,354 for fire. The OP&F's total health care expenses for the year ended December 31, 2001, (the latest information available) were \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

## 15. CONSTRUCTION COMMITMENTS

The City had the following outstanding commitments at year end:

<u>Projects</u>	<u>Spent-to-date</u>	<u>Commitment Remaining</u>
Mack/Muhlhauser & Route 4 Improvement Project	\$0	\$ 1,933,920
Improvements to Wastewater Treatment Plant	0	1,486,000
Engineering Services for Community Cultural Center	175,755	734,245
Improvements to Pleasant Ave./Nilles Road Intersection	243,215	197,004
2002 Concrete Repair and Replacement Work	366,455	73,545
<b>Totals</b>	<b>\$ 785,425</b>	<b>\$ 4,424,714</b>

## 16. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2002, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>				<u>Total</u>
	<u>General</u>	<u>.3% Street Improvement</u>	<u>.2% Capital Improvement</u>	<u>Symmes Road Extension Project</u>	
Street Construction, Maintenance and Repair	\$ 450,000	\$ 0	\$ 0	\$ 0	\$ 450,000
General Bond Retirement	0	15,425	433,781	625,514	1,074,720
Downtown Development	1,300,000	0	0	0	1,300,000
Solid Waste Management	250,000	0	0	0	250,000
Recreation Facilities	300,000	0	0	0	300,000
Municipal Garage	50,000	0	0	0	50,000
	<u>\$2,350,000</u>	<u>\$15,425</u>	<u>\$433,781</u>	<u>\$625,514</u>	<u>\$3,424,720</u>

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

**17. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY**

**Changes in Accounting Principles**

For 2002, the City has implemented GASB Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”, GASB Statement No. 37 “Basic Financial Statements and Management’s Discussion and Analysis-omnibus” and GASB Statement No. 38 “Certain Financial Statement Note Disclosures”.

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statements split the City’s programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2001, caused by the conversion to the accrual basis of accounting.

**Restatement of Fund Balance**

The implementation of these statements had no effects on fund balance/fund equity of the Fire Levy, .3% Street Improvement, .2% Capital Improvement, Downtown Development, Symmes Road Extension Project, other non-major funds, enterprise and internal service funds, but did have an effect on the General fund of the City as they were previously reported.

	<u>General</u>
Fund Balances, December 31, 2001	\$7,797,738
GASB 34 Adjustment	<u>390,594</u>
Governmental Activities Net Assets, December 31, 2001	<u><u>\$8,188,332</u></u>



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**This Page is Intentionally Left Blank.**

City of Fairfield  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2002

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$13,221,572	\$13,221,572	\$13,147,344	(\$74,228)
Licenses & Permits	345,945	345,945	405,735	59,790
Intergovernmental	2,468,033	2,468,033	2,625,909	157,876
Charges for Services	536,775	536,775	586,303	49,528
Fines and Forfeitures	753,200	753,200	775,695	22,495
Special Assessments	10,400	10,400	22,020	11,620
Investment Earnings	360,000	360,000	301,170	(58,830)
Other Revenues	385,550	385,550	457,135	71,585
<b>Total Revenues</b>	<b>18,081,475</b>	<b>18,081,475</b>	<b>18,321,311</b>	<b>239,836</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	6,867,763	7,826,031	7,146,630	679,401
Public Safety	6,976,393	7,026,278	6,640,992	385,286
Leisure Time Activities	1,127,392	1,167,602	1,084,933	82,669
Community Development	1,082,990	1,125,490	995,776	129,714
Basic Utility Service	443,000	526,750	521,909	4,841
Public Health & Welfare Services	35,000	35,000	25,576	9,424
<b>Total Expenditures</b>	<b>16,532,538</b>	<b>17,707,151</b>	<b>16,415,816</b>	<b>1,291,335</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,548,937</b>	<b>374,324</b>	<b>1,905,495</b>	<b>1,531,171</b>
<b>Other financing sources (uses):</b>				
Proceeds from Sale of Fixed Assets	15,600	15,600	28,662	13,062
Transfers (Out)	(850,000)	(2,350,000)	(2,350,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(834,400)</b>	<b>(2,334,400)</b>	<b>(2,321,338)</b>	<b>13,062</b>
<b>Net Change in Fund Balance</b>	<b>714,537</b>	<b>(1,960,076)</b>	<b>(415,843)</b>	<b>1,544,233</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>7,362,540</b>	<b>7,362,540</b>	<b>7,362,540</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$8,077,077</b>	<b>\$5,402,464</b>	<b>\$6,946,697</b>	<b>\$1,544,233</b>

See accompanying notes to the required supplementary information.

City of Fairfield  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2002

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$3,705,600	\$3,705,600	\$3,528,836	(\$176,764)
Licenses & Permits	4,825	4,825	2,375	(2,450)
Intergovernmental	350,850	350,850	479,812	128,962
Investment Earnings	30,000	30,000	26,391	(3,609)
Other Revenues	15,700	15,700	3,511	(12,189)
<b>Total Revenues</b>	<b>4,106,975</b>	<b>4,106,975</b>	<b>4,040,925</b>	<b>(66,050)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Safety	3,845,459	4,190,645	4,141,147	49,498
Capital Outlay	39,000	48,139	38,819	9,320
<b>Total Expenditures</b>	<b>3,884,459</b>	<b>4,238,784</b>	<b>4,179,966</b>	<b>58,818</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>222,516</b>	<b>(131,809)</b>	<b>(139,041)</b>	<b>(7,232)</b>
<b>Other financing sources (uses):</b>				
Proceeds from Sale of Fixed Assets	0	500	0	(500)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>500</b>	<b>0</b>	<b>(500)</b>
<b>Net Change in Fund Balance</b>	<b>222,516</b>	<b>(131,309)</b>	<b>(139,041)</b>	<b>(7,732)</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>780,320</b>	<b>780,320</b>	<b>780,320</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$1,002,836</b>	<b>\$649,011</b>	<b>\$641,279</b>	<b>(\$7,732)</b>

See accompanying notes to the required supplementary information.

