CITY OF FAIRFIELD, OHIO

2007

ANNUAL INFORMATION STATEMENT

in Connection with Bonds and
Notes of the City

This Annual Information Statement pertains to the operations of the City of Fairfield for the calendar year 2006.

In addition to providing information on an annual basis, the City of Fairfield intends that this Statement will be used, together with information to be specifically provided by the City for that purpose, in connection with the original offering and issuance by the City of its bonds and notes.

Questions regarding information contained in this Annual Information Statement should be directed to Mrs. Mary Hopton, Director of Finance, Municipal Building, 5350 Pleasant Avenue, Fairfield, Ohio 45014.

The date of this Annual Information Statement is

August 1, 2007

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CITY OF FAIRFIELD, OHIO

INTRODUCTORY STATEMENT

The Annual Information Statement of the City of Fairfield, Ohio" (the "Annual Statement"), including the Appendices hereto, has been prepared by the City of Fairfield (the "City") to provide, as of its date, financial and other information relating to the City. The City intends that this Annual Statement be used in conjunction with specific offering information to be provided by the City for the original offering and issuance by the City of specific issues of bonds and notes which, taken together, would serve as the Official Statement for each such issue. Following the distribution of this Annual Statement and concurrently with the original offering by the City of each particular issue of its bonds and notes, the City will distribute or make available the specific offering information relating to that issue along with information updating or revising information contained in this Annual Statement.

The City has not bound itself contractually to furnish current information, in the form of a statement such as this or otherwise, on a continuing or regular basis and does not covenant to do so except for specific Continuing Disclosure Agreements entered into for specific transactions (see *"CONTINUING DISCLOSURE"* herein). From time to time the City may elect to provide such information to parties named on a mailing list maintained by the City for such purpose. Names may be entered on the mailing list by writing Mrs. Mary Hopton, Director of Finance, Municipal Building, 5350 Pleasant Avenue, Fairfield, Ohio 45014 or via email finance@fairfield-city.org

All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as might be shown by such financial and other information, will necessarily continue in the future.

References herein to provisions of Ohio law, whether codified in the Ohio Revised Code (the "Revised Code") or uncodified, or the Ohio Constitution, are references to such provisions as they presently exist. Any of those provisions may from time to time be amended, repealed or supplemented.

Certain information contained in this Annual Financial Information Statement is attributed to the Ohio Municipal Advisory Council (OMAC). OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

Any addresses of or links to web sites, which may be contained herein, are given for the convenience of the user only. The City has not participated in the preparation, compilation or selection of information on these websites, and therefore presents no warranties or representations of the material contained therein. Further, the City assumes no responsibility or liability for the contents there.

As used in this Annual Statement, "debt service" means principal (including mandatory redemptions) of and interest on the obligations referred to, and "State" or "Ohio" means the State of Ohio.

THE CITY

Fairfield, located just north of Cincinnati, Ohio. Incorporated as a village in 1954, it became a city in 1955. It had a 2006 population of approximately 42,386, with a community able to provide a full range of services to its citizens, businesses, and industries. The City is comprised of more than 20 square miles and has the 23rd largest land area of Ohio cities.

City Government

The City has operated under its Charter since January l, 1980, but is also subject to the general statutes of the State of Ohio that are applicable in all municipalities in the State. In addition, the City may exercise all powers of local self-government permitted under Article XVIII, Section 3, of the Ohio Constitution.

The legislative power of the City is vested in a Council of seven members, three of whom are elected from the City at large and four of whom are elected from wards of substantially equal population. All members of Council are elected for terms of four years commencing on the first day of January following their election.

The Mayor is also elected to a four-year term and is the presiding officer of the Council, but does not cast a vote upon matters before Council unless the vote of the members results in a tie. In addition to duties as the presiding officer of the Council, the Mayor acts as ceremonial head of the City and appoints members of committees created by Council. The City Council appoints the City Manager, Law Director and Clerk of Council.

The City Manager is the chief executive, administrative, and law enforcement officer of the City. The Manager is charged with responsibility for enforcing the laws and ordinances of the City. The Manager appoints and removes all heads of departments and all subordinate officers and employees of the City, except the City Law Director. The City Manager also exercises control over all departments created by the City Council.

The current elected and appointed City Officials are:

LEGISLATIVE		TERM COMMENCED OR APPOINTED	PRESENT TERM EXPIRES
Mayor	Ron D'Epifanio	01/01/06	12/31/09
Vice-Mayor & Council Member	Steve Miller	01/01/04	12/31/07
Council Member	Mike Oler	01/01/06	12/31/09
Council Member	Tim Meyers	01/01/06	12/31/09
Council Member	Tim L. Abbott	01/01/06	12/31/09
Council Member	Mitch Rhodus	01/01/04	12/31/07
Council Member	Marty Judd	01/01/04	12/31/07
Council Member	Michael Snyder	07/17/04	12/31/07
Clerk of Council	Dena Morsch	01/01/80	Indefinite

EXECUTIVE

City Manager	Arthur E. Pizzano
Assistant City Manager	Dennis Stuckey
Director of Finance	Mary Hopton
City Law Director	John Clemmons
Police Chief	Michael Dickey
Fire Chief	Donald Bennett
Director of Public Utilities	J. Dwight Culbertson
Director of Public Works	David Bock
Parks and Recreation Director	James Bell
Development Services Director	Timothy Bachman

General Government. Of the offices that can be grouped under the category of general government, in addition to the Council and the City Manager, four officials are of particular pertinence.

The Assistant City Manager is appointed by the City Manager and is responsible for all personnel functions. The Assistant City Manager is the principal assistant to the City Manager and performs the City Manager's duties in the event of the City Manager's absence.

The Director of Finance is appointed by the City Manager and performs the functions of establishing accounting systems, financial records and reports used by the offices, departments, divisions, bureaus, boards and commissions of the City; assisting the City Manager in the preparation and submission of appropriation measures, estimates, budgets, capital programs and other financial matters; providing complete information concerning the financial affairs and status of the City as required by the City Manager or the Council; and providing full and complete information and assistance concerning the finances or accounting systems or records of any office, department, division, bureau, board or commission of the City as requested by the City Manager.

The Development Services Director is appointed by the City Manager. The Development Services Department is made up of the department for planning, economic development and the building division. The director has the following powers, duties and functions: advises the City Manager on matters affecting the development, redevelopment and renewal of the City; coordinates the work of, and advises the Council, the City Manager, the Planning Commission, and other departments, boards and commissions of the City in the development and modification of comprehensive plans for the City; advises, by way of review and recommendation, the Council, the City Manager, and the City's departments, boards and commissions concerning programs and activities to implement the comprehensive plans of the City; and advises and assists the Planning Commission in the exercise of its powers, duties and functions.

The Public Works Department Director oversees the Public Works Department, which includes the Divisions of Engineering, Building Inspection and Streets & Transportation. The Public Works Director also performs the functions of the City Engineer.

Administration of Justice System. As a part of the administration of justice system, the City maintains the Municipal Court. The Law Director is designated by Ohio law and the City

Charter as the chief legal counsel for all City officers, boards, and agencies, including the Council, the Director of Finance and the City Manager.

The Clerk of Courts keeps all official records of the Municipal Court. The office of Clerk of Courts operates on a system of fees charged for services and is essentially self-supporting. Butler County operates the Court of Common Pleas and the Appellate Court. The United States District Court and the Sixth Circuit Court of Appeals are located in Cincinnati.

The Chief of Police is the chief administrative officer of the Police Department and the final departmental authority in all matters of policy, operations and discipline. As such, the Chief of Police exercises all lawful powers of the office and issues such lawful orders as are necessary to assure the effective performance of the department. Through the Chief of Police, the department is responsible for the enforcement of all laws and ordinances coming within its legal jurisdiction. The Chief of Police is responsible for planning, directing, coordinating, controlling and staffing all activities of the department for its continued and efficient operation, for the enforcement of rules and regulations within the department, for the completion and forwarding of such reports as may be required by competent authority, and for the department's relations with local citizens, the City government and other related agencies.

City Owned Utilities. The Fairfield Department of Utilities provides water and sewage treatment on a Citywide basis. It employs 42 full-time people and its 2006 annual payroll was $1,569,582 million for the Water Division and $1,857,971 million for the Wastewater Division. The Department operates one water plant with a production capacity of 9 million gallons per day, with an average daily demand of 5 million gallons per day. Wastewater is treated by the City's one treatment plant, which has a treatment capacity of 10 million gallons per day and a hydraulic capacity of 15 million gallons per day. The average daily demand at the wastewater treatment plant is 4.7 million gallons per day. The Department maintains approximately 180 miles of water lines and 180 miles of sewer mains.

The capacities of the treatment plants were expanded recently in response to master plans developed for both Water and Wastewater Divisions, which evaluated capacities in relation to anticipated growth demands. Expansions of both have been completed during the period from 1994 to 2005 and all expansions have been approved by the Ohio Environmental Protection Agency (OEPA). The improvements to the wastewater system included a plan to collect, covey and treat peak wet weather flows. As part of this program, a twenty-five million gallons per day pumping station was constructed to pump wet weather flows to equalization basins adjacent to the plant. As part of this system, 45,000 linear feet of large diameter, gravity relief sewers and force mains were constructed to covey flows to large diameter, gravity relief sewers and force mains were constructed to covey flows to the equalization basins. The equalization basins were constructed to retain approximately nine million gallons of wet weather flow. In addition, the treatment plant was upgraded to provide a treatment capacity of 10.0 million gallons per day and 18.0 million gallons per day for wet weather flows.

In 1998, the City completed a construction project to upgrade the water treatment plant. The expansion increased capacities from six to ten and one-half million gallons per day. The expansion allowed the Department to decommission part of the original plant, which means that all presently operation treatment facilities have been constructed in 20 years.

Financial Management

The Council is responsible for providing and managing the funds used to support the various City activities. The Council exercises its legislative powers in budgeting, appropriating, levying taxes, issuing bonds and notes, and letting contracts for public works and services to provide this financial management.

Income Tax and Other Major Fees and Charges

The one and one-half percent (1.5%) municipal income tax was the largest source of revenue for the City in 2006 and sewer and water charges were the second largest source of revenue. Other taxes, including ad valorem property taxes, which are collected by Butler County and returned in part to the City (see *"Ad Valorem Taxes"* herein), and state-shared taxes accounted for the third largest portion of the City revenues.

Management of City Facilities

The Council has certain responsibilities for the management of most City facilities, including the Municipal Court, administrative, and general City government facilities.

Personnel Administration

Personnel wages accounted for the largest share of the City's general fund expenditures, or about 13% ($3,009,363) in 2006. Council controls the offices of City Manager and City Law Director and Council also funds all other personnel costs of the City, with power to approve or disapprove salary and wage appropriations submitted in the operating budgets for all City employees.

Employee Relations

As of December 31, 2006, the City of Fairfield employed approximately 274 full-time and 176 part-time and seasonal employees in various job classifications. Its 2006 annual payroll was $18,112,420.

Under the Collective Bargaining Law, public employees of the State and many local subdivisions (including the City) have the right to organize, bargain collectively and have union representation. The employer must recognize and grant exclusive representation rights to a representative approved by the State Employment Relations Board ("SERB"). SERB approval may be granted either after fulfillment of the requirements promulgated in its regulations or by majority approval of the employees at a SERB-supervised election. The employer has the right to insist on an election. Any agreements under the Collective Bargaining Law must be in writing, must specify a grievance procedure and cannot exceed three years in duration.

The Collective Bargaining Law also designates those actions that constitute unfair labor practices and prescribes procedures for their remedy. It also sets forth dispute resolution procedures for contract negotiation impasses, including arbitration or other mutually agreeable methods. If the impasse persists after conciliation procedures, then police, fire, correctional officers, and other public safety employees must take the dispute to binding arbitration and do

not have the right to strike. All other employees have the right to strike after 10 days written notice.

The City has labor agreements with the following employee unions:

Union	Type of Personnel Covered	Number of Employees Covered	Date Contract Commenced	Date Contract Expires
Fire IAFF 4010	Fire	26	4/1/05	3/31/08
AFL-CIO Local 20	Wastewater	21	3/1/05	2/29/08
FOP Lodge 166	Police	59	4/1/05	3/31/08
AFSCME	Water, Street, Park, Clerical	93	4/1/05	3/31/08

The City knows of no other union organization seeking recognition at this time.

City Services and Responsibilities

Welfare and Public Assistance. The Butler County Human Services Department administers the public welfare functions within the County, including services to residents of the City.

Butler County also provides public assistance via the Board of Mental Health and Mental Retardation, the Soldiers' Relief Commission and the County Children's Services Board.

Health. In addition to the one acute care hospital in the City, Mercy Hospital of Fairfield consisting of 220 beds, there are three acute care hospital facilities in Butler County. They are Fort Hamilton-Hughes Memorial Hospital Center, and Middletown Regional Hospital. There are a total of 27 hospitals in the Cincinnati Metropolitan Area.

The Butler County Health Department provides various health related services throughout the County, including the City, such as home nursing, food service and sanitary inspections.

Demographic Information

Population. The estimated 2006 population of the City was 42,386 people. Statistics from the last five censuses of population are indicated below.

	Census 1960	Census 1970	Census 1980	Census 1990	Census 2000
City of Fairfield	9,734	14,680	30,777	39,729	42,097
Butler County	199,076	266,207	258,787	289,199	332,807
Cincinnati PMSA	1,268,479	1,384,851	1,401,491	1,452,656	1,634,600

Source: U.S. Bureau of the Census

ECONOMIC INFORMATION

General Description

Business and Industry. Because the City lies at the southern boundary of Butler County, residents work in Butler County and in Hamilton County, immediately to the south. Both counties are part of the Cincinnati Metropolitan Area (the "Metropolitan Area").

Metropolitan Cincinnati consists of thirteen counties, including the counties of Hamilton, Warren, Clermont, Butler and Brown in Ohio, Dearborn in Indiana and Kenton, Boone, Campbell, Grant, Gallatin and Pendleton in Northern Kentucky. There are approximately 11.7 million net square feet of office space in the downtown area and 16.4 million net square feet in suburban office buildings and parks. There are approximately 244.8 million square feet of industrial space and 50 million square feet of retail space in the area. The estimated retail sales for 2005 in Hamilton County topped $13.52 billion, Butler County topped $4.15 billion and sales surpassed $29.1 billion for the entire Cincinnati – Middletown, OH-KY-IN Metropolitan Core Based Statistical Area (CBSA).

A transportation and industrial center since the early development of the territory west of the Appalachians, the Metropolitan Area has grown and developed into a major center for insurance and finance companies, wholesaling, retailing, government installation, medical services and service industries as well as manufacturing. Among the Metropolitan Area's prominent manufacturing groups are: transportation equipment, which includes aircraft engines and auto parts, food and kindred products, metal working and general industrial machinery, chemicals, fabricated metal products, and printing and publishing. In addition, toys, apparel, mattresses, housewares and shoes are produced locally by nationally known enterprises. The Metropolitan Area is also the location of major federal government installations, including a regional postal service center, a Food and Drug Administration office, a center for environmental research, an occupational health and safety research center, and the Sixth Circuit Court of Appeals.

This diverse economic base continues to be a source of stability for the area, protecting it from severe peaks and valleys in the business cycle. More than half of the U.S. population, purchasing power and manufacturing establishments are within one hour's flight time and 600 miles of the Metropolitan Area.

The Metropolitan Area is a growing center for international business, with over 2,000 firms engaged in international trade. Metropolitan Area companies generate sales of approximately $6.7 billion to customers outside the U.S. each year. Major export products include jet engines, plastics, machinery, computer software, paper and consumer goods. Directly imported products amount to over $2 billion annually. Over 300 firms are also owned by foreign firms from Japan, England, Western Europe and Canada. Foreign Trade Zone status is also available in the Metropolitan Area to assist firms engaged in international trade to lower import duty and tax expenses.

The City is continuing its strong efforts to attract and retain quality economic development. The Enterprise Zone and Community Reinvestment Programs have been widely used by the City to encourage businesses to relocate in the City of Fairfield. As a result of this initiative, the City has created over 5,000 jobs.

The City's diversified industrial area is located strategically West of I-75 and just North of I-275 providing access to available land in this expanding corridor for industrial development, as well as one of the best aquifers for water supply in the United States. In addition, a labor force of 1.5 million people live within 30 minutes driving time of the City.

The City of Fairfield's largest employer, Cincinnati Financial Corporation (CFC), is undertaking a major expansion project that will add an underground parking garage and a third office tower. The entire project is estimated to cost $88 million, and the company estimates 500 new full-time employees will work in the new tower. With this increase, payroll is expected to climb to $30 million maintaining CFC as the leading private employer in the County. The underground parking garage will be three levels with the capacity to hold 700 vehicles. The tower will be 487,500 square feet with seven floors above ground and two floors below ground. The estimated completion date for the entire project is fall of 2008.

C&T Design and Equipment Company is a 30 year-old national company that designs, sells, and services foodservice equipment for commercial customers such as restaurants, schools health care facilities. The local office was formed 20 years ago and has had continued growth. The company recently outgrew its leased space and sought to relocate into a custom building that will allow for continued expansion opportunities.

C&T recently finished constructing a new 20,000 square foot office and distribution facility on 2.813 acres on Port Union Road. Total cost of the project exceeded $1.2 million. C&T relocated the local operation, including 14 jobs, into the facility. To assist the project, the City granted a 10 year 35% property tax abatement on the new building.

Diversified Converter Materials (DCM), a 22 year-old family-owned company that manufactures repositionalble vinyl adhesive products recently broke ground on a new 20,000 square foot light manufacturing facility located on Seward Road. The company, which employs 12 workers, will invest more than $1.3 million for the new building and approximately 3.5 acres of land. The project should be complete by Fall 2007.

The construction of a new clubhouse is underway at the South Trace Golf Course on John Gray Road. The $2.2 million facility will feature a 7,000 square foot clubhouse with a concession/grill area, new pro shop and a meeting space to accommodate outings of up to 150 people.