**This Page Intentionally Left Blank**

## 1. BUDGETARY PROCESS

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

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

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

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

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

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

Net Change in Fund Balance

	<u>General</u>	<u>Fire Levy</u>
GAAP Basis	(\$94,518)	(\$203,966)
Net Adjustment for Revenue Accruals	190,408	5,756
Net Adjustment for Expenditure Accruals	(351,095)	70,211
Encumbrances	<u>(160,638)</u>	<u>(11,042)</u>
Budget Basis	<u>(\$415,843)</u>	<u>(\$139,041)</u>

**This Page is Intentionally Left Blank.**



**COMBINING STATEMENTS  
AND INDIVIDUAL  
FUND SCHEDULES**

City of Fairfield  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$1,161,820	\$1,582,430	\$1,655,183	\$4,399,433
<b>Receivables:</b>				
Interest	0	882	2,100	2,982
Intergovernmental	597,220	0	0	597,220
Special Assessments	0	152,025	0	152,025
Due from other funds	0	34,786	0	34,786
<b>Total Assets</b>	<b>1,759,040</b>	<b>1,770,123</b>	<b>1,657,283</b>	<b>5,186,446</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	35,795	0	5,403	41,198
Accrued Wages and Benefits	97,399	0	0	97,399
Compensated Absences	6,545	0	0	6,545
Accrued Interest Payable	0	35,668	0	35,668
Deferred Revenue	500,443	152,025	0	652,468
<b>Total Liabilities</b>	<b>640,182</b>	<b>187,693</b>	<b>5,403</b>	<b>833,278</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	120,621	0	226,285	346,906
Reserved for Debt Service	0	1,582,430	0	1,582,430
<b>Unreserved, Undesignated, Reported in:</b>				
Special Revenue Funds	998,237	0	0	998,237
Capital Projects Funds	0	0	1,425,595	1,425,595
<b>Total Fund Balances</b>	<b>1,118,858</b>	<b>1,582,430</b>	<b>1,651,880</b>	<b>4,353,168</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,759,040</b>	<b>\$1,770,123</b>	<b>\$1,657,283</b>	<b>\$5,186,446</b>

City of Fairfield  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2002

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Fines, Licenses & Permits	\$277,438	\$0	\$1,600	\$279,038
Investment Earnings	14,956	33,361	35,233	83,550
Intergovernmental	1,858,448	0	298,409	2,156,857
Special Assessments	0	135,794	0	135,794
Other Revenues	5,330	11,330	2,730	19,390
<b>Total Revenues</b>	<b>2,156,172</b>	<b>180,485</b>	<b>337,972</b>	<b>2,674,629</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	82,402	0	327,776	410,178
Public Safety	170,192	0	0	170,192
Leisure Time Activities	5,389	0	0	5,389
Transportation & Street Repair	2,154,621	0	298,409	2,453,030
<b>Debt Service:</b>				
Principal Retirement	0	580,000	0	580,000
Interest and Fiscal Charges	0	522,600	0	522,600
<b>Total Expenditures</b>	<b>2,412,604</b>	<b>1,102,600</b>	<b>626,185</b>	<b>4,141,389</b>
Excess of Revenues Over (Under) Expenditures	(256,432)	(922,115)	(288,213)	(1,466,760)
<b>Other Financing Sources (Uses):</b>				
Transfers In	450,000	1,074,720	0	1,524,720
<b>Total Other Financing Sources (Uses)</b>	<b>450,000</b>	<b>1,074,720</b>	<b>0</b>	<b>1,524,720</b>
Net Change in Fund Balance	193,568	152,605	(288,213)	57,960
Fund Balance Beginning of Year	925,290	1,429,825	1,940,093	4,295,208
<b>Fund Balance End of Year</b>	<b>\$1,118,858</b>	<b>\$1,582,430</b>	<b>\$1,651,880</b>	<b>\$4,353,168</b>

City of Fairfield  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2002

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$125,373	\$10,474	\$161,582	\$251,733	\$35,618
<b>Receivables:</b>					
Intergovernmental	391,097	31,710	0	0	0
<b>Total Assets</b>	<b>516,470</b>	<b>42,184</b>	<b>161,582</b>	<b>251,733</b>	<b>35,618</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	35,795	0	0	0	0
Accrued Wages and Benefits	95,880	0	0	0	0
Compensated Absences	6,545	0	0	0	0
Deferred Revenue	322,713	26,165	0	0	0
<b>Total Liabilities</b>	<b>460,933</b>	<b>26,165</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	16,250	0	6,301	11,411	26,659
Unreserved, Undesignated, Reported in: Special Revenue Funds	39,287	16,019	155,281	240,322	8,959
<b>Total Fund Balances</b>	<b>55,537</b>	<b>16,019</b>	<b>161,582</b>	<b>251,733</b>	<b>35,618</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$516,470</b>	<b>\$42,184</b>	<b>\$161,582</b>	<b>\$251,733</b>	<b>\$35,618</b>

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$8,415	\$80,606	\$63,178	\$26,509	\$151,256	\$117,258	\$129,818
174,413	0	0	0	0	0	0
182,828	80,606	63,178	26,509	151,256	117,258	129,818
0	0	0	0	0	0	0
0	0	0	0	0	1,519	0
0	0	0	0	0	0	0
151,565	0	0	0	0	0	0
151,565	0	0	0	1,519	0	0
0	60,000	0	0	0	0	0
31,263	20,606	63,178	26,509	149,737	117,258	129,818
31,263	80,606	63,178	26,509	149,737	117,258	129,818
\$182,828	\$80,606	\$63,178	\$26,509	\$151,256	\$117,258	\$129,818

(continued)

City of Fairfield  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 December 31, 2002

	Total Nonmajor Special Revenue Funds
<b>Assets:</b>	
Equity in Pooled Cash and Investments	\$1,161,820
<b>Receivables:</b>	
Intergovernmental	597,220
<b>Total Assets</b>	<u>1,759,040</u>
<b>Liabilities and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts Payable	35,795
Accrued Wages and Benefits	97,399
Compensated Absences	6,545
Deferred Revenue	500,443
<b>Total Liabilities</b>	<u>640,182</u>
<b>Fund Balances:</b>	
Reserved for Encumbrances	120,621
Unreserved, Undesignated, Reported in: Special Revenue Funds	998,237
<b>Total Fund Balances</b>	<u>1,118,858</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$1,759,040</u>

**This Page Intentionally Left Blank**

City of Fairfield  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended December 31, 2002

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
<b>Revenues:</b>					
Fines, Licenses & Permits	\$0	\$0	\$0	\$14,550	\$3,887
Investment Earnings	0	0	3,475	4,003	3
Intergovernmental	1,254,117	101,685	161,253	0	0
Other Revenues	597	0	0	0	0
<b>Total Revenues</b>	<b>1,254,714</b>	<b>101,685</b>	<b>164,728</b>	<b>18,553</b>	<b>3,890</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	0
Leisure Time Activities	0	0	0	5,389	0
Transportation & Street Repair	1,575,092	100,000	157,323	0	0
<b>Debt Service:</b>					
<b>Total Expenditures</b>	<b>1,575,092</b>	<b>100,000</b>	<b>157,323</b>	<b>5,389</b>	<b>0</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(320,378)</b>	<b>1,685</b>	<b>7,405</b>	<b>13,164</b>	<b>3,890</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	450,000	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>450,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>129,622</b>	<b>1,685</b>	<b>7,405</b>	<b>13,164</b>	<b>3,890</b>
<b>Fund Balance Beginning of Year</b>	<b>(74,085)</b>	<b>14,334</b>	<b>154,177</b>	<b>238,569</b>	<b>31,728</b>
<b>Fund Balance End of Year</b>	<b>\$55,537</b>	<b>\$16,019</b>	<b>\$161,582</b>	<b>\$251,733</b>	<b>\$35,618</b>



Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	\$14,569	\$14,862	\$0	\$84,727	\$53,541	\$91,302
787	605	504	1,765	1,406	1,404	1,004
314,899	0	0	26,494	0	0	0
0	0	0	4,733	0	0	0
315,686	15,174	15,366	32,992	86,133	54,945	92,306
0	0	3,820	0	34,641	26,992	16,949
0	19,663	0	150,529	0	0	0
0	0	0	0	0	0	0
322,206	0	0	0	0	0	0
322,206	19,663	3,820	150,529	34,641	26,992	16,949
(6,520)	(4,489)	11,546	(117,537)	51,492	27,953	75,357
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(6,520)	(4,489)	11,546	(117,537)	51,492	27,953	75,357
37,783	85,095	51,632	144,046	98,245	89,305	54,461
\$31,263	\$80,606	\$63,178	\$26,509	\$149,737	\$117,258	\$129,818

(continued)

City of Fairfield  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Special Revenue Funds  
 For the Fiscal Year Ended December 31, 2002

	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>	
Fines, Licenses & Permits	\$277,438
Investment Earnings	14,956
Intergovernmental	1,858,448
Other Revenues	5,330
<b>Total Revenues</b>	<b>2,156,172</b>
<b>Expenditures:</b>	
<b>Current:</b>	
General Government	82,402
Public Safety	170,192
Leisure Time Activities	5,389
Transportation & Street Repair	2,154,621
<b>Debt Service:</b>	
<b>Total Expenditures</b>	<b>2,412,604</b>
Excess of Revenues Over (Under) Expenditures	(256,432)
<b>Other Financing Sources (Uses):</b>	
Transfers In	450,000
<b>Total Other Financing Sources (Uses)</b>	<b>450,000</b>
<b>Net Change in Fund Balance</b>	<b>193,568</b>
Fund Balance Beginning of Year	925,290
<b>Fund Balance End of Year</b>	<b>\$1,118,858</b>

City of Fairfield  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2002

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$466,632	\$1,115,798	\$1,582,430
<b>Receivables:</b>			
Interest	0	882	882
Special Assessments	0	152,025	152,025
Due from other funds	34,786	0	34,786
<b>Total Assets</b>	<b>501,418</b>	<b>1,268,705</b>	<b>1,770,123</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accrued Interest Payable	34,786	882	35,668
Deferred Revenue	0	152,025	152,025
<b>Total Liabilities</b>	<b>34,786</b>	<b>152,907</b>	<b>187,693</b>
<b>Fund Balances:</b>			
Reserved for Debt Service	466,632	1,115,798	1,582,430
<b>Total Fund Balances</b>	<b>466,632</b>	<b>1,115,798</b>	<b>1,582,430</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$501,418</b>	<b>\$1,268,705</b>	<b>\$1,770,123</b>

City of Fairfield  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Fiscal Year Ended December 31, 2002

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$6,258	\$27,103	\$33,361
Special Assessments	0	135,794	135,794
Other Revenues	11,330	0	11,330
Total Revenues	17,588	162,897	180,485
Expenditures:			
Debt Service:			
Principal Retirement	500,000	80,000	580,000
Interest and Fiscal Charges	498,893	23,707	522,600
Total Expenditures	998,893	103,707	1,102,600
Excess of Revenues Over (Under) Expenditures	(981,305)	59,190	(922,115)
Other Financing Sources (Uses):			
Transfers In	1,074,720	0	1,074,720
Total Other Financing Sources (Uses)	1,074,720	0	1,074,720
Net Change in Fund Balance	93,415	59,190	152,605
Fund Balance Beginning of Year	373,217	1,056,608	1,429,825
Fund Balance End of Year	\$466,632	\$1,115,798	\$1,582,430

City of Fairfield  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 December 31, 2002

	Flood Protection	State Issue II	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$1,655,183	\$0	\$1,655,183
<b>Receivables:</b>			
Interest	2,100	0	2,100
<b>Total Assets</b>	<u>1,657,283</u>	<u>0</u>	<u>1,657,283</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	5,403	0	5,403
<b>Total Liabilities</b>	<u>5,403</u>	<u>0</u>	<u>5,403</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	226,285	0	226,285
Unreserved, Undesignated, Reported in: Capital Projects Funds	1,425,595	0	1,425,595
<b>Total Fund Balances</b>	<u>1,651,880</u>	<u>0</u>	<u>1,651,880</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$1,657,283</u>	<u>\$0</u>	<u>\$1,657,283</u>

City of Fairfield  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Capital Projects Funds  
 For the Fiscal Year Ended December 31, 2002

	Flood Protection	State Issue II	Total Nonmajor Capital Projects Funds
Revenues:			
Fines, Licenses & Permits	\$1,600	\$0	\$1,600
Investment Earnings	35,233	0	35,233
Intergovernmental	0	298,409	298,409
Other Revenues	2,730	0	2,730
Total Revenues	<u>39,563</u>	<u>298,409</u>	<u>337,972</u>
Expenditures:			
Current:			
General Government	327,776	0	327,776
Transportation & Street Repair	0	298,409	298,409
Total Expenditures	<u>327,776</u>	<u>298,409</u>	<u>626,185</u>
Net Change in Fund Balance	(288,213)	0	(288,213)
Fund Balance Beginning of Year	<u>1,940,093</u>	<u>0</u>	<u>1,940,093</u>
Fund Balance End of Year	<u>\$1,651,880</u>	<u>\$0</u>	<u>\$1,651,880</u>

City of Fairfield  
Statement of Changes In Assets and Liabilities  
Agency Fund  
For the Fiscal Year Ended December 31, 2002

	Warranty Bonds			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Cash with Fiscal and Escrow Agents	\$0	\$21,456	\$0	\$21,456
<b>Total Assets</b>	<b>0</b>	<b>21,456</b>	<b>0</b>	<b>21,456</b>
Liabilities:				
Other Liabilities	0	21,456	0	21,456
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$21,456</b>	<b>\$0</b>	<b>\$21,456</b>

City of Fairfield  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2002

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,297,000	\$1,297,000	\$1,185,733	(\$111,267)
Investment Earnings	2,500	12,500	5	(12,495)
Other Revenues	2,100	2,100	592	(1,508)
<b>Total Revenues</b>	<b>1,301,600</b>	<b>1,311,600</b>	<b>1,186,330</b>	<b>(125,270)</b>
Expenditures:				
Current:				
Transportation & Street Repair	1,604,368	1,588,517	1,552,718	35,799
Capital Outlay	7,000	7,000	3,103	3,897
<b>Total Expenditures</b>	<b>1,611,368</b>	<b>1,595,517</b>	<b>1,555,821</b>	<b>39,696</b>
Excess of Revenues Over (Under) Expenditures	(309,768)	(283,917)	(369,491)	(85,574)
Other financing sources (uses):				
Transfers In	300,000	300,000	450,000	150,000
<b>Total Other Financing Sources (Uses)</b>	<b>300,000</b>	<b>300,000</b>	<b>450,000</b>	<b>150,000</b>
Net Change in Fund Balance	(9,768)	16,083	80,509	64,426
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(7,182)	(7,182)	(7,182)	0
<b>Fund Balance End of Year</b>	<b>(\$16,950)</b>	<b>\$8,901</b>	<b>\$73,327</b>	<b>\$64,426</b>