The clubhouse, with its new flexible design and amenities, is expected to attract an increasing number of casual golfers, as well as those participating in outings and leagues. Annually, golfers play more than 40,000 rounds at South Trace, formerly known as the Pleasant Run Golf Course. The new clubhouse will also be available for private functions.

Jungle Jim's a well known international marketplace unique for its wide variety of foods and creative theme park was chosen as the featured location to air a live show of Good Morning America on January 13, 2007. Specializing in produce and specialty foods, Jungle Jim's is a Fairfield landmark and tourist attraction which started out as a tiny roadside stand in 1971 and now covers 4 acres along Dixie Highway.

In 2005, First Highland Management and Development Corp. acquired the former Fisher Body Stamping Plant at the intersection of Route 4 and Symmes Road with aggressive

redevelopment plans. First Highland is a Massachusetts company that specializes in acquiring old industrial real estate and redeveloping it to modern standards. The Fisher Body Stamping Plant was once owned by General Motors (GM) and was the largest employer in the City for many years.

Interested in the rehabilitation of the building and in redeveloping the adjacent 40 acres for market-driven development, the City, Fairfield City School District and Butler County collaborated on a 5-year Community Reinvestment Area tax incentive for the planned $10 million rehabilitation project. The City and Schools have entered into a five-year income tax sharing arrangement to share income tax from new tenants within the existing building. First Highland will be paying $7,250,000 for the building.

Construction continues today on the project, which has been renamed Fisher Park. Major upgrades include new metal siding, roof repairs, demolition, painting, new truck docks, new paving and landscaping, and the creation of new commercial outlots.

Tedia Company, Inc. manufactures and distributes high purity laboratory and industrial chemical products at its location at Symmes Road and Tedia Way. The company markets and exports to 28 countries around the world.

Over the past several years, new company management has created a strategy for aggressive growth. To facilitate this growth, the company recently began a $4.2 million expansion project. The company will spend an estimated $1.5 million to construct a new 40,000 sq. ft. building for material storage and distribution on what is currently vacant land across the street from its existing facility. The company will also make $1.2 million of improvements to its existing building and invest $1.5 million in new machinery and equipment.

The City assisted the project with an Enterprise Zone tax incentive. The incentive, which was approved by City Council in September 2006, granted 40% abatement for five years on the real estate taxes for the new building. Upon completion of the project, Tedia will employ nearly 80 salaried and hourly workers.

The new Fairfield Justice Center, which houses both Police Services and Municipal Court, opened on May 8, 2006. The $11.3 million building is approximately 50,000 square feet.

In 2005, Quality Gold, Inc. announced a 45,000 square foot expansion to their facility. The project consists of approximately $9,650,000 total investment and will create 30 new full time positions and retain the 115 full time and 56 part time positions currently at the company. A ten-year tax abatement by the City and a 5 year Jobs Creation Tax Credit from the State assisted the company with the expansion.

Pacific Manufacturing of Ohio Inc. invested $9 million to construct a new building in the same area as their existing facilities, which provide jobs for 430 employees. Comprised of 87,000 square feet, the new building will house a new plastics line, employing another 28 employees.

Forest Fair Mall, Greater Cincinnati's largest shopping center located in Fairfield, was purchased in July of 2002 and renamed Cincinnati Mills. From July of 2002 to August of 2004, the mall received a $70 million dollar makeover to its 1.8 million square feet of space that sits on

96 acres. It currently counts roughly 200 tenants, including Saks Off Fifth, Guess Factory Store, Forever 21 and Mikasa.

Several residential single-family projects are also in progress. These include, Fairview Hills, Lunsford Estates, Emerald Lake and Olde Winton. Fairview Hills is a proposed 27 lot single-family subdivision located on the north side of Mack Road, east of Mercy Hospital. Several homes are currently under construction.

Lunsford Estates, a 14 lot single-family subdivision located on the south side of Mack Road between Benzing and Stonehill Drives. Olde Winton, a residential development located on the east side of Winton Road between Niles Road and Route 4 proposes 37 single-family detached houses served by rear alleys.

Emerald lake is a 150 lot single-family subdivision located on the former Morris farm. Over one third of the lots are occupied or have homes under construction. Envisioned as an upscale neighborhood, in the mid $300,000 range, at least 75 percent of the houses will have side-entry garages and all of the homes will have brick, stone or similar masonry on the front facade with continuation of the same material on the first floor of the remaining sides.

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DISTANCE FROM FAIRFIELD TO MAJOR URBAN MARKETS:

City	Highway Miles
Chicago, Illinois	270
Cincinnati, Ohio	18
Cleveland, Ohio	235
Columbus Ohio	99
Dayton, Ohio	36
Detroit, Michigan	249
Indianapolis, Indiana	90
Lexington, Kentucky	100
Louisville, Kentucky	123
Nashville, Tennessee	291
Pittsburgh, Pennsylvania	281
Toledo, Ohio	190

Transportation. The Metropolitan Area is an important rail freight center fed by three major trunk line railroads, operating twelve divisions with total mileage of 64,000 in 27 states. The area is also served by the Amtrak passenger network. The Chessie System serves Fairfield, with sidings available at three of the four industrial park sites in the City, and reciprocal switching privileges tying the line into the major trunk rail lines.

The Metropolitan Area is also on the 15,000-mile Great Mississippi River Inland Waterway and Intracoastal Canal System. As a major Ohio River port with 37 commercial water terminals, Cincinnati is the second largest inland coal port. Towboats also handle coal, petroleum, iron, steel, grain, chemicals, fertilizer and automobiles. One hundred seventy-five million tons are annually transported on the Ohio River. There are eight barge lines based in the area with 36 barge lines serving the area.

Five airports serve Fairfield residents. The most important of these is the Cincinnati/Northern Kentucky International Airport, located in the Northern Kentucky and 35 minutes from Fairfield via two interstate routes. The airport is served by 12 major, regional and commuter scheduled air carriers providing nonstop and one-stop service to 113 cities, including service to six international cities. Delta Airlines has established the Cincinnati/Northern Kentucky International Airport as a major regional hub for its network.

The City is also served by the Hamilton-Butler Airport. The airport maintains operation under the Butler County Regional Airport Authority. The airport is designated a relief airport for the Cincinnati/Northern Kentucky Airport and has air charter available to both Cincinnati and Dayton. The airport served private aircrafts with a 5,480 foot paved runway.

In addition, the Dayton International Airport is located approximately 60 miles north of Fairfield in Dayton, Ohio. The airport is within fifty minutes driving time and is served by all major midwest carriers. Blue Ash Airport is located to the southeast, 20 minutes driving time from the Fairfield central business district. Adjacent to a 500-acre industrial park, this airport accommodates private aircraft.

Traveline provides service between Cincinnati, Fairfield and other nearby points. Cincinnati Metro buses provide service to many areas of the City. Butler County Regional Transit Authority (BCRTA) Shuttle-on-Demand provides curb-to-curb service in Butler County.

A system of five interstate highway routes (I-71, I-74, I-75, I-275 and I-471) and seven U.S. routes (22, 25, 27, 42, 50, 52, and 127) serve the Metropolitan Area. There are also approximately 272 miles of county roads, including 377 bridges, facilitating transportation in Butler County. Of these highways, Interstate 275 has three interchanges at the southern border of Fairfield providing access to Interstate 74 (twelve miles), Interstate 75 (2 miles), Interstate 71 (eight miles) and the Butler Regional Highway; a four-lane, 16 mile, limited access highway that connects the City of Hamilton to I-75; U.S. route 127 also passes through Fairfield.

Ohio Routes 4 and Alternate 4 also provide major transportation arteries through the City. More than 150 motor freight carriers including 60 interstate carriers and 42 freight forwarders serve the City of Fairfield.

Utilities. Duke Energy and Butler Rural Electric Cooperative provide the City with gas and electricity. The Metropolitan Area is near the center of one of the nation's largest concentrations of electrical power. Duke Energy's plants are connected to other utility company plants in the Ohio River Valley and also to a regional network of high voltage lines, thus providing substantial reserve capacity.

The municipally owned utility plant of Fairfield provides water to city residents and businesses. The City maintains all maintenance and billing functions relative to this service within the City.

The City Sewer Department, which is governed and financed by the City, provides sewer service in the City. Operation is substantially citywide.

A private solid waste collection firm serves the City, with weekly collection of waste from residential dwellings, schools, hospitals and public institutions.

Fire and Police Services. Fire protection in the City is provided by the City's fire department, which operates 3 fire stations (which are located in the City) and 20 vehicles including: 3 fully equipped pumpers; 1 pumper with a 75 foot ladder; 1 heavy rescue vehicle; and 1 grass fire unit. The fire department has mutual aid response agreements with other nearby municipalities. The fire department employs 1 chief, 1 full-time deputy chief, and 28 full-time fire fighters/paramedics. Crews are on duty at the station 24 hours a day. The City's fire insurance rating is Class 3.

The City's nationally accredited police department consists of 61 commissioned officers, including the chief, 3 lieutenants, and 10 sergeants. The police department also employs 1 full-time park ranger, 3 part-time park ranger, 10 full-time dispatchers, 8 full-time non-commissioned employees including a juvenile diversion counselor, and 2 part-time non-commissioned employees. The department has 2 canines assigned to evening and night shifts.

Programs offered at the department geared toward community service include bicycle partrol program, business and vacation check services, crime prevention activities, safety tours and events, Drug Abuse Resistance Education (DARE) program, resource officers assigned to

the city's intermediate and high schools, a juvenile diversion program, and citizen police academy. The city's police department operates a fleet of 18 fully equipped marked patrol vehicles which provide general police services to the city on a 24-hour a day basis. The department has several specialty vehicles including an evidence van and traffic crash reconstruction van.

The police department moved into a new Justice Center in May 2006 providing a modern and technologically current police facility suitable for many years in the future.

Print and Broadcast Media. The Metropolitan Area has two daily newspapers of general circulation and 40 community weeklies. Six television stations from Cincinnati, three from Dayton, and one from Oxford - including the nation's oldest educational station - are available in addition to cable television. Thirty-five AM and FM radio stations serve the area, including two stations based in Fairfield. The City is also served by two local weekly papers.

Culture, Recreation and Education. Few areas in the country can offer the stimulating cultural life of the Metropolitan Area. The Cincinnati Symphony Orchestra calls home the century-old Music Hall, as do the Cincinnati Opera and the Cincinnati Ballet. The Aronoff Center for the Arts hosts a wide range of productions including the Broadway Series. Also available are the Taft Theater, the Playhouse in the Park, the College Conservatory of Music, the Showboat Majestic and the Corbett Center for the Performing Arts. Museums include the Cincinnati Art Museum, Contemporary Arts Center, Taft Museum, the Museum of Natural History, the Children's Museum, the Krohn Conservatory, the Cincinnati Fire Museum, the John Hauck House, and the National Underground Railroad Freedom Museum.

Near Middletown is the Miami-Erie Canal Museum. Also, throughout the county are over 1,000 acres of parkland and historical sites including Gano, Governor Bebb Preserve, Old West-Chester, and Indian Creek.

Fairfield is rich in culture with its 40,000 square foot Community Arts Center which houses a theater, arts studio, fitness studio, children's room, senior lounge, community room and an art gallery.

The quality of life in the City is further enhanced by the Lane Public Library system with 230,000 volumes in five branches and two mobile offices throughout Butler County, with 26,093 volumes at the Fairfield Branch.

The educational environment in the Metropolitan Area is set by more than 25 universities, colleges and technical colleges with a combined enrollment in excess of over 100,000 in 2005. Approximately 34% of the 598 teachers in the Fairfield public schools have more than a baccalaureate degree and the average years of teaching experience is thirteen years. For the school year 2005-2006 the total enrollment was approximately 9,820 in the Fairfield City School District.

The City's Parks and Recreation System consists of 18 park sites, ranging from its 161 acre municipal park to its ¼ acre green spaces. The City also operates an 18-hole golf course and a public swimming pool. Its recreational offerings cover all ages and abilities.

The Butler County Park District contains nine parks, and fishing and boating facilities, covering approximately 1,000 acres in addition to Hueston Woods State Park in the northern sector of Butler County. The State park consists of 3,500 acres and includes a lodge, swimming pools and beaches.

The Fairfield Aquatic Center offers diving boards, a wading pool, large slide, volleyball court, sand play area and a water play structure. Qualified lifeguards and instructors are on duty at all times.

The new Joyce Park Bike Path has been constructed along Forest Lake Lane giving cyclists, walkers and runners another connection to the Great Miami River Bike Path. The path, which is a joint venture with the City of Hamilton, begins at River Road and winds its way through Joyce Park where it connects the existing path. The path originates to the south in Water Works Park and extends to the north as it hugs the Great Miami River until it reaches the Fitton Center in downtown Hamilton.

The new path provides a convenient connection to the bike path, while serving as a separate walking path for Forest Lake Lane, providing a safe means for visitors to walk to soccer, baseball, and the skate park.

The Metropolitan Area supports the Cincinnati Reds, the first professional baseball team, as well as the Cincinnati Bengals of the National Football League and the Cincinnati Cyclones, a minor league team competing in the International Hockey League. Horseracing takes place at nearby Turfway, River Downs, and Lebanon Raceway.

Fairfield City residents also have easy access to the Cincinnati Zoo and Botanical Gardens, the nation's second oldest zoo, known throughout the world for its success in breeding rare species in captivity. Across the river the $40 million Newport Aquarium in Newport, Kentucky draws 3 million visitors a year.

UNEMPLOYMENT STATISTICS

The following table lists the unemployment rates for the United States, the State of Ohio, and Butler and Hamilton Counties for the past five years. The figures that are not seasonally adjusted, are expressed in percentages and represent the ratio of the total unemployed to the total labor force.

Year	United States	State of Ohio	Butler County	Hamilton County*
2002	5.8%	5.7%	5.3%	5.5%
2003	6.0	6.2	5.4	5.4
2004	5.5	6.0	5.4	5.7
2005	5.1	5.7	5.3	5.5
2006	4.6	5.2	5.6	5.0
June 2007	4.5	6.1	5.9	5.8

* Not Seasonally Adjusted
Source: Ohio Department of Job & Family Services.

FIFTEEN MAJOR EMPLOYERS IN FAIRFIELD

	Company	Nature of Business	Number Employed
1.	Cincinnati Financial Corporation	Financial Services	3,351
2.	Fairfield Board of Education (Fairfield City Schools)	Education	1,872
3.	Mercy Regional Hospital	Health Care	1,628
4.	Ohio Casualty	Insurance	1,099
5.	Koch Meat Co.	Food Processing	1,081
6.	Medco Health Solutions	Pharmaceuticals	1,044
7.	Pacific Industries (PMO, PI, PIA, TSI)	Manufacturing	1,007
8.	Tri-County Extended Care	Health Care	582
8.	City of Fairfield	Government	505
14.	OKI Industries	Manufacturing	343
11.	PNG Telecommunications Inc.	Communications	336
9.	FedEx East	Shipping	291
15.	Pease Industries/Pella	Manufacturing	270
13.	Performance Autoplex (Toyota, Honda, Mitsubishi)	Retail	234
8.	M Bohlke Veneer/MB Manufacturing	Manufacturing	179

Source: City of Fairfield Finance Department

LARGEST EMPLOYERS IN CINCINNATI METROPOLITAN AREA

	Name of Employer	Nature of Business	Approximate Number of Employees
1.	University of Cincinnati	Education	15,864
2.	Kroger Co.	Grocery Store	15,600
3.	Health Alliance of Greater Cincinnati	Medical	14,785
4.	The Procter & Gamble Company	Consumer Goods Manufacturing	12,315
5.	Cincinnati Children's Hospital Medical Center	Healthcare	9,464
6.	Tri Health Inc.	Healthcare	9,400
7.	Fifth Third Bank	Financial Institution	7,645
9.	Wal-Mart Stores	Discount Retailer	7,500
8.	ABX Air, Inc.	Air Cargo Carrier	7,500
10.	GE Aviation	Manufacturing	7,400
11.	Mercy Health Partners	Healthcare	6,948
12.	U. S. Postal Service	Government	6,379
13.	Hamilton County	Government	6,304
14.	Archdiocese of Cincinnati	Religious	6,150
15.	Internal Revenue Service	Government	6,000

Source: Business Courier April 6, 2007

NONAGRICULTURAL EMPLOYMENT AND AVERAGE WEEKLY EARNINGS

Cincinnati-Middletown Metropolitan Statistical Area

	Employment	Average Weekly Earnings*
Construction	47,500	$828.29
Manufacturing	120,400	793.22
Trade, Transportation and Public Utilities	206,000	466.37
Wholesale Trade	59,100	672.32
Retail Trade	106,000	330.30
Transportation, Warehousing and Utilities	40,900	655.84
Financial Activities	64,400	630.75
Professional and Business Services	152,600	N/A
Administrative, Support and Waste Services	64,800	N/A
Education and Health Services	140,100	N/A
Leisure and Hospitality	99,200	N/A
Other Services	42,000	N/A
Government	134,300	N/A

* State of Ohio Averages, March 2006
Source: Ohio Job and Family Services, Labor Market Review, December 2006

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Income and Housing Data

The following shows the Median Household Income, Per Capita Income, Median Family Income and the Median value of Owner-Occupied Housing Units for 2000 for the City of Fairfield in comparison to Butler County, the State of Ohio and the Nation:

	City of Fairfield	Butler County	State of Ohio	United States
2000 Median Household Income	$50,316	$47,885	$40,956	$41,994
2000 Per Capital Income	24,556	22,076	21,003	21,587
2000 Median Home Value	125,000	123,200	103,700	119,600
2000 Median Family Income	61,233	57,513	50,037	50,046

Source: U.S. Census Bureau

Building Permits, Home Construction and Housing Valuation

The City issues non-residential and residential building permits. The following details the number of permits issued by category and the estimated valuation for those construction projects for the past five years:

	Residential	Non-Residential	Combined Total
Year	No.	No.	Est. Value
2002	183	47	$28.6 million
2003	123	25	31.7 million
2004	122	23	24.9 million
2005	93	14	32.8 million
2006	54	18	32.0 million

Source: City Building Department

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FINANCIAL MATTERS

Introduction

The City's fiscal year corresponds with the calendar year.