City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$118,950	\$118,950	\$96,140	(\$22,810)
Investment Earnings	1,000	1,000	0	(1,000)
Total Revenues	<u>119,950</u>	<u>119,950</u>	<u>96,140</u>	<u>(23,810)</u>
Expenditures:				
Current:				
Transportation & Street Repair	115,000	115,000	100,000	15,000
Total Expenditures	<u>115,000</u>	<u>115,000</u>	<u>100,000</u>	<u>15,000</u>
Net Change in Fund Balance	4,950	4,950	(3,860)	(8,810)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>14,334</u>	<u>14,334</u>	<u>14,334</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$19,284</u></u>	<u><u>\$19,284</u></u>	<u><u>\$10,474</u></u>	<u><u>(\$8,810)</u></u>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	County Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$150,500	\$150,500	\$161,253	\$10,753
Investment Earnings	2,500	2,500	3,475	975
Total Revenues	153,000	153,000	164,728	11,728
Expenditures:				
Current:				
Transportation & Street Repair	0	44,076	34,076	10,000
Capital Outlay	71,611	133,478	129,549	3,929
Total Expenditures	71,611	177,554	163,625	13,929
Net Change in Fund Balance	81,389	(24,554)	1,103	25,657
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	154,177	154,177	154,177	0
Fund Balance End of Year	\$235,566	\$129,623	\$155,280	\$25,657

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Tax Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Licenses & Permits	\$18,000	\$18,000	\$14,550	(\$3,450)
Investment Earnings	5,000	5,000	4,004	(996)
Total Revenues	<u>23,000</u>	<u>23,000</u>	<u>18,554</u>	<u>(4,446)</u>
Expenditures:				
Capital Outlay	<u>10,000</u>	<u>26,890</u>	<u>16,800</u>	<u>10,090</u>
Total Expenditures	<u>10,000</u>	<u>26,890</u>	<u>16,800</u>	<u>10,090</u>
Net Change in Fund Balance	13,000	(3,890)	1,754	5,644
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>238,569</u>	<u>238,569</u>	<u>238,569</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$251,569</u></u>	<u><u>\$234,679</u></u>	<u><u>\$240,323</u></u>	<u><u>\$5,644</u></u>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	\$50,000	\$50,000	\$3,887	(\$46,113)
Investment Earnings	1,250	1,250	2	(1,248)
Total Revenues	51,250	51,250	3,889	(47,361)
Expenditures:				
Capital Outlay	30,000	50,519	26,659	23,860
Total Expenditures	30,000	50,519	26,659	23,860
Net Change in Fund Balance	21,250	731	(22,770)	(23,501)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	31,728	31,728	31,728	0
Fund Balance End of Year	<u>\$52,978</u>	<u>\$32,459</u>	<u>\$8,958</u>	<u>(\$23,501)</u>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Municipal Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$334,000	\$334,000	\$292,051	(\$41,949)
Investment Earnings	1,250	1,250	787	(463)
Total Revenues	<u>335,250</u>	<u>335,250</u>	<u>292,838</u>	<u>(42,412)</u>
Expenditures:				
Current:				
Transportation & Street Repair	330,000	330,000	322,206	7,794
Total Expenditures	<u>330,000</u>	<u>330,000</u>	<u>322,206</u>	<u>7,794</u>
Net Change in Fund Balance	5,250	5,250	(29,368)	(34,618)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>37,783</u>	<u>37,783</u>	<u>37,783</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$43,033</u></u>	<u><u>\$43,033</u></u>	<u><u>\$8,415</u></u>	<u><u>(\$34,618)</u></u>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	\$6,760	\$6,760	\$14,569	\$7,809
Investment Earnings	1,250	1,250	605	(645)
<b>Total Revenues</b>	<b>8,010</b>	<b>8,010</b>	<b>15,174</b>	<b>7,164</b>
Expenditures:				
Capital Outlay	25,995	85,995	79,663	6,332
<b>Total Expenditures</b>	<b>25,995</b>	<b>85,995</b>	<b>79,663</b>	<b>6,332</b>
<b>Net Change in Fund Balance</b>	<b>(17,985)</b>	<b>(77,985)</b>	<b>(64,489)</b>	<b>13,496</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	85,095	85,095	85,095	0
<b>Fund Balance End of Year</b>	<b>\$67,110</b>	<b>\$7,110</b>	<b>\$20,606</b>	<b>\$13,496</b>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Drug and Alcohol Treatment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	\$13,900	\$13,900	\$14,862	\$962
Investment Earnings	1,640	1,640	504	(1,136)
<b>Total Revenues</b>	<b>15,540</b>	<b>15,540</b>	<b>15,366</b>	<b>(174)</b>
Expenditures:				
Current:				
General Government	15,000	15,000	3,820	11,180
<b>Total Expenditures</b>	<b>15,000</b>	<b>15,000</b>	<b>3,820</b>	<b>11,180</b>
<b>Net Change in Fund Balance</b>	<b>540</b>	<b>540</b>	<b>11,546</b>	<b>11,006</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	51,632	51,632	51,632	0
<b>Fund Balance End of Year</b>	<b>\$52,172</b>	<b>\$52,172</b>	<b>\$63,178</b>	<b>\$11,006</b>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Local Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$56,350	\$56,350	\$26,494	(\$29,856)
Investment Earnings	1,130	1,130	1,765	635
Other Revenues	0	0	4,733	4,733
<b>Total Revenues</b>	<b>57,480</b>	<b>57,480</b>	<b>32,992</b>	<b>(24,488)</b>
Expenditures:				
Current:				
Public Safety	40,000	39,796	36,514	3,282
Capital Outlay	0	114,015	114,015	0
<b>Total Expenditures</b>	<b>40,000</b>	<b>153,811</b>	<b>150,529</b>	<b>3,282</b>
<b>Net Change in Fund Balance</b>	<b>17,480</b>	<b>(96,331)</b>	<b>(117,537)</b>	<b>(21,206)</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>144,046</b>	<b>144,046</b>	<b>144,046</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$161,526</b>	<b>\$47,715</b>	<b>\$26,509</b>	<b>(\$21,206)</b>