The administrative functions of the City are performed by or under the supervision of the following:

1. Overall planning and development, the City Council.

2. Assessment of real and personal property, the Butler County Auditor.

3. Financial control functions, the Director of Finance.

4. Inspection and supervision of the accounts and reports of the City as required by law, by the State of Ohio Office of the Auditor and by independent certified public accountants.

5. Public utility property assessment by the State of Ohio.

Budgeting, Tax Levy and Appropriations Procedures

Detailed provisions for City budgeting, tax levies and appropriations are made in the Revised Code. The procedures involve collective review by County officials at several stages.

City budgeting for a fiscal year formally begins in July of the prior year with the preparation and adoption, after a public hearing, of a tax budget for the fiscal year. With respect to payment of debt service in the fiscal year, the tax budget must show the amounts required, the estimated receipts from sources other than property taxes for payment, the net amount for which a property tax levy must be made, and the portions of that levy to be inside and outside the ten-mill tax rate limitation (see *"Indirect Debt Limitations"* herein). The tax budget is then presented for review by the County Budget Commission comprised of the County Auditor, Treasurer and Prosecuting Attorney.

The County Budget Commission reviews the budget and with respect to debt service determines and approves levies for debt service inside and outside the ten-mill rate limitation. The law expressly provides that "if any debt charge is omitted from the budget, the commission shall include it therein." Upon approval of the tax budget, the County Budget Commission certifies its action to the City together with the estimate by the County Auditor of the tax rates inside and outside the ten-mill tax limitation. Thereafter and before the end of the then calendar year, the Commissioner approves the tax levies and certifies them to the proper officials. The tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two installments, the first usually in February and the second in June.

By statute, no later than each January the City Council must adopt a temporary appropriation measure and by April 1, a permanent appropriation measure for that fiscal year. On January 9, 2007, the City adopted a final Budget for 2007, alleviating the need to comply with the above-described steps. Annual appropriations should not exceed the County Budget

Commission's official estimates of resources and appropriation measures are to be certified by the County Auditor as not appropriating more moneys than set forth in those latest official estimates.

Financial Reports and Examinations of Accounts

The City maintains its accounts and other fiscal records on an appropriation and cash basis in accordance with the procedures established and prescribed by the Office of the Auditor. The Auditor of State is charged by Ohio law with the responsibility for inspecting and supervising the accounts and reports of the City. An examination by the Auditor of State of the accounts of the Director of Finance may be made every two years, but this examination may be waived by the Auditor of State. In that regard, independent certified public accountants have, with two exceptions, examined the accounts of the Director of Finance in every year since 1979 and these audits have satisfied all requirements of the Auditor of State. In 1983, and again in 2000, the Auditor of State undertook its own examination.

The City received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report for the Fiscal Years Ended December 31, 1986 through December 31, 2003 and December 31, 2005.

The most recent examination of the Director of Finance's accounts and records by an Independent Public Account was completed through December 31, 2006.

Financial reports are prepared annually by the City and filed with the Auditor of State pursuant to Ohio law. Such reports are required to be submitted to the Auditor of State within 150 days after the close of each year, and have been filed by the required time.

Appendix A contains portions of the City's Comprehensive Annual Financial Reports for the years ended December 31, 2005 and 2006. Appendix B presents a summary of the City's 2007 Budget.

Insurance

The City carries insurance to cover general liability risks, fire protection, police professional liability, automobile fleet and errors and omissions for public officials. The City has seven separate policies to cover these risks and the policies are purchased from private insurance companies with coverage ranging from $1 million to $9 million.

Pursuant to current law, the liability of political subdivisions, including counties in Ohio, has been significantly reduced. As a general rule, Ohio law provides that political subdivisions such as the County have an immunity from liability in damages for injury, death or loss to persons or property allegedly caused by an act or omission of such political subdivisions or their employees in connection with governmental and proprietary functions, as defined in the Ohio statutes. The statutes have no effect on any liability imposed by federal law or other federal cause of action. Pursuant to Ohio law, there are, however, 5 areas in which a County may be held liable for such loss. These include the negligent operation of a motor vehicle; negligent performance of proprietary functions; negligent failure to remove obstructions from public roads or to keep public roads, highways, streets, sidewalks, bridges or public grounds open, in repair

and free from nuisance; negligence of employees within or upon the grounds of buildings used in the performance of governmental functions which buildings have physical defects within or upon the grounds thereof, but excluding jails, juvenile detention workhouses and other detention facilities; and liability specifically imposed by statute…Ohio law imposes a two-year statute of limitations, prohibits the garnishment or judicial sale of assets and funds of political subdivisions, and puts limits on the damages that may be recovered from such political subdivisions. The political subdivision is also required to indemnify and defend its officers and employees when the officer or employee was acting in good faith and within the scope of duties. No punitive or exemplary damages can be recovered, and any insurance benefits are deducted from any award against a political subdivision. Although there is no limitation with respect to compensatory damages representing a person's economic loss, there is a $250,000 per person ceiling on the compensatory damage that represents a person's non-economic loss in cases other than wrongful death, in which case there is no maximum limitation.

INVESTMENT POLICIES OF THE CITY OF FAIRFIELD

Chapter 135 of the Ohio Revised Code sets forth the requirements and limitations for investments of the state's political subdivisions, including the City. Under Section 135.14 of the Revised Code, the City may invest its funds provided that such investments must mature or be redeemable within five years from the date of purchase. The only classifications of obligations that are eligible for such investment by the City are as follows:

(A) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest thereon;

(B) Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or instrumentality;

(C) Interim deposits in the eligible institutions applying for interim moneys as provided in Section 135.08 of the Revised Code. The award of interim deposits shall be made in accordance with section 135.09 of the Revised Code and the treasurer or the governing board shall determine the periods for which such interim deposits are to be made and shall award such interim deposits for such periods, provided that any eligible institution receiving an interim deposit award may, upon notification that the award has been made, decline to accept the interim deposit in which event the award shall be made as though such institution had not applied for such interim deposit;

(D) Bonds and other obligations of this state;

(E) No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) above and repurchase agreements secured by such obligations, provided that investments in securities described in this Section (E) are made only through eligible institutions mentioned in Section 135.03 of the Revised Code; and

(F) The Ohio Subdivision’s Fund as provided in Section 135.45 of the Revised Code.

(G) Securities lending agreements with any eligible institution mentioned in section 135.32 of the Revised Code that is a member of the Federal Reserve System, Federal Home Loan Bank, or with any recognized United States government securities dealer meeting the description in section 135.35 of the Revised Code, under the terms of which agreements the investing authority lends securities and the eligible institution or dealer agrees to simultaneously exchange either securities described in (A) or (B) above or cash or both securities and cash, equal value for equal value.

(H) Up to twenty-five percent of the county's total average portfolio is in either of the following investments:

Commercial paper notes issued by entity as defined in section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which notes all of the following apply:

(1) two nationally recognized rating agencies rank the commercial paper with their 2 highest categories; and

(2) the total amount invested in commercial paper at any time does not exceed 10% of the aggregate value of the County's outstanding commercial paper total average portfolio, as determined and calculated by the investing authority.

(I) Bankers acceptances of banks that are insured by the federal deposit insurance corporation and to which both of the following apply:

(1) the acceptances mature not later than 180 days after purchase

(2) obligations are eligible for purchase by the Federal Reserve System.

Nothing in the classification of eligible obligations set forth in Division (A) of this section or in the classifications of eligible obligations set forth in Divisions (B) to (I) of this section shall be construed to authorize any investment in stripped principal or interest obligations of such eligible obligations.

The treasurer or governing board may also enter into a written repurchase agreement with any eligible institution mentioned in Section 135.03 of the Revised Code or any eligible dealer pursuant to Division (M) of Section 135.14 of the Ohio Revised Code, under the terms of which agreement the treasurer or governing board purchases, and such institution or dealer agrees unconditionally to repurchase any of the securities listed in Division (A) or (B) of this section.

The City invests in United States Treasury obligations and eligible guaranteed obligations of the United States, the State Treasurer's investment pool ("Star Ohio") certificates of deposit and repurchase agreements. All investments comply with the limitations with respect to length of maturities contained in Chapter 135 of the Ohio Revised Code (the Uniform Depository Act). The City interprets the limits on Federal guaranteed investments and all other legal investments very conservatively. The City has never owned any derivative investments, interest only investments or reverse repurchase agreements. The Finance Director has attended special

training in all of the investment areas to assure compliance with the strictly conservative philosophy of the City. All investments are transacted with banks which the City believes to be reputable or other financial institutions operating in the State of Ohio that are well versed in the statutory restrictions that Ohio political subdivisions operate under and which have an understanding of the City's investment requirements.

The City values safety, liquidity and return in that order. Interest earned by the City in 2006 totaled $531,780.

All brokers, dealers, and financial institutions, who give advice or make investment recommendations to the City shall sign the City's Investment Policy thereby acknowledging their agreement to abide by the Policy's contents; those who execute transactions for the City shall read and sign the Policy thereby acknowledging their comprehension and receipt of the Policy.

Since the financial condition of the County indirectly affects the financial condition of the City, the County Treasurer has stated that Butler County invests in United States Treasury obligations and eligible guaranteed obligations of the United States further defined as bonds, notes or other obligations or securities issued by any federal government agency. Butler County also invests in Repurchase Agreements not to exceed 30 days with any eligible institution as defined in Section 135.03 of the Revised Code. Under the terms of which agreement such institution agrees unconditionally to repurchase any of the U.S. Treasury or Federal government obligations that will mature or are redeemable within five years from the date of purchase (to be used as a sweep vehicle). The maximum maturity for any one issue is two years by special agreement at Butler County's request with each institution handling Butler County investments. Butler County additionally invests in certificates of deposit and mutual funds that are invested exclusively in United States Treasury obligations.

Butler County, Ohio has never owned any derivative investments, interest only investments or reverse purchase agreements. The Treasurer has attended special training in all of the investment areas to assure compliance with the strictly conservative philosophy of Butler County. All investments are transacted with banks which the Treasurer believes to be reputable or other financial institutions operating in the State of Ohio, including Star Ohio, the State of Ohio Investment Pool, which are well versed in the statutory restrictions Ohio political subdivisions operate under and which have an understanding of the Butler County investment requirements.

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AD VALOREM TAXES

Assessed Valuation

The following is the assessed valuation, for the most recent five years, of property in the City subject to ad valorem property taxes levied by Butler County.

Tax Year	Collection Year	Real Estate (a) Other Than Public Utility	Public Utility Property (b)	Tangible Personal Property (c)	Total	Change From Previous Year
2002*	2003	$844,627,409	$26,456,830	$87,108,010	$958,192,249	12.82%
2003	2004	852,726,563	26,568,860	82,537,110	961,832,033	.38
2004	2005	851,628,620	28,287,070	93,814,852	973,730,542	1.24
2005	2006	925,830,030	28,118,140	100,613,661	1,054,561,831	7.67
2006	2007	940,328,360	26,584,060	83,540,896	1,050,453,316	(.39)

*Sexennial reappraisal year
Source: Butler County Auditor

(a) 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.

(b) 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.

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

All property taxes in Butler County, including taxes upon property in the City, are levied and collected by the County. A portion of those funds are returned to the City with remaining property taxes going to the County, the schools and the township. (See Tax Table B herein.)

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The Tax Year 2006 (Collection Year 2007) assessed valuation of $1,050,453,316 is comprised of the following types of property in the indicated amounts:

ALLOCATION OF ASSESSED VALUATION REAL ESTATE

Type	Assessed Valuation	Percent of Total
Agriculture	$2,937,390	0.28%
Commercial	243,186,320	23.15%
Industrial	92,638,530	8.82%
Residential	601,122,410	57.23%
Public Utility - Real	443,710	0.04%
Public Utility - Personal	26,584,060	2.53%
Personal Property	83,540,896	7.95%
Total	$1,050,453,316	100.00%

The ten largest ad valorem property taxpayers with respect to property for the 2006 collection year, are:

Tax Table A

	Taxpayer	Type of Property	Assessed Valuation	% Total City Assessed Valuation
1.	Cincinnati Gas & Electric Co.	Public Utility	$21,932,820	2.09%
2.	Cincinnati Financial Corp.	Financial Services	16,913,280	1.61%
3.	Boymel Sam Trustee	Real Estate Management	9,720,740	0.93%
4.	Ohio Casualty Insurance Co.	Insurance	7,533,520	0.72%
5.	Fath-Village Park Apartments	Real Estate Developer	5,709,930	0.54%
7.	TGM Camelot Inc.	Real Estate Management	5,260,550	0.50%
8.	Teacher's Retirement System	Government	5,105,830	0.49%
6.	Rajole LLC	Real Estate Management	4,917,700	0.47%
10.	Meijer Stores LTD PRT	Retail	4,691,700	0.45%
9.	Prologis	Real Estate Management	4,513,070	0.43%
	TOTAL		$86,299,140	8.22%

Source: Butler County Auditor

During 2002, Butler County experienced the statutory sexennial, on-site reappraisal of real property, whereby the true value of real property was adjusted to reflect current market values as of January 1, 2002. The laws of the State of Ohio presently require that the County Auditor reassess real property at any time the County Auditor finds that the true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed if ordered by the State Commissioner of Tax Equalization (the "Commissioner"). Such a triennial update, which is not accomplished by on-site inspection, was completed during 2005.

Pursuant to law, the taxable value of real property is that percent of true value in money, or the current agricultural use value in the case of agricultural land, established by rule of the Commissioner, not to exceed thirty-five per cent (35%). Under existing rules of the Commissioner, real property is assessed at not more than 35% of true value, or 35% of current agricultural use value as determined by the County Auditor pursuant to rules of the Commissioner. If declared by the property owner and deemed to qualify as "forest land" under Section 5713.22 of the Revised Code, certain real property is taxed at fifty percent (50%) of the local tax rate.

Given the standard assessment base determined under the provisions noted above, recent legislation has provided for a two-phase tax reduction of real property taxes, with respect to taxes other than taxes levied at a rate required to produce a specified amount of tax money (i.e. for payment of debt charges), taxes levied inside the ten-mill limitation, or taxes authorized by a municipal charter.

(1) The Tax Commissioner must determine annually by what percent (the "Tax Reduction Factor") the sums that would otherwise be levied by a tax against real property would have to be reduced to equal the amount that would be levied if the full rate thereof were imposed against the total taxable value of real property in the district in the preceding tax year, plus the total taxable value of all improvements added to the tax list since the preceding tax year. Thereafter, the County Auditor must reduce the sum to be levied by the tax against each parcel of real property in the district by the Tax Reduction Factor certified by the Commissioner. However, if said reduction could cause the total taxes charged and payable for current expenses prior to the statutory ten percent reduction, discussed hereinafter, to be less than two percent of the taxable value of all real property subject to taxation, the Commissioner, upon notification thereof by the County Auditor, must adjust the Tax Reduction Factor as required by law.

(2) The County Auditor must reduce the sums remaining thereafter to be levied against parcels of real property by 10%. The taxes remaining after such reduction constitute the real and public utility property tax chargeable and payable on such property. The manufactured home tax changed and payable on each property and shall be the amount certified to the county treasury for collection.

(3) The application of the homestead exemption.

While the aforesaid tax reductions shall not affect the determination of the principal amount of notes that may be issued in anticipation of any tax levies or the amount of notes for any planned improvements, should funds for payment of debt charges or notes payable from taxes so reduces be insufficient for such purpose, then the reduction of taxes shall be adjusted to the extent necessary to provide sufficient funds from real property taxes.

Failure of the County Auditor to supply to the Commissioner the information required to determine the Tax Reduction Factor may result in substantial withholding of State revenues to the local government until such time as the County Auditor has fulfilled the requirement.

Recent changes to the assessment of tangible personal property were enacted by the Ohio General Assembly include:

The assessed valuation of tangible personal property depends on the type and age of the tangible personal property. New manufacturing machinery is exempt from tangible personal property taxes. The assessed valuation of all business tangible personal property (except for public utility tangible personal property) – manufacturing equipment used in business prior to January 1, 2005, furniture and fixtures and inventory – decreased in tax years 2005 and 2006. The assessed valuation of that tangible personal property is 12-1/2% of true value for tax year 2007, and will decrease to 6-1/4% for tax year 2008 and zero for tax year 2009. The assessed valuation of electric utility intangible personal property has decreased since 2001, and is (i) for rural electric companies, 50% of true value for its transmission and distribution property and 25% of true value of all its other intangible personal property and (ii) for all other electric companies, 88% of true value for its transmission and distribution property and 24% of true value of all its other intangible personal property. The assessed valuation of the tangible personal property of a natural gas company is 25% of true value, and the assessed valuation of the tangible personal property of a pipeline, water works or heating company is 88% of true value.

The General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law provides for numerous tax exemptions for real and personal property to stimulate economic development.

Ohio law provides for tax credits to offset increases in tax resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property and do not apply to unvoted levies or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus: (i) the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year, and (ii) amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from taxes levied at whatever rate required to produce a specified amount or an amount to pay debt service, or from taxes levied inside the ten-mill limitation or any applicable municipal charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the tax levies subject to these tax credits. A resulting "effective tax rate" reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. Real property tax amounts are further reduced by an additional 10% (12.5% in the case of owner-occupied residential property).

Under statutory procedures, the amount realized by each taxing subdivision from real property taxation (other than amounts realized from taxes levied at a rate required to produce a specified amount, such as for debt service charges or emergency school levies, and taxes levied inside the ten mill limitation or, in the case of municipalities, any applicable charter tax rate limitation) is limited to the amount realized from real property taxes in the preceding year plus: (i) any new taxes (other than renewals) approved by the electorate but calculated to produce an amount equal to what would have been realized if levied in the preceding year and (ii) amounts realized from new and existing taxes on real property added to the tax duplicate since the preceding year. To accomplish this, the Tax Reduction Factor is applied to the stated rates of taxes subject to this reduction levied by the County and its underlying subdivisions. The resulting effective tax rate reflects the aggregate of those reductions and therefore the effective rate at which real property taxes are levied. Most non-business real property taxes are further reduced by an additional rollback factor of 10% (12½ % in the case of certain owner-occupied residential property); see "Ad Valorem Taxes, Collection of Ad Valorem Property Taxes and Special Assessments" herein for discussion of reimbursement by the State for such reduction.

The Ohio General Assembly has exercised from time to time its power to revise the Ohio statutes applicable to the determination of assessed valuation of property subject to ad valorem taxation and the amount of tax proceeds produced by ad valorem taxation against such property. It is anticipated that the General Assembly will continue to make similar provisions.

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Ad Valorem Tax Rates

The following table sets forth the rates of taxation for the City and for various overlapping subdivisions. The rates are expressed in mills per one dollar of assessed valuation.

Tax Table B
2006 Tax Rates
(collection year 2007)

	Inside 10 Mill	Outside 10 Mill	Total
City of Fairfield			
General Fund	.99		.99
Police Pension	.30		.30
Fire Levy		4.65	4.65
Total - City of Fairfield	1.29	4.65	5.94
Board of Education			
General Fund	6.79	47.01	53.80
Permanent Improvement		2.00	2.00
Bond Retirement		2.80	2.80
Joint Vocational School		1.93	1.93
Total - Board of Education	6.79	53.74	60.53
Butler County			
Child Services		2.00	2.00
Comprehensive Mental Health		1.50	1.50
General Fund	1.92		1.92
Conservancy		.03	.03
Mental Retardation Operating Levy		3.00	3.00
Senior Citizens		2.00	2.00
Animal Shelter		.50	.50
Total - Butler County	1.92	9.03	10.95
TOTAL TAX RATES	10.00	67.42	77.42

Tax Table C
CITY OF FAIRFIELD, OHIO
RATES OF TAXATION - MILLS

Duplicate Year	Collection Year	County Rate	Fairfield CSD	JVSD	Township	City	Total
2002	2003	8.75	53.82	1.93	-0-	5.94	70.44
2003	2004	8.74	53.82	1.93	-0-	5.94	70.43
2004	2005	8.74	58.66	1.93	-0-	5.94	75.27
2005	2006	9.44	58.60	1.93	-0-	5.94	75.91
2006	2007	10.95	58.60	1.93	-0-	5.94	77.42

Source: Butler County Auditor

Under statutory procedures, the amount realized by each taxing subdivision from real property taxation (other than amounts realized from taxes levied at a rate required to produce a specified amount, such as for debt service charges or emergency school levies, and taxes levied inside the ten mill limitation or, in the case of municipalities, any applicable charter tax rate limitation) is limited to the amount realized from real property taxes in the preceding year plus: (i) any new taxes (other than renewals) approved by the electorate but calculated to produce an amount equal to what would have been realized if levied in the preceding year and (ii) amounts realized from new and existing taxes on real property added to the tax duplicate since the preceding year. To accomplish this, the Tax Reduction Factor is applied to the stated rates of taxes subject to this reduction levied by Butler County and its underlying subdivisions, including the City. The resulting effective tax rate reflects the aggregate of those reductions and therefore the effective rate at which real property taxes are levied. All real property taxes are further reduced by an additional rollback factor of 10% (12½% in the case of certain owner-occupied residential property); see *"Collection of Ad Valorem Property Taxes and Special Assessments"* herein for discussion of reimbursement by the State for such reduction.

Voted tax levies for voted bond retirement continue for the life of the bonds authorized by the electors, in the annual amounts sufficient to pay debt service on such bonds as the same becomes due.

For a discussion of the ten-mill unvoted tax limitation, and the priority of claims thereon for debt service on unvoted general obligation debt of the City and all overlapping taxing subdivisions, see the discussion herein of *"Indirect Debt Limitations."*

Collection of Ad Valorem Property Taxes and Special Assessments. The following are the amounts billed and collected by Butler County as ad valorem taxes on the tax duplicates of the County for property in the City, and the special assessments billed and collected, for the indicated tax collection years. "Billed" amounts include the current charges, plus current and delinquent additions, less current and delinquent abatements. "Collected" amounts include current "Billed" amounts that are collected and delinquencies collected.

Real Estate and Public Utility

Collection Year	Current Billed	Current Collected	Current %	Delinquent Billed	Delinquent Collected
2002	$5,027,858	$4,451,961	88.5%	N/A	$130,067
2003	4,701,032	4,723,070	100.5	N/A	147,215
2004	4,831,100	4,618,793	95.6	N/A	133,406
2005	4,846,574	4,632,520	95.6	N/A	98,853
2006	4,981,755	4,791,277	96.2	N/A	139,136

Special Assessments

Collection Year	Current Billed	Total Collected*	%
2002	$87,991	$160,275	182.15%
2003	61,638	53,988	87.59
2004	80,549	76,098	94.47
2005	71,464	69,833	97.70
2006	78,535	76,373	97.25

*Includes delinquent assessments

Tangible and Intangible Personal Property

Collection Year	Current Billed	Current Collected	Current %	Delinquent Billed	Delinquent Collected
2002	$572,688	$554,503	96.82	N/A	$79,851
2003	531,422	542,056	102.00	N/A	32,758
2004	548,130	505,740	92.27	N/A	36,034
2005	744,125	617,072	82.90	N/A	81,815
2006	617,105	465,688	75.46	N/A	27,545

Source: Butler County Auditor

Pursuant to Ohio law, the current and delinquent taxes and special assessments are billed and collected by County officials for the County and other taxing or assessing subdivisions in the County.

Included in the above figures for ad valorem property taxes "Billed", "Collected", and "% Collected" are certain real property tax relief payments made by Ohio from State revenue sources; such payments are not made with respect to special assessments. "Homestead" exemptions are made available for the elderly and handicapped. Ohio law provides for the payment to taxing subdivisions from State funds of an amount equaling approximately 10% (12½% with respect to owner-occupied residential property) of ad valorem real property taxes levied, thereby reducing the tax obligation of any real property owner in any given year by an equivalent percentage. As an indication of the extent of such State assistance as applied to the

City's share of the County's tax collections, the elderly/handicapped homestead and the "rollback" payment made by Ohio to the City in 2006 was $372,810.

Delinquency Procedures

The following is a general description of delinquency procedures under Ohio law. The implementation of these procedures may vary in practice among Ohio counties.

If real estate taxes and special assessments are not paid in the year in which they are due, they are certified by the County Auditor's office as delinquent. A list of delinquent properties is then to be published in a newspaper of general circulation in the County. If the delinquent taxes and special assessments are not paid within one year after such certification, the properties are then to be certified as delinquent to the County Prosecuting Attorney. If the property owner so requests, a payment plan is arranged with the County Treasurer. If such payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the County. Ohio law also provides for notice by publication and mass foreclosure proceedings and sales after three years' delinquency.

The County Auditor's office employs a notification procedure and proceedings in common pleas court to collect delinquent tangible personal property taxes.

Proceeds from the foreclosure sales of delinquent property become part of the current collection and are distributed as current collections to the taxing subdivisions in the County, or, if applicable to special assessments, are remitted to the subdivisions that levied such assessments.

OTHER MAJOR CITY GENERAL FUND REVENUE SOURCES

Described under this caption are major sources of revenue to the City's general fund in addition to ad valorem taxes. See Appendices A and B for further information regarding other sources of revenue for the general fund and other funds.

The City collects revenues from a number of fees, permits and licenses issued by the City's various departments and agencies. The City also collects revenue from the operations of the Fairfield Municipal Court for fines, court costs and bond forfeitures. In 2006, the total amount collected from these sources amounted to $1,982,712.

Income Tax

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

The 1.5% locally levied tax applies to gross salaries, wages and other personal service compensation earned by residents, both in and out of the City and upon earnings of non-residents earned in the City. It also applies to net income of business organizations derived from business activities conducted in the City. In November of 2002, the citizens of Fairfield voted to change

the allocation of the income tax revenues. The current 1.5% tax rate is now subdivided into three components. The first 1.1% is used for operating expenses of the General Fund. Next, 0.2% is used for street construction, improvement and repair. Third, 0.2% of the tax is earmarked for capital improvements of a permanent nature.

CITY OF FAIRFIELD, OHIO
CITY INCOME TAX
(As Reported In Annual Report)

Year	Tax Rate	Tax Collections
2002	1.5%	$19,114,762
2003	1.5	18,457,637
2004	1.5	20,228,063
2005	1.5	21,144,068
2006	1.5	22,173,097

Local Government Fund

The Ohio local government fund was created by statute and is composed of designated State revenues which are distributed to each county and then allocated among the county and cities, villages and townships located in that county on the basis of statutory or court approved formulas. Local government fund receipts by the City in recent years are outlined below:

Year	Amount
2002	$1,211,162
2003	1,195,013
2004	1,197,049
2005	1,218,349
2006	1,201,149

Local Government Revenue Assistance Fund

The State legislature created an additional fund to designate additional State revenues for distribution to each County, to be allocated in a similar fashion as the Local Government Fund. These funds are also unrestricted. The following table shows the receipts by the City under this program:

Year	Amount
2002	$240,406
2003	237,023
2004	233,049
2005	237,023
2006	237,023

City General Fund

The following table shows the City's General Fund Budgetary year-end balance for the last five years:

Year	Budget and General Fund Balance
2002	$6,946,697
2003	5,920,189
2004	6,571,828
2005	8,266,399
2006	9,382,633

Source: Ohio Municipal Advisory Council and City Finance Director's Office.

SECURITY AND SOURCES OF PAYMENT FOR GENERAL OBLIGATION BONDS AND NOTES

Ad Valorem Property Tax Security

The basic security for the unvoted general obligation debt of the City is the ability of the City to levy, and its pledge to levy, an ad valorem tax on all the taxable property in the City within the ten-mill limitation, imposed by the Ohio Constitution and laws, for the City and overlapping political subdivisions (described in detail under "Indirect Debt Limitations"), in sufficient amount to pay, as the same becomes due, the principal of and interest on the outstanding unvoted general obligation bonds and bond anticipation notes of the City and the overlapping subdivisions. The laws of the State of Ohio require that the levy for debt service has priority over any levy for current expenses within such ten-mill limitation, subject, however, to the provisions of Chapter 9 of the federal Bankruptcy Act and other laws affecting creditors' rights.

The basic security for voted general obligation debt of the City is the authorization of the electors of the City to levy ad valorem taxes on all real and personal property in the City subject to ad valorem taxation by the City. The tax is to be in sufficient amount to pay (to the extent not paid from other sources), as it becomes due the debt service on the voted bonds, subject to the 10½% limitation discussed in "City Debt and Other Long-Term Obligations" below affecting creditors' rights.

Ohio law requires the levy during the period in which general obligation bond anticipation notes run of ad valorem property taxes in an amount not less than that which would have been levied if bonds had been issued without the prior issue of the notes. Such levy need not actually be collected if payment in fact is to be provided from other sources (see *"Bond Anticipation Notes"* herein).

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a State's political subdivisions, public agencies and instrumentalities (each an "eligible entity"), such as the City. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in a material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

The Bankruptcy Code protects holders of municipal revenue bonds, by providing that special revenues acquired by the eligible entity after the commencement of bankruptcy proceedings remain subject to any lien resulting from any security agreement entered into by the eligible entity before commencement of the proceedings.

Section 133.36 of the Ohio Revised Code permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, and upon approval of the State Tax Commissioner, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision (also, see *"Municipal Fiscal Emergency Legislation"* herein). The taxing authority of such subdivision may, upon like approval of the State Tax Commissioner, refund its outstanding securities, whether matured or unmatured, and exchange refunding bonds for the securities being refunded. In its order approving such refunding, the State Tax Commissioner shall fix the maturities of the bonds to be issued, which shall not exceed thirty years. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

The Federal Bankruptcy Code and Section 133.36 of the Ohio Revised Code also permit the County to initiate Chapter 9 proceedings, which, because the County collects certain revenues on behalf of the City (particularly ad valorem property taxes), may adversely affect the financial condition of the City if the proper transfer of revenues is delayed. (See "tax collection section *"Ad Valorem Taxes"* herein.)

Sources of Payment

In addition to the basic ad valorem property tax security described above, each resolution authorizing the issuance of the City's general obligation bonds or notes issued in anticipation thereof provides further security by making a pledge of the full faith, credit and revenues of the City for the payment of debt service on such bonds or notes as the same becomes due. Included in that general pledge are all funds of the City, except those specifically limited to another use or prohibited from use for such debt service by the Ohio Constitution, Ohio or federal law, the City Charter or revenue bond trust agreements, such as tax levies voted for specific purposes, taxes levied for debt service on voted general obligation bond issues, and certain utility revenues. As discussed herein, only voted general obligations are payable from unlimited ad valorem property taxes.

The City expects that the debt service on certain unvoted general obligation debt of the City will in fact be paid from sources other than the ad valorem property tax, such as utility revenues and special assessments. Should these other revenues for any reason become insufficient to pay debt service on the bonds described above, and on any notes issued in anticipation thereof, the City is required by Ohio law to, and will, levy and collect the above-described ad valorem taxes to pay such debt service.

In addition, pursuant to Article XVIII, Section 12 of the Ohio Constitution, the City may issue Revenue Bonds payable solely from the revenues of the given utility or other projects

permitted by that constitutional provision for which the bonds were issued. These bonds are not supported by the underlying taxing power of the City.

INVESTMENT CONSIDERATIONS

All obligations of the City are subject to changes in value due to changes in the condition of the tax-exempt bond market and/or changes in the financial position of the City.

Prospective purchasers of the City's obligations may need to consult their own tax advisors prior to any purchase as to the impact of the Internal Revenue Code of 1986, as amended, upon their acquisition, holding or disposition.

With regard to the risk involved in a lowering of the City's bond rating, see the section on *RATINGS* in the Official Statement for a specific offering.

For a further description of the risks associated with the purchase of particular issues of bonds or notes of the City, please refer to the Investment Considerations section in the Official Statement for a specific offering.

In general, where the City expects to refund a note issue with an issue of bonds or renewal notes, and where unfavorable market conditions are combined with an interest ceiling, the City could experience difficulty in receiving any bids for the refunding or renewal issue.

Municipal Fiscal Emergency Legislation

Chapter 118 of the Revised Code of Ohio (hereinafter in this section of this Annual Statement the "Act") provides methods for dealing with fiscal emergencies of municipal corporations, counties and townships in Ohio. The Act applies only to those municipal corporations, counties and townships which are determined to have circumstances that constitute the existence of a fiscal watch or a fiscal emergency condition and therefore a fiscal watch or a fiscal emergency pursuant to Sections 118.021, 118.022, 118.03 and 118.04 of the Revised Code, as set forth in the Act.

Section 118.022 of the Ohio Revised Code sets forth a series of conditions that constitute grounds for a fiscal watch. If a fiscal watch is determined to exist, the municipality, county or township is provided technical and support services by the State Auditor's Office to restore financial stability. If the fiscal watch conditions are not remedied, the municipality, county or township will remain under fiscal watch or be reclassified to a fiscal emergency.

Section 118.03 of the Ohio Revised Code sets forth a series of circumstances that are defined "fiscal emergency conditions." If a fiscal emergency condition is determined to exist, the municipality, county or township is subjected to state oversight through a seven-member Financial Planning and Supervision Commission (hereinafter in this section of this Annual Statement the "Commission"). The Commission is assisted by certified public accountants designated as the Financial Supervisor to be engaged by the Commission. The Auditor of State may also be required to assist the Commission.

A municipal corporation, county or township subject to the Act because of the existence of a fiscal emergency must develop and submit a detailed financial plan for the approval or

rejection of the Commission. Among other matters, the financial plan must show the actions to be taken by such a municipal corporation, county or township to eliminate existing fiscal emergency conditions, avoid future fiscal emergency conditions, and to restore such a municipality's, county's or township's ability to market long-term debt obligations under state laws generally applicable to Ohio political subdivisions.

The Commission must approve the amount and purpose of any issue of debt obligations. The Commission, or when authorized by the Commission, the Financial Supervisor, among other powers, shall require the municipal corporation, county or township to establish monthly levels of expenditures and encumbrances consistent with the financial plan and shall monitor such monthly levels and require justification to substantiate any departure from an approved level. The Commission must disapprove the issuance of debt obligations if the issuance would impede the purposes of the financial plan or be inconsistent with the financial plan or the Act; debt limits would be exceeded; the ability of overlapping subdivisions to issue unvoted faith and credit debt obligations would be impaired; and their issuance would be likely to lead to the reallocation of minimum levies of other political subdivisions. Expenditures may not be made contrary to an approved financial plan. Expenditures may not be made contrary to a proposed financial plan after it is submitted to the Commission and before it is approved or disapproved; and if it is disapproved, no expenditures may be made which are inconsistent with the reasons given for disapproval.

The Act provides, among other requirements and provisions, that a municipality, county or township subject to such Act must develop an effective financial accounting and reporting system; budgets, appropriations and expenditures are to be consistent with the purposes of the financial plan; permits the issuance of Local Government Fund Notes, payable solely from such a municipal corporation's, county's or township's share of the local government fund pursuant to restrictions imposed by such Act; such a municipal corporation, county or township may include certain covenants in its debt obligations, including a state pledge not to repeal such Act; and permits the municipality to issue current revenue notes and advanced tax payment notes pursuant to the authorization and subject to the restrictions of such Act.

The Finance Director has reviewed applicable portions of the Act and has reviewed records pertaining to the City's circumstances with respect to the Act. The Finance Director, based upon his understanding of the Act, is of the opinion that, with respect to the City, no circumstances or conditions exist that will cause a fiscal emergency condition to be determined to exist under the Act.

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PROFILE OF THE CITY WATER SYSTEM

History and Background

The City built its first treatment plant in 1956. The original plant included a single train of ion exchange softeners, and a high service pump station. The ion exchange softeners utilize a zeolite filter similar to a home water softener, but applied at a much larger scale. The original plant was constructed so that a second train could be added at a later date. The capacity of the original plant was 750,000 gallons per day (gpd). A second train added in 1965 provided an additional capacity of 750,000 gallons for a total capacity of 1,500,000 gpd.