City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	\$53,750	\$53,750	\$84,727	\$30,977
Investment Earnings	1,250	1,250	1,406	156
<b>Total Revenues</b>	<b>55,000</b>	<b>55,000</b>	<b>86,133</b>	<b>31,133</b>
Expenditures:				
Current:				
General Government	55,000	55,000	33,756	21,244
Capital Outlay	5,000	5,000	0	5,000
<b>Total Expenditures</b>	<b>60,000</b>	<b>60,000</b>	<b>33,756</b>	<b>26,244</b>
<b>Net Change in Fund Balance</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>52,377</b>	<b>57,377</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>98,880</b>	<b>98,880</b>	<b>98,880</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$93,880</b>	<b>\$93,880</b>	<b>\$151,257</b>	<b>\$57,377</b>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Court Computer Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	\$61,500	\$61,500	\$53,541	(\$7,959)
Investment Earnings	2,500	2,500	1,404	(1,096)
<b>Total Revenues</b>	<b>64,000</b>	<b>64,000</b>	<b>54,945</b>	<b>(9,055)</b>
Expenditures:				
Current:				
General Government	30,000	30,000	13,870	16,130
Capital Outlay	20,000	20,000	13,122	6,878
<b>Total Expenditures</b>	<b>50,000</b>	<b>50,000</b>	<b>26,992</b>	<b>23,008</b>
Net Change in Fund Balance	14,000	14,000	27,953	13,953
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	89,305	89,305	89,305	0
<b>Fund Balance End of Year</b>	<b>\$103,305</b>	<b>\$103,305</b>	<b>\$117,258</b>	<b>\$13,953</b>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	\$38,500	\$38,500	\$91,302	\$52,802
Investment Earnings	1,250	1,250	1,004	(246)
<b>Total Revenues</b>	<b>39,750</b>	<b>39,750</b>	<b>92,306</b>	<b>52,556</b>
Expenditures:				
Current:				
General Government	5,000	5,000	1,438	3,562
Capital Outlay	16,375	16,375	15,511	864
<b>Total Expenditures</b>	<b>21,375</b>	<b>21,375</b>	<b>16,949</b>	<b>4,426</b>
<b>Net Change in Fund Balance</b>	<b>18,375</b>	<b>18,375</b>	<b>75,357</b>	<b>56,982</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	54,461	54,461	54,461	0
<b>Fund Balance End of Year</b>	<b>\$72,836</b>	<b>\$72,836</b>	<b>\$129,818</b>	<b>\$56,982</b>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	General Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$209,000	\$209,000	\$174,999	(\$34,001)
Investment Earnings	46,535	46,535	29,159	(17,376)
<b>Total Revenues</b>	<b>255,535</b>	<b>255,535</b>	<b>204,158</b>	<b>(51,377)</b>
Expenditures:				
Debt Service:				
Principal Retirement	120,000	120,000	115,614	4,386
Interest and Fiscal Charges	34,500	34,500	27,967	6,533
<b>Total Expenditures</b>	<b>154,500</b>	<b>154,500</b>	<b>143,581</b>	<b>10,919</b>
<b>Net Change in Fund Balance</b>	<b>101,035</b>	<b>101,035</b>	<b>60,577</b>	<b>(40,458)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,055,217	1,055,217	1,055,217	0
<b>Fund Balance End of Year</b>	<b>\$1,156,252</b>	<b>\$1,156,252</b>	<b>\$1,115,794</b>	<b>(\$40,458)</b>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$16,500	\$16,500	\$6,258	(\$10,242)
Other Revenues	0	0	11,330	11,330
Total Revenues	<u>16,500</u>	<u>16,500</u>	<u>17,588</u>	<u>1,088</u>
Expenditures:				
Debt Service:				
Principal Retirement	410,000	575,000	500,000	75,000
Interest and Fiscal Charges	639,000	639,000	631,512	7,488
Total Expenditures	<u>1,049,000</u>	<u>1,214,000</u>	<u>1,131,512</u>	<u>82,488</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,032,500)</u>	<u>(1,197,500)</u>	<u>(1,113,924)</u>	<u>83,576</u>
Other financing sources (uses):				
Transfers In	1,050,000	1,050,000	1,207,338	157,338
Total Other Financing Sources (Uses)	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,207,338</u>	<u>157,338</u>
Net Change in Fund Balance	17,500	(147,500)	93,414	240,914
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>373,217</u>	<u>373,217</u>	<u>373,217</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$390,717</u></u>	<u><u>\$225,717</u></u>	<u><u>\$466,631</u></u>	<u><u>\$240,914</u></u>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	.3% Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,660,000	\$3,660,000	\$3,645,455	(\$14,545)
Investment Earnings	200,000	200,000	224,981	24,981
Other Revenues	0	0	267,033	267,033
<b>Total Revenues</b>	<b>3,860,000</b>	<b>3,860,000</b>	<b>4,137,469</b>	<b>277,469</b>
Expenditures:				
Capital Outlay	1,470,126	4,605,666	4,354,066	251,600
<b>Total Expenditures</b>	<b>1,470,126</b>	<b>4,605,666</b>	<b>4,354,066</b>	<b>251,600</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,389,874</b>	<b>(745,666)</b>	<b>(216,597)</b>	<b>529,069</b>
Other financing sources (uses):				
Transfers (Out)	(600,000)	(600,000)	(16,600)	583,400
<b>Total Other Financing Sources (Uses)</b>	<b>(600,000)</b>	<b>(600,000)</b>	<b>(16,600)</b>	<b>583,400</b>
<b>Net Change in Fund Balance</b>	<b>1,789,874</b>	<b>(1,345,666)</b>	<b>(233,197)</b>	<b>1,112,469</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,204,197	5,204,197	5,204,197	0
<b>Fund Balance End of Year</b>	<b>\$6,994,071</b>	<b>\$3,858,531</b>	<b>\$4,971,000</b>	<b>\$1,112,469</b>

City of Fairfield  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2002

	.2% Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,440,000	\$2,440,000	\$2,430,303	(\$9,697)
Investment Earnings	90,000	90,000	41,552	(48,448)
Other Revenues	10,250	10,250	80	(10,170)
<b>Total Revenues</b>	<b>2,540,250</b>	<b>2,540,250</b>	<b>2,471,935</b>	<b>(68,315)</b>
Expenditures:				
Current:				
General Government	75,250	114,750	36,345	78,405
Capital Outlay	519,815	1,785,214	1,804,076	(18,862)
<b>Total Expenditures</b>	<b>595,065</b>	<b>1,899,964</b>	<b>1,840,421</b>	<b>59,543</b>
Excess of Revenues Over (Under) Expenditures	1,945,185	640,286	631,514	(8,772)
Other financing sources (uses):				
Transfers (Out)	(525,000)	(565,225)	(565,223)	2
<b>Total Other Financing Sources (Uses)</b>	<b>(525,000)</b>	<b>(565,225)</b>	<b>(565,223)</b>	<b>2</b>
Net Change in Fund Balance	1,420,185	75,061	66,291	(8,770)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,022,002	2,022,002	2,022,002	0
<b>Fund Balance End of Year</b>	<b>\$3,442,187</b>	<b>\$2,097,063</b>	<b>\$2,088,293</b>	<b>(\$8,770)</b>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Downtown Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$225,000	\$225,000	\$115,024	(\$109,976)
Other Revenues	0	0	173,639	173,639
Total Revenues	225,000	225,000	288,663	63,663
Expenditures:				
Current:				
General Government	6,300	45,880	45,867	13
Capital Outlay	373,525	5,491,549	5,352,865	138,684
Total Expenditures	379,825	5,537,429	5,398,732	138,697
Excess of Revenues Over (Under) Expenditures	(154,825)	(5,312,429)	(5,110,069)	202,360
Other financing sources (uses):				
Transfers In	0	1,500,000	1,300,000	(200,000)
Total Other Financing Sources (Uses)	0	1,500,000	1,300,000	(200,000)
Net Change in Fund Balance	(154,825)	(3,812,429)	(3,810,069)	2,360
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,682,502	4,682,502	4,682,502	0
Fund Balance End of Year	<u>\$4,527,677</u>	<u>\$870,073</u>	<u>\$872,433</u>	<u>\$2,360</u>