As water demands continued to increase beyond production capacities, the City purchased supplemental water from the City of Hamilton. The amount of supplemental water purchases increased each year as the City grew. This continued into the early 1980's when the City decided to become self-sufficient for its water supplies. In 1984, the City constructed a 4.5 million gpd lime soda ash facility. As with the original plant, this also is a water softening process; however, it utilizes lime as the softening agent rather than a zoolite filter media. The new facilities were incorporated into the original plant, forming one large semi-homogeneous complex.

The combination of the ion exchange and lime soda ash facilities provided a total capacity of 6.0 million gpd. However, the lime/soda ash plant was constructed with a modular design, so it could be readily expanded to provide additional capacity. This would serve to meet demands imposed by additional growth, as well as allow for the eventual retirement of the ion exchange facilities. In 2000, the City completed construction of a second 4.5 million gpd expansion. The new facilities are operational. As indicated, this will provide a total of 10.5 million gpd immediate capacity and firm capacity of 9.0 million gpd once the exchanged plant is decommissioned.

Water Treatment Plant

Raw water to the City of Fairfield's Water Treatment Plant is provided by a series of six production wells that pump from the Great Miami Buried Valley Aquifer. The Great Miami Buried Valley Aquifer is a large groundwater source that provides abundant water quantities to many communities along the Great Miami River. Although water uptake along the Aquifer has increased in recent years, the water quantities available are more than sufficient to provide for Fairfield's future needs. The abundance of groundwater has drawn a number of other water purveyors to this area; so much so, that southern Butler County yields upward of 65 to 75 million gallons of water per day during summer peak demand season.

One of the production wells supplies raw water to the ion exchange plant. This well pump has a capacity of 1,300 gpm. The other five wells are equipped with 1,750 gpm pumps that pump to the lime-soda plant. Total firm well capacity with the largest well out of service is 8,300 gpm or 11.95 million gpd.

The City, in an attempt to protect groundwater resources, has combined forces with five (5) area water producers in forming the Hamilton-New Baltimore Groundwater Consortium. The result was the development of a joint wellhead protection program, which involved conducting a computer analysis of a forty-three (43) square mile area. The joint wellhead

projection program is one of the most unique protection measures in the nation, primarily due to its inter-jurisdictional cooperation between the various entities involved. The Ohio National Water Works Association has recognized the Consortium as a recent recipient of the state and nation exemplary national wellhead protection awards.

The City is in the process of updating a computerized hydraulic model of the City water distribution systems. The model, originally developed in 1993, applies state of the art technologies in analyzing distribution of water throughout the City's service area, developing a dynamic tool in identifying areas that could be improved by looping and other distribution improvements.

Water Distribution System

The City of Fairfield's water distribution network includes water distribution lines, three booster stations, five water storage facilities, and three pressure reducing valves. The system is divided into three main pressure zones to accommodate elevation differences and to provide adequate water pressure to the customers of Fairfield's water system.

Finished water is pumped from two clearwells; 650,000 gallons at the lime-soda plant and 22,000 gallons at the ion exchange plant. The lime-soda plant clearwell has five 1,700 gpm pumps and the ion exchange plant clearwell has one 1,000 gpm pump and two 500 gpm pumps. From the clearwells, finished water enters the Central Pressure Zone that includes the 1.5 million gallon Winton Road elevated storage tank.

Water from the Central Pressure Zone is pumped to the Hunter/Mack Pressure Zone by the Muskopf Booster Station or the Kay Drive Booster Station and to the Seward Road Pressure Zone by the Route 4 Booster Station. At the Route 4 Booster Station, additional chlorine is added to maintain chlorine residuals in the distribution system tributary to the booster station. Elevated storage in the Hunter/Mack Pressure Zone includes the 3 million gallon Hunter Road Standpipe and the 0.5 million gallon Mack Road elevated storage tank. The Seward Road Pressure Zone is served by two tanks: a 0.5 million gallon elevated storage tank and a new 1.5 million gallon elevated storage tank.

In 1998, the City completed the construction of a 1.5 million gallon storage tank at the site of the existing Seward Road elevated water storage facility. This significantly increased the water available to the Seward Road area from the previous storage capacity of 0.5 million gallon to a total of 2.0 million gallons.

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The following table summarizes the water storage available in the City of Fairfield's water distribution system.

EXISTING WATER STORAGE FACILITIES

Water Storage Description	Storage Capacity (gallons)
Lime-Soda Plant Clearwell	650,000
Ion Exchange Plant Clearwell	22,000
Winton Road Elevated Tank	1,500,000
Hunter Road Standpipe	3,000,000
Mack Road Elevated Tank	500,000
Seward Road Elevated Tanks	2,000,000
Total Storage Available	7,672,000

Existing and Projected Water Demands

Water demands are dependent on the amount of rain that occurs. During dry periods, water consumption increases as lawn watering and other water uses intensify. Variations in the average daily usage can be attributed to differences in annual rainfall quantities. The biggest increase in water production occurs in the summer months when water consumption normally increases. This is when peak daily demands typically occur.

The water production trend at the water treatment plant is steadily increasing. The percent increase in water production is slightly less than the percent increase in the number of customers that may be the result of water saving activities by the customers.

Currently, the City has water production capacity of 10.5 million gallons per day; the average daily water demand in 2006 was 5.04 million gallons per day.

The maximum monthly average water production occurred in July 1997 at 9.96 mgd. In August, 1997, a single day peak water production of 9.2 mgd was recorded. The previous single day peak was 7.8 mgd in August 1988. The peak day and maximum monthly water productions were preceded by periods of little or no rainfall.

The growth and development occurring in Fairfield has resulted in the average water production steadily increasing since the early 1970's.

Customers

In 2006, the City water system served a total of 12,887 customers. Between 2000 and 2006 the total number of water customers increased by 844 customers. On average, the number of water customers has increased by 120 each year since 2000.

The ten largest water users of the System in 2006 were as follows:

	Name of Customer	Water Usage (Gallons)	Percentage of System-Wide Water Usage
1.	Koch Poultry	89,240,000	5.65%
2.	Villages of Wildwood	79,460,000	5.03
3.	Fath Properties	37,870,000	2.40
4.	Mercy Health Partners	28,160,000	1.78
5.	Woodsfield Apts	25,650,000	1.62
6.	Cincinnati Financial	17,960,600	1.13
7.	Today Homes	14,420,000	.91
8.	Cobblestone Grove	11,633,000	.74
9.	Tri City Extended Care	11,230,000	.71
10.	Skyline Chili	10,069,000	.64

The total gallons billed to the remainder of Customers in the water system for 2006 was 1,439,537,704 gallons, for a total system usage of 1,765,230,304 gallons.

A comparison of the consumption of the top ten water customers to the production of the entire Fairfield water system for 2006 is set forth below.

Water System Production, 2006 - Top Ten Users vs. Entire System

	Top Ten Customers	Entire System
Number of Customers	10	12,887
Billed Production 2006	325,692,600	1,765,230,304
Percent of System	18.45%	100%

Rates. The City of Fairfield has exclusive jurisdiction over rates, operations and services of the water system within the City's service boundaries. The City establishes rates and charges for working capital requirements, operations and maintenance expenses, debt service and sufficient surplus to permit the issuance of bonds on favorable terms to the City. The rates are approved by City Council and no other federal, state, county or regulatory agency has jurisdiction over the rates charged.

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The City's water system charges include an expansion fee and a usage fee. The water use charges have been in effect since January 1, 1985.

WATER EXPANSION FEES

Water Meter Size	ERU's	Fee
¾"	1.0	$800
1"	1.4	1,120
1 - 1½"	1.8	1,596
2"	2.9	2,320
3"	11.0	8,800
4"	14.0	11,200
5"	21.0	16,800
6"	29.0	23,200

The City has established a separate water expansion fee for water services specific to irrigation, process water, fire suppression, and other non-sanitary disposals uses. These services have a special water meter in addition to the water meter to the building. The following table shows these water expansion fees:

SPECIAL WATER EXPANSION FEES

Service Size	Expansion Fee
¾ - 1"	$625
1½ - 4"	1,000
Greater than 4"	1,250

Collected water expansion fees are deposited into the City's Water Expansion Fund. This fund is used to finance improvements to the water treatment and distribution system.

Water usage fees are collected monthly and are based on the actual quantity of water used by a customer. These are summarized in the following table:

MONTHLY USER FEES

		First		Over	
Meter Size	Minimum Charge	(gal)	Rate*	(gal)	Rate*
¾"	$7.05	3,000	$2.35	3,000	$1.80
1"	14.10	6,000	2.35	6,000	1.80
1½"	23.50	10,000	2.35	10,000	1.80
2"	47.00	20,000	2.35	20,000	1.80
3"	105.75	45,000	2.35	45,000	1.80
4"	188.00	80,000	2.35	80,000	1.80
6"	423.00	180,000	2.35	180,000	1.80
8"	564.00	240,000	2.35	240,000	1.80

*Rates are $ per 1,000 gallons

The City's water rate structure charges $2.35/1,000 gal for the minimum gallons specified for each meter size. Water used over the specified minimum amount is charged at $1.80/1,000 gallons.

No rate increases are forecast at the present time.

Billing. Customers of the System are billed monthly by the City. Meters are read monthly with water usage based on water meter readings.

Customers have 20 days from the date their bill is rendered to make payment. If not paid in 20 days, a 10% penalty is added to the bill. A shut off notice is given after 30 days.

Accounting Methods. The System (Operating Fund) operates day-to-day on a cash basis of accounting. For reporting purposes, in the Comprehensive Annual Financial Report of the City, the accounting records are converted to the accrual basis. The cash basis recognizes revenue when it is received and expenses when they are paid. The accrual basis recognizes revenue when it is earned and expenses in the period incurred.

Comparative Rates of Nearby Water System. Based upon current water rates in the City, the typical quarterly residential water bill is approximately $45.45 based on three months water usage of 22,500 gallons. This represents a rate fairly comparable to other cities in the Fairfield area.

COMPARABLE AVERAGE QUARTERLY WATER RATES

Fairfield	**$45.45**
Fairborn	57.90
Englewood	59.16
Hamilton	58.80
Sidney	67.84
Middletown	66.74
Lebanon	73.80
Eaton	96.69
Yellow Springs	96.30
Monroe	104.55

Source: City of Oakwood, Ohio, Annual Water & Sewer Rate Survey, March 1, 2007.

Historical Financial Comparison. The expenditures and receipts (cash reports) of the water system for the last five years were as follows:

	2002	2003	2004	2005	2006
REVENUES					
Water Usage Charges	$3,335,163	$3,194,256	$3,346,946	$3,408,160	$3,527,494
Other Revenue	44,979	29,630	16,968	43,112	20,667
Interest Income	81,442	68,470	66,024	48,810	116,051
Total Revenues	$3,461,584	$3,292,356	$3,429,938	$3,500,082	$3,664,212
Expenditures					
Billing and Collections	$ 148,919	$162,982	$153,432	$153,632	$180,779
Administration	128,495	147,548	152,214	170,733	182,975
Supervision	271,509	313,710	355,633	329,628	292,029
Water Plant	1,246,203	1,232,609	1,309,621	1,295,254	1,363,205
Collection	921,364	1,001,128	838,133	811,995	830,863
Total Operating Expenditures	$2,716,490	$2,857,977	$2,809,033	$2,761,242	$2,849,851
Revenue over Expenditures	$745,094	$434,379	$620,905	$738,840	$814,361
Revenue Bond Debt Service					
Payment of Interest - Bonds	$279,875	$258,912	$229,010	$204,263	$169,610
Payment of Principal - Bonds	485,000	510,000	535,000	565,000	225,000
Total Revenue Bond Debt Service	$764,875	$768,912	$764,010	$769,263	$394,610
OWDA Loan	$210,470	$104,193	-	-	-
Coverage All Debt	0.76	0.50	0.81	0.96	2.06
Revenues Over Expenditures	($230,251)	($438,726)	$(143,105)	$(30,423)	$419,751

Source: Unaudited Financial Statements of the City.

Fund balances of the System for 2006 were as follows:

	Water Bond And Interest Fund	Water Bond Redemption Fund	Water Replacement & Improvement Fund	Water Surplus Fund	Water Expansion Fund	Trust	Total
Beginning Cash Balance - 1/1/06	$694,479	$437,507	$1,586,645	$3,024,171	$1,372,989	$124,598	$7,240,389
Non-Operating Income (Expense)							
Interest Revenue	$40,891	$16,423	$61,028	$83,800	$57,893	$0	$260,035
Grants							
Permits					50,976		50,976
Deposits for Service							
Sale of Assets				1,250			1,250
Total Operating Revenues	$40,891	$16,423	$61,028	$85,050	$108,869	$0	$312,261
Operating Expenses							
Audit & Trustee Expenses	$0	$0	$0	$25,748	$10,775	$0	$36,523
Interest Expense	7,000						7,000
Payment of Debt	394,610						394,610
Refunds						38,567	38,567
Capital Outlay				342,743			342,743
Total Operating Expenses	$401,610	$0	$0	$368,491	$10,775	$38,567	$819,443
Income Before Operating Transfer	$333,760	$453,930	$1,647,673	$2,740,730	$1,471,083	$86,031	$6,733,207
Transfers In	$406,053					$43,275	449,328
Transfers Out							
Ending Cash Balance 12/31/06	$739,813	$453,930	$1,647,673	$2,740,730	$1,471,083	$129,306	$7,182,535

Required Bond Account Balances

Under the Trust Agreement by and between City of Fairfield, Ohio and The Fifth Third Bank, as Trustee for the $3,380,000 Waterworks System Revenues Bonds, Series 1992, dated October 15, 1992, as supplemented by the First Supplemental Trust Agreement by and between the City of Fairfield, Ohio and The Fifth Third Bank, as Trustee for the $4,995,000 Waterworks System Revenue Bonds, Series 1998, February 1, 1998, the City is required to maintain a Debt Service Reserve Account for each outstanding waterworks system revenue bond issue; a system-wide Replacement and Improvement Account and a system-wide Surplus Account. The funds in the Debt Service Reserve Accounts are only to be used to make debt service payments on the outstanding bonds if there are insufficient funds in the Bond Account. The Replacement and Improvement Account can be used to make repairs and improvements to the system. Money expended from the Replacement and Improvement Account must be replaced in monthly increments until the required balance is achieved. There is no required balance for the system-wide surplus account and the money can be expended for any water purpose. The following table lists the amounts retained in each of those accounts as of December 31 for the last five years and as of June 30, 2006.

	1992 Debt Service Reserve Account	1998 Debt Service Reserve Account	System Replacement and Improvement Account	Surplus Account
Required Balance	$374,605	$396,103	$338,000	N/A
Actual Balance for Years				
2002	$338,000	$400,428	$1,472,683	$3,764,542
2003	338,000	396,102	1,522,944	3,565,708
2004	339,753	396,454	1,546,521	3,065,077
2005	0*	405,373	1,586,645	3,024,171
2006	0*	402,340	1,614,176	2,878,735
June 30, 2007	0*	453,930	1,665,359	2,539,773

*Remaining balance in Reserve account was transferred to bond account for payment of last year of debt service.

PROFILE OF THE CITY SEWER SYSTEM

History and Background. The present Fairfield wastewater treatment plant was initially constructed in 1967 to serve the original residents of the City. The initial plant was an activated sludge facility. The capacity was 2.0 million gallons per day.

Growth and development in the community continued to place increasing demands on the sewer system and expansions were necessary in 1974, which included expanding primary and secondary treatment facilities and adding tertiary facilities. In 1987, secondary clarifiers were added, increasing plant capacity to 6.0 million gallons per days. In 1999, treatment capacity was increased to the current level of 10 million gallons per day.

Existing Facilities. The collection system consists of approximately 175 miles of sewer main, ranging in age from 1 to 32 years. The average daily discharge through the system in 2006 was ___ million gallons.

Directors Findings and Orders with Ohio Environmental Protection Agency. On February 27, 1992, the Director of the Ohio Environmental protection Agency ("OEPA") issued Findings and Orders against the City in regards to unauthorized discharges from the sanitary sewer system during periods of excessive rain. The Findings and Orders required that the City prepare a master plan for improvements in the collection system and the Wastewater Treatment Plant to handle excessive flows to ensure that no overflows would occur in a rainfall event with a ten (10) year or less intensity. (The City was required to meet the conditions of the Findings and Orders by April 3, 1999.) In addition, the findings and Orders imposed a civil penalty in the amount of $25,000 for prior previous unauthorized discharges. The City met all deadlines for compliance imposed on the OEPA in the Findings and Orders. The improvements to abate sanitary sewer overflows were completed in March 1999, which brought the sewer system into full compliance. Improvements to the Wastewater Treatment Plant increased capacities to 10-mgd for treatment, and 15-mgd hydraulic flow capacity.

Customers

In 2006, the City sewer system served a total of 12,873 customers. The ten largest sewer users on the Fairfield sewer system in 2006 were as follows:

	Name of Customer	Sewer Usage (Gallons)	Percentage of System-Wide Sewer Usage
1.	Koch Poultry	89,240,000	5.65%
2.	Villages of Wildwood	79,460,000	5.03
3.	Fath Properties	37,870,000	2.40
4.	Mercy Health Partners	28,160,000	1.78
5.	Woodsfield Apts	25,650,000	1.62
6.	Cincinnati Financial	17,862,600	1.13
7.	Today Homes	14,420,000	.91
8.	Cobblestone Grove	11,633,000	.74
9.	Tri City Extended Care	11,230,000	.71
10.	Skyline Chili	10,056,000	.64

The total gallons billed to the remainder of Customers in the Sewer System for 2006 was 1,253,018,001 gallons, for a total system usage of 1,578,599,601 gallons.

A comparison of the production of the top ten sewer customers to the production of the entire Fairfield sewer system for 2006 is set forth below.

Sanitary Sewer Production, 2006 - Top Ten Users vs. Entire System

	Top Ten Customers	Entire System
Number of Customers	10	12,873
Billed Production 2006	325,581,600	1,578,599,601
Percent of System	20.62%	100%

Rates. The City of Fairfield has exclusive jurisdiction over rates, operations and services of the waste water system within the City's service boundaries. The City establishes rates and charges for working capital requirements, operations and maintenance expenses, debt service and sufficient surplus to permit the issuance of bonds on favorable terms to the City. The rates are approved by City Council and no other federal, state, county or regulatory agency has jurisdiction over the rates charged.

The following table shows the recent and future rates and rate increases applicable to the sewer system:

Effective Date	January 2002	January 2003	January 2004	January 2005	January 2006	January 2007
Base monthly charge	$7.08	$7.08	$8.19	$8.19	$8.61	$
User charge/1,000 gallons	2.48	2.60	2.73	2.73	2.87	3.01
Percent increase	5.1%	4.8%	5.0%	---	5.1%	%

Billing. Customers of the wastewater treatment system are billed monthly by the City. Meters are read quarterly and estimated in other months, with sewer usage based on water meter readings.

Customers have 20 days from the date their bill is rendered to make payment. If not paid in 20 days, a 10% penalty is added to the bill. A shut off notice is given after 30 days.

Accounting Methods. The Sewer System (Sewer Revenue Fund) operates day-to-day on a cash basis of accounting. For reporting purposes, in the Annual Financial Report of the City, the accounting records are converted to the accrual basis. The cash basis recognizes revenue when it is received and expenses when they are paid. The accrual basis recognizes revenue when it is earned and expenses in the period incurred.

Comparative Rates of Nearby Sewer Systems. Based upon current sewer rates in the City, the typical quarterly residential sewer bill is approximately $67.74, for a quarterly usage of 22,500 gallons. This represents a rate fairly comparable to other cities in the Fairfield area.

COMPARABLE AVERAGE QUARTERLY SEWER RATES

Tipp City	$51.48
Fairfield	**67.74**
Franklin	74.11
Sidney	68.09
New Carlisle	95.64
Carlisle	63.69
Springfield	91.77
Piqua	88.47
Beavercreek	138.21

Source: City of Oakwood Finance Department, Year 2007 Annual Water & Sewer Rate Survey Sewer Cost

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Historical Financial Comparison. The expenditures and receipts (cash reports) of the sewer system for the last five years were as follows:

	2002	2003	2004	2005	2006
Revenues					
Sewer Charges	$4,036,153	$4,029,140	$4,442,455	$4,676,4582	$4,806,008
Other Revenue	45,007	2,251	399	74,065	477
Interest Income	57,683	59,834	26,368	21,667	46,626
Total Revenues	$4,138,843	$4,091,225	$4,469,222	$4,772,184	$4,853,081
Expenditures					
Billing and Collections	$628,371	$549,238	$594,225	$788,079	$895,701
Administration	131,111	140,437	145,253	142,594	151,070
Supervision	351,362	387,051	439,587	397,694	404,214
Plant	1,302,277	1,309,975	1,405,628	1,340,282	1,414,522
Collection	615,895	661,577	704,808	698,256	733,889
Total Operating Expenditures	$3,029,016	$3,048,278	$3,289,501	$3,366,905	$3,599,396
Revenue over Expenditures	$1,109,827	$1,042,947	$1,179,721	$1,405,279	$1,253,685
OWDA Loans/GO Notes*					
Payment of Interest – Bonds	$ 476,093	$473,759	$437,411	$429,565	$ 369,753
Payment of Principal – Bonds	654,789	556,134	578,808	602,406	626,966
Total Revenue Bond Debt Service	$1,130,882	$1,029,893	$1,016,219	$1,031,971	$996,719
Coverage All Debt	0.98	1.01	1.16	1.36	1.26
Revenues Over Expenditures	($21,055)	$13,054	$163,502	$373,308	$356,966

Source: Unaudited Financial Statements of the City.

* These obligations are loans from the Ohio Water Development Authority and are not covered by any trust indenture. The City currently has no sewer obligations covered by an indentured pledge of the sewer revenues.

Fund balances of the System for 2006 were as follows:

	Sewer Bond* and Interest Fund	Sewer Bond Redemption Fund	Sewer Replacement & Improvement Fund	Sewer Surplus Fund	Sewer Expansion Fund	Total
Beginning Cash Balance - 1/1/06	$220,253	$57,890	$892,852	$246,559	$3,287,417	$4,704,971
Operating Revenues						
Non-Operating Income (Exp)						
Interest Revenue	$3,809	$143,697	$36,197	$3,938	$110,860	$ 298,501
Grants						
Permits					99,021	99,021
Miscellaneous Revenue						
Total Non-Operating Income (Exp)	$3,809	$143,697	$36,197	$3,938	$209,881	$397,522
Operating Expenses						
Audit & Trustee Expenses	$7,808	$0	$0	$90,913	$110,280	$209,001
Interest Expense						
Payment of Debt	2,157,257	198,330				2,355,587
Refunds						
Capital Outlay				374,438	907,617	1,282,055
Total Operating Expenses	$2,165,065	$198,330	$0	$465,351	$1,017,897	$3,846,643
Income Before Operating Transfers						
Transfers In	$1,996,719			$215,000		$2,211,719
Transfers Out					1,001,690	1,001,690
Ending Cash Balance 12/31/06	$55,716	$3,257	$929,049	$146	$1,477,711	$2,465,879

*The City currently has no sewer revenue debt outstanding.

CITY DEBT AND OTHER LONG TERM OBLIGATIONS

The following describes statutory and constitutional debt and ad valorem property tax limitations applying to the City, and presently outstanding and projected bond and note indebtedness and certain other long- term financial obligations of the City.

In recent years the City has issued a number of industrial revenue bond issues. No schedule for these bonds is provided because such bonds do not represent an obligation of the City. These bonds are payable solely from rentals and other revenues derived from the lease, sale or other disposition of the projects financed thereby.

No bonds have been authorized by the electors that have not yet been issued.

The City is not and has never been in default on any of its debt obligations.

Statutory Direct Debt Limitations

The Revised Code provides that the aggregate principal amount of voted and unvoted "net indebtedness" of a municipal corporation, such as the City, may not exceed 10½% of the total value of all property in such municipal corporation as listed and assessed for taxation, and that the aggregate principal amount of unvoted "net indebtedness" of such municipal corporation may not exceed 5½% of such value.

In calculating "net indebtedness," the Revised Code provides that certain obligations of a municipality are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Financial Statement attached as Appendix C.)

Other infrequently issued types of obligations are also excluded from the calculation of net indebtedness; the City has no such obligations outstanding. Notes issued in anticipation of bonds excluded from the calculation of net indebtedness are also excluded from such calculation. In calculating net indebtedness, amounts in a county's bond retirement fund allocable to the principal amount of bonds otherwise included in the amount of net indebtedness are deducted from the total net indebtedness of such municipality.

Appendix C of this Annual Statement is a Financial Statement for the City, certified by the Finance Director, calculating the amount of the outstanding obligations of the City which are subject to the total direct debt limit (10½% limit) and the unvoted direct debt limit (5½% limit). The total principal amount of voted and unvoted general obligation debt that could be issued by the City, subject to the 10½% total direct debt limitation is $110,297,598 and the City's net debt subject to such limitation presently outstanding is $27,505,000 leaving a balance of approximately $82,792,598 borrowing capacity issuable within such limitation on combined voted and unvoted non-exempt dThe total unvoted City general obligation debt that could be issued subject to the 5½% unvoted direct debt limitation is $57,774,932. The net City debt subject to such limitation presently outstanding is $27,505,000; leaving a balance of approximately $30,269,932 of additional unvoted non-exempt debt that could be issued by the City under such 5½% limitation.

However, as described below, the City's ability to incur debt in these amounts is restricted by the indirect debt limitation. In the case of unvoted general obligation debt, both the direct and the indirect debt limitations must be met.

Indirect Debt Limitations and Overlapping Debt

Although the Ohio Constitution does not impose any direct restraint on the amount of debt that may be incurred by a municipality, it does indirectly impose a debt limitation on unvoted bonds because of the ten-mill tax limitations (Article XII, Section 2 of the Ohio Constitution), and a mandatory duty to provide for the levy of taxes to pay bonded debt (Article XII, Section 11 of the Ohio Constitution). The two constitutional provisions operate as a debt limit on unvoted bonds.

In determining whether or not unvoted bonds may be issued within the constitutional or indirect debt limit the outstanding unvoted bonded indebtedness of all overlapping political subdivisions and not only the debt of the issuing municipality must be considered. Since the constitutional debt limit results from tax limitations and the requirement to levy taxes to pay bonds, it has application only to debts which are payable from taxes either initially or in the event other non-tax revenues pledged prove to be insufficient. It does not have any application where the type of bonds being issued do not pledge the credit of the municipality or when bonds are payable solely out of the revenues of non-tax sources, such as utility income; nor does this limitation apply to mortgage revenue bonds.

Unlike the statutory debt limitations, the test for applying the indirect or constitutional limitations may not be expressed in terms of a percentage of tax valuation. The amount of bonds that may be issued under the indirect limitations is determined by whether the aggregate combined amount required for principal and interest on the proposed bonds in a given year is greater than the number of dollars that will be produced by a tax levy equal to the millage available. The millage available is determined by subtracting from ten (10) mills the number of mills required for unvoted outstanding general obligation bonds issued by the issuing municipality and all other political subdivisions that overlap the municipality. It is important to understand that in arriving at the available millage as far as the indirect debt limitation is concerned, it is not the millage that is actually being used to pay debt requirements; rather it is the millage that could be required to pay all existing debt subject to the constitutional or indirect limitations and the millage that could be required to retire the proposed issue.

The Fairfield City School District, the Joint Vocational School and the County of Butler, which overlap the City, are separate political subdivisions with operating and debt service funding separate from that of the City.

The Board of Education of the said school district cannot incur more than one-tenth of one percent of their assessed valuations as general obligation debt without majority approval of the voters. A board of education may request voter approval of general obligation debt not in excess of nine per centum (9%) of the assessed valuation of the school district. Under Ohio law, before seeking voter approval, a board of education is required under certain circumstances to receive the consent of the Ohio Department of Taxation and the State Superintendent of Public Instruction in accordance with policies adopted by the State Board of Education.

The Board of County Commissioners of the County of Butler, Ohio, cannot incur unvoted general obligation debt in excess of one percent of its assessed valuation, which debt must be included with voted county debt against an overall county debt limitation of three per centum (3%) of the first one hundred million dollars ($100,000,000) of its assessed valuation, plus one and one-half per centum (1½%) of the next two hundred million dollars ($200,000,000), plus two and one-half per centum (2½%) of all in excess of three hundred million dollars ($300,000,000). However, the board of county commissioners may authorize general obligation revenue or special assessment supported bonds for utilities and certain other purposes, which are exempt from unvoted debt limitations to the extent net revenues or assessments service such general obligation bonds. Such obligations are subject to the indirect tax or ten-mill limitation described above.

Appendix D of this Annual Statement is the most recent Ten-Mill Certificate, certified by the Butler County Auditor as of July 23, 2007, calculating the required tax rate, in mills, required to pay debt service for unvoted general obligation debt of the City and its overlapping political subdivisions for the fiscal year in which the debt service will be the highest. The Ten-Mill Certificate indicates all unvoted general obligation debt of the City and its overlapping subdivisions, require 4.3163 mills to be levied (2.6473 mills of which are attributable to the City), if the debt is not paid from other revenues, leaving 5.6837 mills of unused debt capacity under the direct limitation to the City and its overlapping political subdivisions for the issuance of additional unvoted general obligation debt.

The net overall debt for the City and its overlapping subdivisions is set forth in Debt Table A.

Debt Table A
Fairfield Debt and Overlapping Debt
September 7, 2007

Net Debt of City	$27,505,000
Per Capita City Debt	$650
City Debt as a percentage of Tax Valuation	2.61%
Net Overlapping Debt (all political subdivisions)	$62,235,204
Per Capita Overlapping Debt	$1,471
Overlapping Debt as a percentage of Tax Valuation	5.91%

Source: Ohio Municipal Advisory Council (net overlapping debt information)

Bond Anticipation Notes

Under Ohio law applicable to the City, notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds may be issued from time to time up to a maximum maturity of 20 years from the date of issuance of the original notes (except for notes issued in anticipation of special assessments, for which the maximum maturity is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of such notes must be retired in amounts at least equal to and payable not later than principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period.

As of August 1, 2007, $12,200,000 of the debt of the City was in the form of general obligation bond anticipation notes, (as listed in Debt Table B). Such bond anticipation notes may be retired at maturity from one or a combination of sources: available funds of the City, the proceeds of the sale of the bonds anticipated by such notes, or the proceeds of the sale of renewal notes.

The ability of the City to retire its outstanding bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing. Under Ohio law, the greater of ten and one-half percent or one percent below the base rate for advances and discounts to member banks in effect at the Federal Reserve Bank in the Second Federal Reserve District on its third business day preceding the day of adoption of the ordinances or resolution providing for the issuance of the bonds, notes or other obligations, is the highest annual interest rate permitted on general obligation bonds and notes of the City.

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Water Pollution Loans

The City applied for five loans totaling approximately $13.9 million from the Water Pollution Loan Fund for improvements to the City Wastewater System. The City has received $13,994,545 under the terms of five loans. The loans will be repaid over a twenty-year period which began in 1997. The interest rates on the loans is 4.04% for the first two loans, 4.12% for the third and fourth loans, and 3.79% for the fifth loan. The City will continue to receive moneys from the loan fund under the terms of the four loans over the next year during construction of the projects. These loans are being administered by the Ohio Water Development Authority.

Debt Currently Outstanding

Debt Table B lists the current outstanding indebtedness of the City in the form of bonds and notes:

Debt Table B
Principal Amount of Debt Outstanding
as of August 1, 2007

GENERAL OBLIGATION BONDS

Date of Issue	Purpose	Original Amount of Issue	Interest Rate	Coupon Maturity	Final Bond	Amount Outstanding
09/01/86	Justice Center	$1,000,000	7.00%	J1 - D1	12/1/07	$50,000
03/01/90	Fire Station	1,000,000	6.90%	J1 - D1	12/1/10	315,000
05/01/99	Various Purpose	4,500,000	4.40-4.60%	J1 - D1	12/1/19	3,150,000
05/15/02	Various Purpose	6,800,000	4.00-4.90%	J1 - D1	12/1/21	5,160,000
07/01/03	Community Center	7,500,000	2.00-4.20%	J1 - D1	12/1/23	6,630,000
		$20,800,000				$15,305,000

SEWER AND WATER REVENUE BONDS

Date of Issue	Purpose	Original Amount of Issue	Interest Rate	Coupon Maturity	Final Bond	Amount Outstanding
02/01/98	Waterworks System	$4,995,000	3.70-5.05%	J1 - D1	12/1/17	$3,280,000

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SPECIAL ASSESSMENT BONDS

Date of Issue	Purpose	Original Amount of Issue	Interest Rate	Coupon Maturity	Final Bond	Amount Outstanding
12/01/02	Sidewalk*	18,927	5.00	J1 - D1	12/1/07	$4,000
12/01/03	Sidewalk*	52,904	5.00	J1 - D1	12/1/08	22,000
12/01/04	Sidewalk*	22,120	5.00	J1 - D1	12/1/09	13,272
12/01/05	Sidewalk*	15,833	5.00	J1 - D1	12/1/10	12,668
12/01/06	Sidewalk*	9,086	5.00	J1 – D1	12/1/11	9,086
		$616,018				$61,026

*These bonds are held by the City Treasury

BOND ANTICIPATION NOTES

Payable by renewal notes, levy of special assessments or surplus utility system revenues and/or bonds issued in anticipation of the collection of special assessments, revenue bonds or general obligation-revenue supported bonds.

Original Date of Issue	Date of Issue	Purpose	Original Amount of Issue	Interest Rate	Maturity Date	Amount Outstanding
11/05/02	08/30/06	Wastewater System Improv.	$3,000,000	3.85%	08/30/07	$3,000,000
05/05/05	11/01/06	Mun. Court Police Serv. Bldg.	7,000,000	4.25	11/01/07	7,000,000
12/07/06	12/07/06	Golf Course Improv.	2,200,000	4.00	12/06/07	2,200,000
			$12,200,000			$12,200,000

OWDA LOANS

Original Date of Issue	Date of Issue	Purpose	Original Amount of Issue	Interest Rate	Maturity Date	Amount Outstanding
1/1/97	1/1/97	OWDA Loan 1	$6,814,444	4.04%	7/1/17	$4,094,883
1/1/97	1/1/97	OWDA Loan 2	2,833,299	4.04	7/1/17	1,693,898
1/1/97	1/1/97	OWDA Loan 3	539,746	4.12	7/1/17	328,319
1/1/98	1/1/98	OWDA Loan 4	2,566,849	4.12	7/1/18	1,708,925
1/1/99	1/1/99	OWDA Loan 5	1,240,207	3.79	7/1/19	868,473
			$13,994,545			$8,694,498

These contracts are not bonded debt obligations of the County under Chapter 133 of the Ohio Revised Code, and are therefore not considered to count against the debt limitations.