City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Symmes Road Extension Project Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$100,000	\$100,000	\$21,049	(\$78,951)
Total Revenues	100,000	100,000	21,049	(78,951)
Expenditures:				
Capital Outlay	1,026,000	401,754	400,753	1,001
Total Expenditures	1,026,000	401,754	400,753	1,001
Excess of Revenues Over (Under) Expenditures	(926,000)	(301,754)	(379,704)	(77,950)
Other financing sources (uses):				
Transfers (Out)	0	(665,000)	(625,515)	39,485
Total Other Financing Sources (Uses)	0	(665,000)	(625,515)	39,485
Net Change in Fund Balance	(926,000)	(966,754)	(1,005,219)	(38,465)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,005,219	1,005,219	1,005,219	0
Fund Balance End of Year	\$79,219	\$38,465	\$0	(\$38,465)

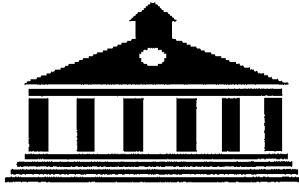
City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	Flood Protection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Licenses & Permits	\$0	\$0	\$1,600	\$1,600
Investment Earnings	75,000	75,000	34,296	(40,704)
Other Revenues	0	0	2,730	2,730
<b>Total Revenues</b>	<b>75,000</b>	<b>75,000</b>	<b>38,626</b>	<b>(36,374)</b>
Expenditures:				
Capital Outlay	83,281	639,234	554,061	85,173
<b>Total Expenditures</b>	<b>83,281</b>	<b>639,234</b>	<b>554,061</b>	<b>85,173</b>
Net Change in Fund Balance	(8,281)	(564,234)	(515,435)	48,799
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,938,930	1,938,930	1,938,930	0
<b>Fund Balance End of Year</b>	<b>\$1,930,649</b>	<b>\$1,374,696</b>	<b>\$1,423,495</b>	<b>\$48,799</b>

City of Fairfield  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended December 31, 2002

	State Issue II Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$512,500	\$512,500	\$298,409	(\$214,091)
Total Revenues	512,500	512,500	298,409	(214,091)
Expenditures:				
Capital Outlay	398,011	388,409	298,409	90,000
Total Expenditures	398,011	388,409	298,409	90,000
Net Change in Fund Balance	114,489	124,091	0	(124,091)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	<u>\$114,489</u>	<u>\$124,091</u>	<u>\$0</u>	<u>(\$124,091)</u>

**This Page Intentionally Left Blank**



# Statistical Section

---

City of Fairfield

Table 1

General Government Expenditures by Function (1)

Last Ten Fiscal Years

Year	General Government	Public Safety	Utility Services	Streets and Transportation	Health and Welfare	Community Environment	Leisure Activities	Capital Outlay (2)	Debt Service	Total
1993	\$2,298,846	\$5,258,432	\$173,357	\$1,276,586	\$31,901	\$480,096	\$436,130	\$320,401	\$0	\$10,275,749
1994	2,528,888	5,650,010	206,602	1,466,434	30,799	519,943	461,227	652,477	0	11,516,380
1995	2,904,976	6,101,622	289,276	1,522,375	29,220	543,810	546,527	782,636	0	12,720,442
1996	2,946,686	6,475,432	297,127	1,627,710	28,234	640,091	599,065	1,283,407	0	13,897,752
1997	3,125,637	6,756,615	317,791	1,644,462	29,147	679,001	707,720	711,956	0	13,972,329
1998	3,033,126	7,144,615	338,654	1,732,903	27,822	807,002	772,473	931,944	0	14,808,539
1999	3,449,168	8,200,367	342,155	1,998,534	27,521	955,929	788,275	1,112,977	0	16,874,926
2000	4,217,147	9,158,689	402,185	1,980,761	27,315	915,681	842,935	1,136,400	0	18,681,113
2001	5,081,666	10,104,904	401,395	2,280,900	26,731	886,016	994,972	1,715,975	0	21,492,559
2002	5,593,810	11,477,705	521,909	2,552,624	25,576	923,767	1,371,162	0	89,269	22,555,822

Source: City of Fairfield Finance Department.

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

(2) - Due to the implementation of GASB 34 in 2002, capital outlay is included in its related expenditures.

City of Fairfield

Table 2

General Revenues by Source (1)  
Last Ten Fiscal Years

Year	Income Taxes	Other Taxes	Licenses and Permits	Intergovernmental Revenues	Charges for Services	Fines and Forfeitures	Investment Earnings	Miscellaneous	Total
1993	\$6,185,289	\$4,547,667	\$320,875	\$19,216	\$211,021	\$506,381	\$208,724	\$108,292	\$12,107,465
1994	6,470,830	4,866,438	355,651	110,797	313,197	675,061	293,958	119,167	13,205,099
1995	7,075,878	4,914,931	426,935	172,054	322,170	600,464	482,252	180,194	14,174,878
1996	7,608,341	5,267,020	390,310	69,134	495,151	763,300	494,608	227,047	15,314,911
1997	8,399,717	6,172,611	402,102	105,307	393,699	693,348	644,603	144,758	16,956,145
1998	9,036,663	6,623,960	539,993	396,983	325,553	609,591	667,378	332,261	18,532,382
1999	10,814,972	6,887,419	537,132	256,518	443,094	612,778	562,344	136,589	20,250,846
2000	11,180,374	2,735,544	389,333	4,873,342	406,752	807,848	599,214	280,112	21,272,519
2001	11,735,414	4,455,763	365,465	4,842,838	450,036	1,036,700	533,198	691,327	24,110,741
2002	12,036,618	4,546,683	422,660	5,012,637	610,245	1,038,583	322,288	332,530	24,322,244

Source: City of Fairfield Finance Department.

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

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

Year	Assessments Billed	Assessments Collected	Uncollected Amount	Assessments Collected as a Percent of Assessments Billed
1993	\$198,791	\$207,808	(\$9,017)	104.54%
1994	218,428	188,408	30,020	86.26%
1995	187,457	180,412	7,045	96.24%
1996	174,090	169,142	4,948	97.16%
1997	186,398	180,717	5,681	96.95%
1998	208,999	188,127	20,872	90.01%
1999	195,340	202,191	(6,851)	103.51%
2000	188,119	186,351	1,768	99.06%
2001	185,219	174,797	10,422	94.37%
2002	87,991	160,275	(72,284)	182.15%

Source: County Auditor's Office, Butler County.