Debt Table C-1

SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS
AUGUST 1, 2007
BY PRINCIPAL ONLY

DATE	BOND ANTICIPATION NOTES*	GENERAL OBLIGATION BONDS	REVENUE BONDS	SPECIAL ASSESSMENT BONDS	OWDA LOANS	TOTAL	% OF PRINCIPAL REMAINING
12/31/07	$370,000	$980,000	$235,000	$24,477	$0	$1,609,477	$95.93%
12/31/08	385,000	965,000	245,000	20,391	691,520	2,306,911	90.10%
12/31/09	410,000	1,000,000	255,000	9,391	719,716	2,394,107	84.04%
12/31/10	425,000	1,045,000	265,000	4,967	749,061	2,489,028	77.75%
12/31/11	450,000	995,000	280,000	1,800	779,604	2,506,404	71.41%
12/31/12	470,000	1,035,000	295,000	0	811,393	2,611,393	64.80%
12/31/13	495,000	1,085,000	310,000	0	844,478	2,734,478	57.89%
12/31/14	520,000	1,125,000	325,000	0	878,913	2,848,913	50.68%
12/31/15	545,000	1,180,000	340,000	0	914,752	2,979,752	43.15%
12/31/16	570,000	1,235,000	355,000	0	952,054	3,112,054	35.28%
12/31/17	600,000	875,000	375,000	0	990,877	2,840,877	28.09%
12/31/18	635,000	915,000	0	0	273,900	1,823,900	23.48%
12/31/19	660,000	595,000	0	0	88,230	1,343,230	20.08%
12/31/20	695,000	620,000	0	0	0	1,315,000	16.75%
12/31/21	730,000	645,000	0	0	0	1,375,000	13.28%
12/31/22	770,000	495,000	0	0	0	1,265,000	10.08%
12/31/23	805,000	515,000	0	0	0	1,320,000	6.74%
12/31/24	845,000	0	0	0	0	845,000	4.60%
12/31/25	890,000	0	0	0	0	890,000	2.35%
12/31/26	930,000	0	0	0	0	930,000	0.00%
12/31/27	0	0	0	0	0	0	0.00%
TOTALS	$12,200,000	$15,305,000	$3,280,000	$61,026	$8,694,498	$39,540,524	

* DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED AUGUST 1, 2007, FIRST INTEREST DECEMBER 1, 2007, FIRST MATURITY DECEMBER 1, 2007, LAST MATURITY DECEMBER 1, 2026, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON

Debt Table C-2

SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS
AUGUST 1, 2007
BY TOTAL DEBT SERVICE

DATE	BOND ANTICIPATION NOTES*	GENERAL OBLIGATION BONDS	REVENUE BONDS	SPECIAL ASSESSMENT BONDS	OWDA/ OPWC LOANS	TOTAL	% OF PRINCIPAL REMAINING
12/31/06	$573,333	$1,293,405	$314,799	$26,002	$0	$2,207,539	95.94%
12/31/07	976,500	1,554,080	394,023	22,218	1,035,328	3,982,149	88.62%
12/31/08	982,250	1,552,745	392,875	10,199	1,035,328	3,973,397	81.32%
12/31/09	976,750	1,559,365	391,018	5,305	1,035,328	3,967,766	74.02%
12/31/10	980,500	1,467,965	393,563	1,890	1,035,328	3,879,245	66.89%
12/31/11	978,000	1,466,965	395,263	0	1,035,328	3,875,555	59.76%
12/31/12	979,500	1,473,875	396,103	0	1,035,328	3,884,805	52.62%
12/31/13	979,750	1,470,883	395,448	0	1,035,328	3,881,408	45.49%
12/31/14	978,750	1,479,808	394,035	0	1,035,328	3,887,920	38.34%
12/31/15	976,500	1,485,318	391,865	0	1,035,328	3,889,010	31.19%
12/31/16	978,000	1,072,260	393,938	0	1,035,328	3,479,525	24.79%
12/31/17	983,000	1,075,355	0	0	285,524	2,343,879	20.48%
12/31/18	976,250	716,228	0	0	90,746	1,783,223	17.20%
12/31/19	978,250	716,408	0	0	0	1,694,658	14.09%
12/31/20	978,500	714,978	0	0	0	1,693,478	10.98%
12/31/21	982,000	537,173	0	0	0	1,519,173	8.18%
12/31/22	978,500	536,630	0	0	0	1,515,130	5.40%
12/31/23	978,250	0	0	0	0	978,250	3.60%
12/31/24	981,000	0	0	0	0	981,000	1.80%
12/31/25	976,500	0	0	0	0	976,500	0.00%
12/31/26	0	0	0	0	0	0	0.00%
TOTALS	$19,172,083	$20,173,438	$4,252,926	$65,615	$10,729,549	$54,393,611	

* DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED AUGUST 1, 2007, FIRST INTEREST DECEMBER 1, 2007, FIRST MATURITY DECEMBER 1, 2007, LAST MATURITY DECEMBER 1, 2026, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON

FUTURE FINANCING

Over the next year the City intends to investigate rolling over one or all of our Bond Anticipation Notes into a General Obligation Bond issue. The City does not anticipate any major capital projects over the next two years. In 2009 a street improvement project that is possible is increasing the number of lanes on Route By-Pass 4 to 4 lanes. The funding for this project has not been discussed as the project is still pending.

Long Term Obligations Other Than Bonds and Notes. The City has no other significant long-term obligations other than its pension obligations discussed below.

EMPLOYERS CONTRIBUTION TO
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Year	Employer's Contribution	Contribution
2002	13.55%	$1,187,230
2003	13.55	1,256,006
2004	13.55	1,352,567
2005	13.55	1,413,818
2006	13.70	1,502,126

City employees are covered by the Public Employees Retirement System (PERS). This system includes both employee and employer payments. The City's contributions are current and fully met as required by law. Annual contributions include provision for reserves to properly fund pension and other benefits payable on account for creditable service. The system is annually evaluated by nationally recognized actuarial consultants.

PERS provides coverage for approximately 374 present full and part-time employees of the City. Currently, employees contribute at a statutory rate of 9% of earnable salary or compensation. As indicated above, the City currently contributes at a rate of 13.85% of the same base, the rate statutorily established for PERS.

The PERS Board has the authority to increase the employee contribution rate up to 10% and the employer rate up to 14%. Benefits for members of PERS are established under state laws.

The City's current year payroll for employees under PERS was $10,964,481. The City's current-year covered payroll for employees under PFDPF was $3,618,774 for Police and $2,517,333 for Fire. The City's payroll for the year ended December 31, 2006 was $18,112,420. The City's annual contribution, which totaled $2,782,313 for 2006 is treated as a current expense and is included in its operating expenditure.

PERS is not presently subject to the funding and vesting requirement of the Employees Retirement Income Security Act of 1974. The Internal Revenue Service is currently reviewing that Act to determine its position as to whether pension funds for public bodies must meet certain provisions of that Act.

P&FDPF provides coverage for approximately 90 full-time employees of the City's police and fire departments, who currently contribute at a statutory rate of 10% of gross earnings. The City currently contributes (for the year 2006) at a rate of 19.5% for police employees and 24% for fire employees. This rate is fixed by the Board of Trustees of the P&FDPF on the basis of actuarial evaluations required by law to be made each year.

The City as made the following contribution to P&FDPF over the last five years:

Year	Amount
2002	$952,086
2003	1,046,570
2004	1,089,263
2005	1,166,304
2006	1,280,187

P&FDPF and PERS are not presently subject to the funding and vesting requirements of the Federal Employee Retirement Income Security Act of 1974, however, such pension funds are complying with review legislation regulating pension funds for public bodies and governments.

LEGAL MATTERS

Litigation

The City is a party to various legal proceedings seeking damages or injunctive relief and generally incidental to its operations but unrelated to any outstanding City debt or the security therefore. The ultimate disposition of these proceedings is not presently determinable but will not, in the opinion of the Law Director (the legal advisor to the City Council), have a material adverse effect on any outstanding City debt or the security therefore.

Bond Counsel

The City retains the legal services of Peck, Shaffer & Williams LLP as Bond Counsel in connection with the issuance of the bonds and notes of the City.

Peck, Shaffer & Williams LLP also serves and has served in a bond counsel capacity for one or more of the political subdivisions that territorially overlap the City.

RATINGS

The City has a rating from Moody's Investors Service, Inc., for its outstanding general obligation bonds. That rating reflects only the views of such rating agency. Any explanation of the significance of the rating may only be obtained from the rating agency. The City furnished to the rating agency certain information and materials, some of which may not have been included in this Annual Statement, relating to the outstanding general obligation bond issues and the City. Generally, the rating agency bases their ratings on such information and materials and investigation, studies and assumptions by the rating agency. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such

downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the City's outstanding obligations.

The City presently expects to furnish such rating agency with information and material that it may request on future general obligation bond issues. However, the City assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of the rating agency's ratings on outstanding general obligation bonds.

At the present time, the City's general obligation bond issues are rated Aa2 by Moody's Investors Service, Inc.

CONTINUING DISCLOSURE

The City plans to meet all of the continuing disclosure requirements to be in compliance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule"). The City enters into a separate Continuing Disclosure Agreement or Certificate for each transaction that is subject to the provisions of the Rule. See the Official Statement circulated for a specific issue for the exact continuing disclosure covenants of each issue.

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CONCLUDING STATEMENT

To the extent that any statements made in this Annual Statement involve matters of opinion or estimates, whether or not expressly stated, these statements are made as such and not as representations of fact or certainty, and no representation is made that any opinions or estimates in these statements will be realized. Information herein has been derived by the City from official and other sources and is believed by the City to be reliable, but such information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

This Annual Statement has been prepared by City of Fairfield under the direction of the Fairfield City Council with the assistance of the Director of Finance.

CITY OF FAIRFIELD, OHIO

By /s/ Mary Hopton
Director of Finance

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT
2005 AND 2006

City of Fairfield, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2006

City of Fairfield, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2006

Prepared By:
Department of Finance
Mary Hopton, Director

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Introductory Section

City of Fairfield

June 30, 2007

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

The Comprehensive Annual Financial Report of the City of Fairfield, Ohio for the fiscal year ended December 31, 2006 is submitted herewith. The Department of Finance prepared the report. The responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the City of Fairfield, specifically with the Department of Finance. We believe that the enclosed data is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. We further believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

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

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

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

CITY OVERVIEW

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

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

Several employers continued on with expansion plans in 2006. During 2006, the Cincinnati Financial Corporation continued construction on a parking garage and a third office tower. This 435,000 sq. ft. office tower is to be completed in late 2007 and will bring over 550 new jobs to the City of Fairfield. In addition, Jungle Jim's International Market and Tedia Corporation expanded their existing operations. The City also welcomed CNT Design & Equipment Company and Duke Corporation purchased 57 acres of land along Union Center Boulevard of which 35 are in the City.

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 2006:

1) In May of 2006, the City completed construction of the new **Municipal Court and Police Services Building** at a cost of $10 million. This building is a 50,033 sq. ft. single-story brick structure and houses both the Municipal Court and Police Departments. It is located across from the Municipal Building and adjacent to the Village Green area.

2) In March of 2006, the City completed the renovation of the old library building into a **Municipal Building Annex** at a cost of $507,882. The Annex houses the City's Income Tax and Information Technology Divisions of the Finance Department.

3) The City of Fairfield received $759,000 in grant funding from the State of Ohio Department for the streetscape enhancement along State Route 4 on the southern end of the City. This project is complete and consists of decorative pavers, plantings, irrigation, modern lighting and entrance signage in the median along the road. The improvement would provide a gateway definition in accordance with the City's Route 4 corridor design and the City's Year 2010 Master Plan. The total project's cost was $1.2 million.

4) The City completed storm sewer expansion and improvement at Happy Valley Drive for $482,421. This expansion will handle the additional drainage that occurs during wet weather and will help alleviate flooding issues in that area.

5) The City completed renovations of office space at the Public Utility's Wastewater Division at a cost of $467,503.

FUTURE PROJECTS

Accomplishments and significant capital projects to look forward to in 2007 include the following:

1) In 2007, the City of Fairfield has contracted with the firm of MSA to redesign the Municipal Building to make more efficient use of the space. The project is estimated to cost $1.8 million and construction will begin during the last quarter of 2007 and continue into 2008.

2) In early 2007, the City of Fairfield demolished the Golf Course Clubhouse and began reconstruction of the new Clubhouse. The cost of this construction is estimated at $2.2 million. The original clubhouse was several decades old and in need of repair. It became apparent when the City added the Community Arts Center in 2005 that the Golf Course Clubhouse building was not up to our new standards. City Council approved the funds in 2006.

3) The Public Utilities Department continues on $3 million in improvements to the wastewater system. These improvements include rebuilding secondary clarifiers to increase hydraulic capacity of the plant, the construction of wet weather relief improvements, the construction of an administration building and the renovation of various lift stations throughout the system.

4) The City has received a $1.734 million grant from the Federal Emergency Management Agency (FEMA) for the purchase and demolition of 11 homes located along Pleasant Run Creek. During 2004, appraisals were made on all the properties where the owner expressed an interest in participating in the voluntary program.

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, 2006.

CASH MANAGEMENT

Excluding investments held by trustees, cash temporarily idle during the year 2006 was invested in State Treasury Asset Reserves or Repurchase Agreements (collateralized by U.S. Treasury Bills). As of year-end, State Treasury Asset Reserves made up 30% of the City's total cash, cash equivalents and investments, Freddie Mac 2%, Federal Home Loan Bank 34%, Fannie Mae 9%, Federal Farm Credit Bank 2% , and demand deposits 23%. Yields on these investment instruments ranged from 1.50% to 4.75% the amount of interest earned during the year was $2,112,069 as compared to $1,375,004 earned in 2005.

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, 2006 was as follows:

2006 Population (Estimated)	**42,370**
Assessed Valuation	**$1,054,591,831**
Total General Obligation (G.O.) Debt	**$27,505,000**
Less Amount Available in Debt Service Fund	**681,787**
Net General Obligation Debt	**$26,823,213**
Ratio of Net G.O. Debt to Assessed Valuation	**2.54%**
Debt per Capita	**$633.07**

The City's total debt at the close of 2006 included the above mentioned $26,823,213 in net General Obligation debt and $11,974,316 in enterprise debt. The City's General Obligation bonds continue to have an excellent rating, which they have carried for the past several years. In 2003, Moody's Investor's Service upgraded the City's bonds to carry an "Aa2" credit rating.

CITY INCOME TAX

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

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

	2006	2005
Allocated to **General Fund**	$16,355,213	$14,898,896
Allocated to **.2% Street Improvement Fund**	2,973,675	2,708,890
Allocated to **.2% Capital Improvement Fund**	2,973,675	2,708,890
Gross Revenues	$22,302,563	$20,316,676

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

RISK MANAGEMENT

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

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairfield for its Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2005. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,
CITY OF FAIRFIELD

Arthur E. Pizzano
City Manager

Mary Hopton
Director of Finance

CITY OF FAIRFIELD
PUBLIC OFFICIALS

MAYOR

Ron D'Epifanio

COUNCIL MEMBERS

Vice Mayor – Mike Snyder

Marty Judd	Mitch Rhodus
Steve Miller	Tim Abbott
Tim Meyers	Mike Oler

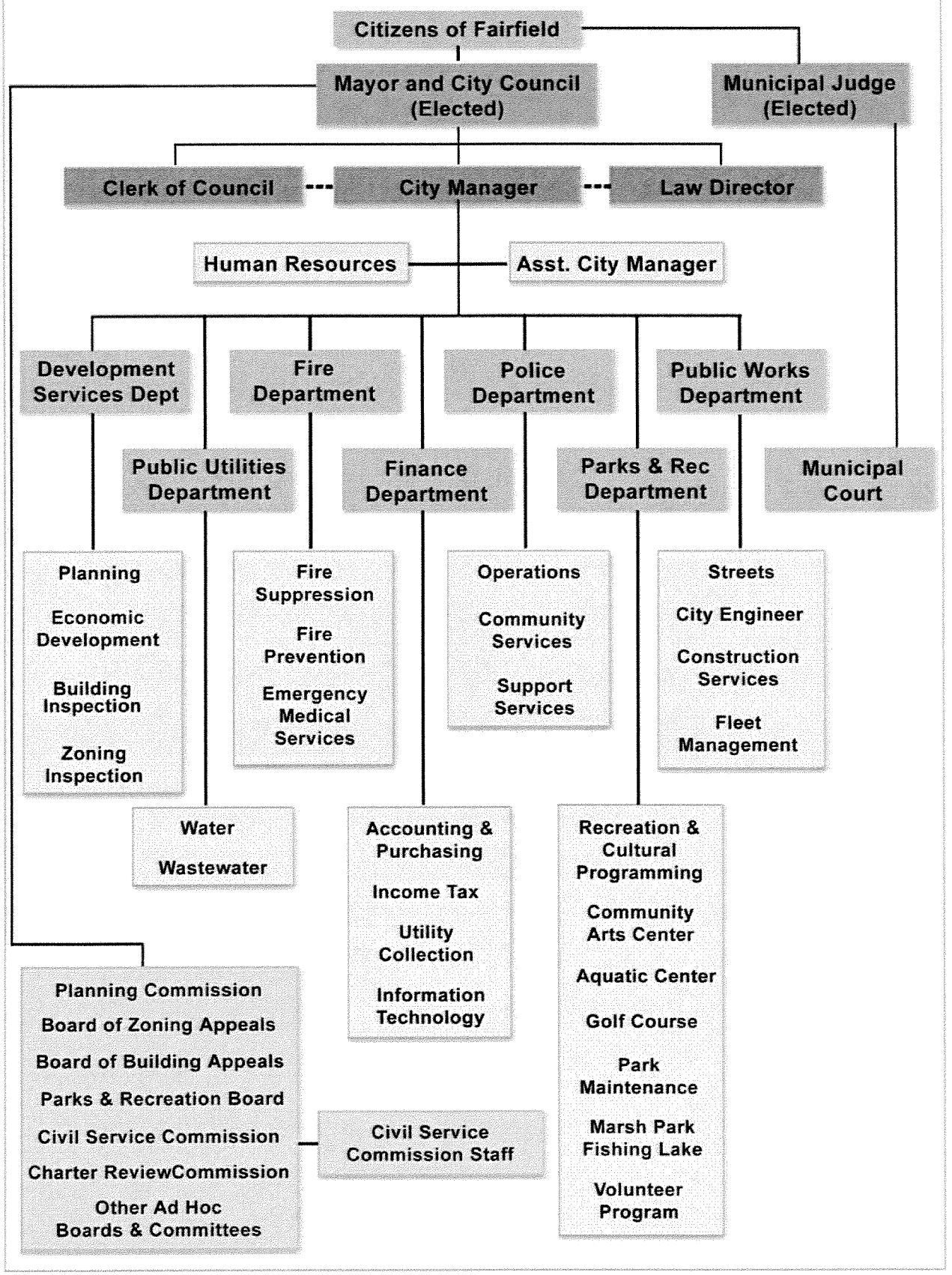
APPOINTED OFFICIALS

City Manager	Arthur E. Pizzano
Assistant City Manager	Dennis R. Stuckey
Director of Finance	Mary Hopton
Director of Law	John H. Clemmons
Director of Public Works	David A. Bock
Director of Parks and Recreation	James Bell
Director of Public Utilities	J. Dwight Culbertson
Director of Development Services	Timothy Bachman
Chief of Police	Michael Dickey
Chief of Fire	Donald Bennett
Clerk of Council	Dena Morsch

DEPARTMENT OF FINANCE

Finance Director	Mary Hopton
Accounting Supervisor	Tina Williams, CPA
Income Tax Administrator	Tom Hedge
Information Technology Manager	Joseph Waldmann
Utility Billing & Collection Manager	Michelle Farthing
Payroll Administrator	Karen Broughton

City of Fairfield, OH
Service Delivery Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fairfield Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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

President

Executive Director

Financial Section

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

City Council
City of Fairfield, Ohio:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3-12 and 56-59, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Clark, Schaefer, Hackett & Co.