City of Fairfield

Table 4

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

Year of Collection	Current Taxes Due	Current Taxes Collected	Ratio of Collection To Amt Due	Delinquent Taxes Collected	Total Taxes Collected	Percentage of Total Collected
1993	\$1,961,522	\$1,861,805	94.9%	\$83,958	\$1,945,763	99.2%
1994	2,019,221	1,908,990	94.5%	62,569	1,971,559	97.6%
1995	2,186,803	2,120,846	97.0%	65,729	2,186,575	100.0%
1996	2,282,324	2,226,136	97.5%	54,268	2,280,404	99.9%
1997	2,311,387	2,265,159	98.0%	45,366	2,310,525	100.0%
1998	2,343,575	2,323,993	99.2%	65,441	2,389,434	102.0%
1999	2,403,795	2,391,493	99.5%	69,951	2,461,444	102.4%
2000	2,565,713	2,481,304	96.7%	45,275	2,526,579	98.5%
2001	4,424,612	4,213,486	95.2%	114,510	4,327,996	97.8%
2002	5,027,858	4,451,961	88.5%	130,067	4,582,028	91.1%

Source: County Auditor's Office, Butler County.

City of Fairfield

Table 5

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

Year of Collection	Current Taxes Due	Current Taxes Collected	Ratio of Collection To Amt Due	Delinquent Taxes Collected	Total Taxes Collected	Percentage of Total Collected
1993	\$245,127	\$239,107	97.54%	\$6,498	\$245,605	100.20%
1994	261,854	236,881	90.46%	2,983	239,864	91.60%
1995	273,988	269,828	98.48%	3,454	273,282	99.74%
1996	374,594	313,007	83.56%	4,233	317,240	84.69%
1997	405,962	351,716	86.64%	17,340	369,056	90.91%
1998	512,636	483,803	94.38%	43,246	527,049	102.81%
1999	394,314	360,681	91.47%	17,607	378,288	95.94%
2000	375,711	361,805	96.30%	14,976	376,781	100.28%
2001	515,543	550,546	106.79%	32,682	583,228	113.13%
2002	572,688	554,503	96.82%	79,851	634,354	110.77%

Source: County Auditor's Office, Butler County.

City of Fairfield

Table 6

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Year of Collection	Real Property		Public Utility		Personal Property		Total	
	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual
1993	\$483,276,470	\$1,380,789,914	\$34,712,550	\$39,446,080	\$58,076,586	\$232,306,344	\$576,065,606	\$1,652,542,338
1994	519,290,820	1,483,688,057	38,733,880	44,015,773	55,510,132	222,040,528	613,534,832	1,749,744,358
1995	517,998,880	1,479,996,800	40,193,520	45,674,455	57,061,931	228,247,724	615,254,331	1,753,918,979
1996	561,373,670	1,603,924,771	39,486,450	44,870,966	65,005,551	260,022,204	665,865,671	1,908,817,941
1997	599,229,360	1,712,083,886	38,503,940	43,754,477	82,509,703	330,038,812	720,243,003	2,085,877,175
1998	617,858,990	1,765,311,400	37,236,850	42,314,602	89,418,897	357,675,588	744,514,737	2,165,301,590
1999	631,172,270	1,803,349,343	37,098,140	42,156,977	88,625,751	354,503,004	756,896,161	2,200,009,324
2000	698,696,370	1,996,275,343	37,139,060	42,203,477	94,392,458	377,569,832	830,227,888	2,416,048,652
2001	713,313,820	2,038,039,486	33,922,640	38,548,454	86,791,735	347,166,940	834,028,195	2,423,754,880
2002	726,716,790	2,076,333,686	26,214,800	29,789,545	96,412,084	385,648,336	849,343,674	2,491,771,567

Source: County Auditor's Office, Butler County.

- Note: (1) - Real property taxes collected in a calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year.  
(2) - Public utility property taxes collected in a calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.  
(3) - Tangible personal property collected in a calendar year are levied in the same calendar year, on assessed values during and at the close of the most recent year of the taxpayer (ending on or before March 31 of said calendar year) at tax rates determined in the preceding year.

City of Fairfield

Table 7

Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

Year of Collection	County Levy	School Levy	Vocational School Levy	Township Levy	City Levy	Total
	Tax Rates Per \$1,000 of Assessed Valuation					
1993	7.45	50.76	1.97	0.29	4.25	64.72
1994	7.45	50.76	1.97	0.29	4.25	64.72
1995	7.45	50.76	1.97	0.00	4.54	64.72
1996	8.44	55.16	1.93	0.00	4.54	70.07
1997	8.45	53.56	1.93	0.00	4.54	68.48
1998	8.45	53.56	1.93	0.00	4.54	68.48
1999	8.44	54.16	1.93	0.00	4.54	69.07
2000	8.45	54.46	1.93	0.00	4.54	69.38
2001	8.45	54.23	1.93	0.00	5.94	70.55
2002	8.75	53.82	1.93	0.00	5.94	70.44

Source: County Auditor's Office, Butler County.

City of Fairfield

Table 8

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

Year of Debt	Population	Assessed Value	Net G.O. Debt	Ratio of G.O. Debt to Assessed Value	G.O. Debt Per Capita
1993	40,731	\$576,065,606	\$3,045,550	0.53%	\$74.77
1994	40,934	613,534,832	3,865,827	0.63%	94.44
1995	41,139	615,254,331	2,164,837	0.35%	52.62
1996	41,345	665,865,671	2,677,142	0.40%	64.75
1997	41,551	720,243,003	3,037,444	0.42%	73.10
1998	41,759	744,514,737	3,740,193	0.50%	89.57
1999	41,968	756,896,161	6,096,616	0.81%	145.27
2000	42,097	830,227,888	5,580,076	0.67%	132.55
2001	43,149	834,028,195	9,281,783	1.11%	215.11
2002	43,365	849,343,674	8,478,368	1.00%	195.51

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

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

City of Fairfield

Table 9

Computation of Net Direct and Overlapping Debt  
December 31, 2002

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Fairfield	Amount Applicable to City of Fairfield
City of Fairfield	\$8,478,368	100.00%	\$8,478,368
Butler County	47,035,000	13.81%	6,495,534
		Total	\$14,973,902

Source: County Auditor's Office, Butler County.

Note: (1) - The Fairfield City Schools/Library are not included as they have no debt applicable to the City of Fairfield.  
 (2) - The percentage of indebtedness of the City's overlapping political subdivisions was determined by dividing the assessed valuation by the total assessed valuation of the overlapping subdivision.

City of Fairfield

Table 10

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

Fiscal Year Ended	General Obligation Debt Service Payments (1)		Total	Total General Expenditures (2)	Ratio of Debt Service to Total General Expenditures
	Principal	Interest			
1993	\$430,000	\$311,570	\$741,570	\$10,275,749	7.22%
1994	430,000	259,043	689,043	11,516,380	5.98%
1995	435,000	224,160	659,160	12,720,442	5.18%
1996	435,000	188,914	623,914	13,897,752	4.49%
1997	435,000	153,795	588,795	13,972,329	4.21%
1998	440,000	118,478	558,478	14,808,539	3.77%
1999	240,000	119,098	359,098	16,874,926	2.13%
2000	250,000	289,385	539,385	18,681,113	2.89%
2001	260,000	440,050	700,050	21,492,559	3.26%
2002	500,000	498,893	998,893	22,555,822	4.43%

Source: City of Fairfield Finance Department.

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

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

City of Fairfield  
 Table 11  
 Computation of Legal Debt Margin  
 December 31, 2002

Total of all City Debt Outstanding	\$29,072,823
Total Debt subject to 10.5% and 5.5% Debt Limitation	\$8,945,000
Less Applicable Debt Service Fund	466,632
Net Indebtedness subject to 10.5% and 5.5% Debt Limitation	\$8,478,368
Assessed Valuation of the City (2001 for 2002 Collection)	\$849,343,674
10.5% of Assessed Valuation (Maximum Voted Debt Allowed)	\$89,181,086
Total Debt Outstanding subject to 10.5% Debt Limitation	8,478,368
Legal 10.5% Margin	\$80,702,718
5.5% of Assessed Valuation (Maximum Unvoted Debt Allowed)	\$46,713,902
Total Debt Outstanding Subject to 5.5% Debt Limitation	8,478,368
Legal 5.5% Margin	\$38,235,534

Note: (1) - Direct Debt Limitation Based on Section 133, The Uniform Bond Act of the Ohio Revised Code.  
 (2) - Assessed Value from the County Auditor's Office, Butler County.



City of Fairfield

Table 12

Schedule of Revenue Bond Coverage - Water and Sewer Systems

Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	DEBT SERVICE REQUIREMENTS			Coverage
				Principal	Interest	Total	
1993	\$6,109,526	\$3,149,250	\$2,960,276	\$1,016,760	\$240,765	\$1,257,525	2.35
1994	6,497,833	3,712,554	2,785,279	556,328	423,858	980,186	2.84
1995	7,253,579	3,634,074	3,619,505	376,544	234,815	611,359	5.92
1996	7,560,062	3,894,321	3,665,741	303,156	223,431	526,587	6.96
1997	8,123,524	4,257,045	3,866,479	677,871	550,386	1,228,257	3.15
1998	8,677,259	4,247,638	4,429,621	883,140	860,089	1,743,229	2.54
1999	8,693,111	4,363,763	4,329,348	1,085,744	874,269	1,960,013	2.21
2000	8,049,986	4,529,552	3,520,434	1,394,322	899,019	2,293,341	1.54
2001	7,856,752	5,122,850	2,733,902	1,345,107	887,108	2,232,215	1.22
2002	7,756,376	5,673,657	2,082,719	1,510,091	801,839	2,311,930	0.90

Source: City of Fairfield Finance Department.

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

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

City of Fairfield

Table 13

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

Fiscal Year Ended	IN MILLIONS		
	Property Values (1)	Financial Institutions Deposits (2)	Building Permit Values (3)
1993	\$1,652.5	\$711.7	\$37.6
1994	1,749.7	737.7	35.0
1995	1,753.9	800.6	45.0
1996	1,908.8	783.3	92.1
1997	2,085.9	815.4	57.2
1998	2,165.3	864.1	81.3
1999	2,200.1	913.2	77.9
2000	2,416.0	923.6	24.6
2001	2,423.8	1,136.9	32.9
2002	2,491.8	1,257.1	28.6

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

(2) - Federal Reserve Bank of Cleveland.

(3) - City of Fairfield Building Inspection Division.

City of Fairfield

Table 14

Ten Largest Taxpayers

December 31, 2002

	TAXPAYER	TYPE OF PROPERTY	ASSESSED VALUATION	PERCENTAGE
1.	CFC Investment Company	Insurance	\$29,611,470	3.49%
2.	Cincinnati Gas & Electric Company	Utility	19,069,170	2.25%
3.	Ohio Casualty Insurance	Insurance	9,179,200	1.08%
4.	Sam Boymel Trustee	Real Estate Management	8,527,670	1.00%
5.	Meijer Incorporated	Retail Merchant	7,006,440	0.82%
6.	Cincinnati Bell Telephone	Telephone Utility	5,913,510	0.70%
7.	Fath-Village Park Apartments	Real Estate Management	5,437,970	0.64%
8.	Alliance TP Portfolio LTD	Real Estate Management	5,243,500	0.62%
9.	M. Bohlke Veneer Corp.	Wood Products	5,186,620	0.61%
10.	California Teachers Retirement System	Real Estate Management	5,097,680	0.60%
	Total		<u>\$100,273,230</u>	11.81%
	Total Assessed Value		<u>\$849,343,674</u>	

Source: County Auditor's Office, Butler County.

City of Fairfield  
 Table 15  
 Demographic Statistics  
 December 31, 2002

Year	Fairfield Population (1)	% Change During the Period	Butler County Population	% Change During the Period
1960	9,734		199,076	
1970	14,680	50.81%	266,207	33.72%
1980	30,777	109.65%	258,787	(2.79%)
1990	39,729	29.09%	291,479	12.63%
1991	40,326	1.50%	299,808	2.86%
1992	40,528	0.50%	305,690	1.96%
1993	40,730	0.50%	311,907	2.03%
1994	40,934	0.50%	315,927	1.29%
1995	41,139	0.50%	319,603	1.16%
1996	41,344	0.50%	323,519	1.23%
1997	41,551	0.50%	327,081	1.10%
1998	41,759	0.50%	330,428	1.02%
1999	41,968	0.50%	331,065	0.19%
2000	42,097	0.31%	332,807	0.53%
2001	43,149	2.50%	338,573	1.73%
2002	43,365	0.50%	341,112	0.75%

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

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

City of Fairfield  
 Table 16  
 Miscellaneous Statistics  
 December 31, 2002

Date of Incorporation	1955
Form of Government	Council/City Manager
Area	20.5 square miles
Lane Miles of Streets	377
Number of Street Lights	1,525
Number of Traffic Lights	52
Fire Protection:	
Number of Stations	3
Number of Firemen and Officers	20
Number of Part-Time Firemen	42
Number of Paramedic Units - Full-time	3
Police Protection:	
Number of Stations	1
Number of Police Officers	59
Public Utility Department:	
Number of Customers	12,418
Average Daily Consumption of Water	4,440,000
Miles of Water Lines	200
Miles of Sewer Lines	175
Recreation and Cultural:	
Number of Parks	15
Number of Libraries	1
Number of Holdings	161,000
Employees:	
Classified Services	211
Exempt	44

Source: City of Fairfield Finance Department





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF FAIRFIELD**

**BUTLER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 24, 2003**