Middletown, Ohio
June 26, 2007

City of Fairfield, Ohio

Management's Discussion and Analysis
For The Year Ended December 31, 2006
(Unaudited)

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, 2006. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter and the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased $4,999,756. Net assets of governmental activities increased $4,745,956, net assets of business-type activities increased by $253,800.

- The general fund reported a fund balance of $10,585,076.

- Business-type operations reflected operating loss of $157,715.

- The City issued $7 million in General Obligation Bond Anticipation Notes for the City's new Justice Center, $2.2 million in General Obligation Bond Anticipation Notes for golf course improvements and $3 million in General Obligation Bond Anticipation Notes for improvements to the wastewater treatment plant.

- The City had $36,165,905 in expenses relating to governmental activities; program revenues offset $8,304,723 of these expenses. General revenues of $32,607,138 were also used to provide for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

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

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

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

- Governmental Activities - Most of the City's services are reported here including police, fire, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, building permits and interest finance most of these activities.

- Business-Type Activities - These services include water, sewer, waste collection utilities and the operation of recreation facilities. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

Fund Financial Statements

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

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

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

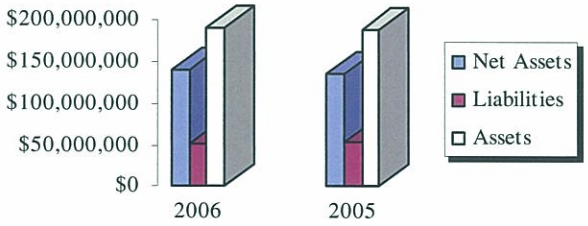
Fiduciary Funds - The City is the fiscal agent for the Municipal Court and Warranty Bonds. The City's fiduciary responsibility is reported in the Statement of Fiduciary Net Assets and Statement of Changes in Assets and Liabilities. We exclude these balances from the City's other financial statements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

The City as a Whole

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2006 compared to 2005.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current Assets	$41,869,545	$40,031,370	$15,756,866	$17,134,537	$57,626,411	$57,165,907
Capital Assets, Net	80,222,463	77,775,672	51,502,976	51,965,970	131,725,439	129,741,642
Total Assets	122,092,008	117,807,042	67,259,842	69,100,507	189,351,850	186,907,549
Liabilities						
Long-Term Liabilities	15,800,552	16,628,083	14,382,665	15,328,428	30,183,217	31,956,511
Other Liabilities	16,740,949	16,374,408	3,537,048	4,685,750	20,277,997	21,060,158
Total Liabilities	32,541,501	33,002,491	17,919,713	20,014,178	50,461,214	53,016,669
Net Assets						
Invested in Capital Assets Net of Debt	57,602,463	54,410,081	34,692,293	34,091,302	92,294,756	88,501,383
Restricted	11,245,048	11,788,385	1,193,743	1,131,986	12,438,791	12,920,371
Unrestricted	20,702,996	18,606,085	13,454,093	13,863,041	34,157,089	32,469,126
Total Net Assets	$89,550,507	$84,804,551	$49,340,129	$49,086,329	$138,890,636	$133,890,880



Total net assets of the City as a whole increased $4,999,756. Net assets of the City's governmental activities increased $4,745,956, while the net assets of the City's business-type activities increased $253,800 from 2005. The largest portion of the City's net assets reflect its investment in capital assets, less any related debt to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens of the City. The City had an unrestricted net assets balance of $34,157,089 that may be used to meet the government's ongoing obligations to citizens and creditors.

The increase in Capital Assets, net reflects the continuing construction of the City's new Justice Center and other various equipment improvements throughout the City. The decrease in long term liabilities represents the City making scheduled payments on its long term debt obligations.

Table 2 shows the changes in net assets at year-end and revenue and expense comparisons to 2005.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program Revenues:						
Charges for Services	$4,165,936	$3,668,367	$11,174,142	$10,673,427	$15,340,078	$14,341,794
Operating Grants, Contributions	3,356,835	2,628,669	0	0	3,356,835	2,628,669
Capital Grants and Contributions	781,952	1,556,398	0	0	781,952	1,556,398
Total Program Revenues	8,304,723	7,853,434	11,174,142	10,673,427	19,478,865	18,526,861
General Revenue:						
Income Taxes	22,302,563	20,316,676	0	0	22,302,563	20,316,676
Property Taxes	4,972,546	4,954,867	0	0	4,972,546	4,954,867
Grants and Entitlements	3,197,933	2,263,680	0	0	3,197,933	2,263,680
Investment Earnings	1,464,849	946,699	647,220	428,305	2,112,069	1,375,004
Other	1,219,247	273,167	37,254	139,966	1,256,501	413,133
Total General Revenues	33,157,138	28,755,089	684,474	568,271	33,841,612	29,323,360
Total Revenues	41,461,861	36,608,523	11,858,616	11,241,698	53,320,477	47,850,221
Program Expenses:						
General Government	7,817,572	7,172,448	0	0	7,817,572	7,172,448
Public Safety	14,603,318	13,502,174	0	0	14,603,318	13,502,174
Leisure Time Activities	2,732,748	2,126,895	0	0	2,732,748	2,126,895
Community Development	1,232,188	1,043,526	0	0	1,232,188	1,043,526
Basic Utility Service	508,183	506,372	0	0	508,183	506,372
Transportation and Street Repair	8,377,486	10,240,547	0	0	8,377,486	10,240,547
Public Health and Welfare	24,363	25,007	0	0	24,363	25,007
Interest and Fiscal Charges	870,047	842,065	0	0	870,047	842,065
Water Utility	0	0	3,696,111	3,763,190	3,696,111	3,763,190
Sewer Utility	0	0	4,710,334	4,517,979	4,710,334	4,517,979
Solid Waste	0	0	1,851,371	1,751,984	1,851,371	1,751,984
Recreation	0	0	1,897,000	1,885,070	1,897,000	1,885,070
Total Program Expenses	36,165,905	35,459,034	12,154,816	11,918,223	48,320,721	47,377,257
Increase (Decrease) in Net Assets before Transfers	5,295,956	1,149,489	(296,200)	(676,525)	4,999,756	472,964
Transfers - Internal Activities	(550,000)	(650,000)	550,000	650,000	0	0
Change in Net Assets	4,745,956	499,489	253,800	(26,525)	4,999,756	472,964
Beginning Net Assets	84,804,551	84,305,062	49,086,329	49,112,854	133,890,880	133,417,916
Ending Net Assets	$89,550,507	$84,804,551	$49,340,129	$49,086,329	$138,890,636	$133,890,880

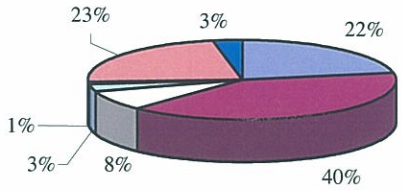
Governmental Activities

The City had an increase in Governmental Activities operating grants and contributions due to an increase in grant monies received by the City. The City also had an increase in investment earnings from 2005 due to the City's continuing effort to get the best return on investment. Total expenses increased a modest 2% which was mostly due to general inflationary costs.

Council is active in promoting economic growth in Fairfield in 2006, as this economic growth does increase the earnings tax base as well. Fairfield has continued attracting employers to our city in the year 2006, 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 governmental activities general revenues. During 2006, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2006 earnings tax revenues increased approximately 9.8% over 2005 tax revenues.

Governmental activities program expenses for 2006 were as follows:

Program Expenses	Percent of Total
General Government	22%
Public Safety	40%
Leisure Time Activities	8%
Community Development	3%
Basic Utility Service	1%
Transportation and Street Repair	23%
Interest and Fiscal Charges	3%
Total	100%



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

Income Tax

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

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

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

Business-Type Activities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The City's Funds

The City has five major governmental funds: the General Fund, Fire Levy Fund, .2% Street Improvement Fund, .2% Capital Improvement Fund and Downtown Development Fund. Assets of the general fund comprised $15,653,005 (37%), the fire levy fund comprised $4,629,020 (11%), the .2% street improvement fund comprised $9,215,704 (22%), the .2% capital improvement fund comprised $5,559,066 (13%) and the downtown development fund comprised $574,455 (1%) of the total $41,824,962 governmental funds assets.

General Fund: Fund balance at December 31, 2006 was $10,585,076 an increase in fund balance of $1,267,096 from 2005. The general fund had an increase in taxes revenue due to an increase in the amount of income taxes revenues collected from 2005 to 2006. The general fund also had an increase in intergovernmental revenue due to an increase in inheritance (estate) tax from 2005.

Fire Levy Fund: Fund balance at December 31, 2006 was $28,451 an increase in fund balance of $28,831 from 2005. The fire levy fund had an increase in fund balance due to an increase in taxes revenue due to an increase in property taxes revenue received.

.2% Street Improvement Fund: Fund balance at December 31, 2006 was $8,274,012 an increase in fund balance of $1,123,404 from 2005. The .2% street improvement fund had an increase in fund balance primarily due to an increase in investment earnings due to the City's continuing to increase investment income and had an increase in taxes revenue primarily due to additional monies received in income tax collections.

.2% Capital Improvement Fund: Fund balance at December 31, 2006 was $2,925,864 a decrease in fund balance of $324,013 from 2005. The .2% capital improvement fund had a decrease in fund balance primarily due to an increase in capital outlay due to various improvements to the City.

Downtown Development Fund: Fund balance at December 31, 2006 was ($6,660,721) a decrease in fund balance of ($2,852,737) from 2005. The downtown development fund saw a decrease in fund balance mainly due to the City's increase in capital outlay due to the continuing construction of the City's new Justice Center (Municipal Court and Police Service Buildings).

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 $9,138,104, on a Non-GAAP Budgetary Basis.

Capital Assets and Debt Administration

Capital Assets

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	$13,064,894	$12,767,521	$1,497,829	$1,497,829	$14,562,723	$14,265,350
Construction in Progress	206,821	6,118,987	915,640	1,591,846	1,122,461	7,710,833
Buildings and Improvements	42,403,783	33,796,713	46,432,493	45,964,990	88,836,276	79,761,703
Equipment	13,444,865	11,748,691	2,671,959	2,591,665	16,116,824	14,340,356
Infrastructure	73,692,942	73,339,355	30,269,224	28,861,143	103,962,166	102,200,498
Accumulated Depreciation	(62,590,842)	(59,995,595)	(30,284,169)	(28,541,503)	(92,875,011)	(88,537,098)
Total Net Capital Assets	$80,222,463	$77,775,672	$51,502,976	$51,965,970	$131,725,439	$129,741,642

Increases in Capital Assets were the result of the City continued construction of the new Justice Center.

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

Debt

The City had $13,420,000 in unvoted general obligation bonds for Governmental Activities and $13,859,316 in Business-Type Activities long-term debt.

Table 4
Outstanding Debt at Year End

	2006	2005
Governmental Activities		
Justice Center Bond	$50,000	$100,000
Fire Station Bond	315,000	380,000
Community Arts Center Bond	6,630,000	6,925,000
Various Purpose Special Assessment Bonds with Governmental Commitment	0	25,000
Various Purpose General Obligation Bonds	6,425,000	6,870,000
Total	$13,420,000	$14,300,000
Business Type Activities		
OWDA Wastewater Improvement Loan	8,694,316	9,321,282
Various Purpose Recreation Bonds	1,885,000	1,975,000
Water Refunding Mortgage Revenue Bond	3,280,000	3,505,000
Total	$13,859,316	$14,801,282

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

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

City of Fairfield
Statement of Net Assets
December 31, 2006

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	$29,188,676	$13,339,754	$42,528,430
Restricted Cash and Investments	0	1,193,743	1,193,743
Receivables:			
Taxes	10,311,018	0	10,311,018
Accounts	41,110	861,511	902,621
Interest	206,712	82,619	289,331
Intergovernmental	2,122,029	0	2,122,029
Deferred Bond Issuance Costs	0	0	0
Inventory	0	230,606	230,606
Deferred Bond Issuance Costs	0	48,633	48,633
Nondepreciable Capital Assets	13,271,715	2,413,469	15,685,184
Depreciable Capital Assets, Net	66,950,748	49,089,507	116,040,255
Total Assets	122,092,008	67,259,842	189,351,850
Liabilities:			
Accounts Payable	1,080,648	129,974	1,210,622
Accrued Wages and Benefits	1,095,195	163,565	1,258,760
Accrued Interest Payable	71,041	59,232	130,273
Unearned Revenue	5,281,961	0	5,281,961
Other Liabilities	0	129,306	129,306
Claims Payable	12,104	0	12,104
Due to Other Governments	0	54,971	54,971
Bond Anticipated Notes Payable	9,200,000	3,000,000	12,200,000
Long-Term Liabilities:			
Due Within One Year	945,802	984,812	1,930,614
Due In More Than One Year	14,854,750	13,397,853	28,252,603
Total Liabilities	32,541,501	17,919,713	50,461,214
Net Assets:			
Invested in Capital Assets, Net of Related Debt	57,602,463	34,692,293	92,294,756
Restricted for:			
Special Revenue	4,484,826	0	4,484,826
Debt Service	1,920,603	0	1,920,603
Capital Projects	4,839,619	0	4,839,619
Other Purposes	0	1,193,743	1,193,743
Unrestricted	20,702,996	13,454,093	34,157,089
Total Net Assets	$89,550,507	$49,340,129	$138,890,636

See accompanying notes to the basic financial statements.

City of Fairfield
Statement of Activities
For the Fiscal Year Ended December 31, 2006

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	$7,817,572	$1,282,363	$0	$0
Public Safety	14,603,318	1,715,358	611,878	0
Leisure Time Activities	2,732,748	200,442	0	0
Community Development	1,232,188	487,966	0	459,927
Basic Utility Service	508,183	479,807	0	191,802
Transportation and Street Repair	8,377,486	0	2,744,957	130,223
Public Health and Welfare	24,363	0	0	0
Interest and Fiscal Charges	870,047	0	0	0
Total Governmental Activities	36,165,905	4,165,936	3,356,835	781,952
Business-Type Activities:				
Water Utility	3,696,111	3,468,314	0	0
Sewer Utility	4,710,334	4,569,010	0	0
Solid Waste	1,851,371	1,492,120	0	0
Recreation	1,897,000	1,644,698	0	0
Total Business-Type Activities	12,154,816	11,174,142	0	0
Totals	$48,320,721	$15,340,078	$3,356,835	$781,952

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
($6,535,209)	$0	($6,535,209)
(12,276,082)	0	(12,276,082)
(2,532,306)	0	(2,532,306)
(284,295)	0	(284,295)
163,426	0	163,426
(5,502,306)	0	(5,502,306)
(24,363)	0	(24,363)
(870,047)	0	(870,047)
(27,861,182)	0	(27,861,182)
0	(227,797)	(227,797)
0	(141,324)	(141,324)
0	(359,251)	(359,251)
0	(252,302)	(252,302)
0	(980,674)	(980,674)
($27,861,182)	($980,674)	($28,841,856)
22,302,563	0	22,302,563
1,293,193	0	1,293,193
3,679,353	0	3,679,353
3,197,933	0	3,197,933
1,464,849	647,220	2,112,069
1,219,247	37,254	1,256,501
(550,000)	550,000	0
32,607,138	1,234,474	33,841,612
4,745,956	253,800	4,999,756
84,804,551	49,086,329	133,890,880
$89,550,507	$49,340,129	$138,890,636

City of Fairfield
Balance Sheet
Governmental Funds
December 31, 2006

	General	Fire Levy	.2% Street Improvement	.2% Capital Improvement
Assets:				
Equity in Pooled Cash and Investments	$9,810,500	$291,554	$8,485,490	$4,896,441
Receivables:				
Taxes	4,842,865	4,196,449	635,852	635,852
Accounts	41,110	0	0	0
Interest	84,574	1,003	94,362	26,773
Intergovernmental	873,956	140,014	0	0
Total Assets	15,653,005	4,629,020	9,215,704	5,559,066
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	169,872	12,097	536,723	67,334
Accrued Wages and Benefits	756,606	251,239	0	0
Compensated Absences	16,519	0	0	0
Deferred Revenue	4,124,932	4,337,233	404,969	365,868
Bond Anticipated Notes Payable	0	0	0	2,200,000
Total Liabilities	5,067,929	4,600,569	941,692	2,633,202
Fund Balances:				
Reserved for Encumbrances	74,657	20,952	1,601,062	2,482,071
Unreserved, Undesignated, Reported in:				
General Fund	10,510,419	0	0	0
Special Revenue Funds	0	7,499	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	6,672,950	443,793
Total Fund Balances	10,585,076	28,451	8,274,012	2,925,864
Total Liabilities and Fund Balances	$15,653,005	$4,629,020	$9,215,704	$5,559,066

See accompanying notes to the basic financial statements.

Downtown Development	Other Governmental Funds	Total Governmental Funds
$574,455	$5,085,653	$29,144,093
0	0	10,311,018
0	0	41,110
0	0	206,712
0	1,108,059	2,122,029
574,455	6,193,712	41,824,962
235,176	58,014	1,079,216
0	67,384	1,075,229
0	0	16,519
0	782,510	10,015,512
7,000,000	0	9,200,000
7,235,176	907,908	21,386,476
111,524	1,038,882	5,329,148
0	0	10,510,419
0	2,610,230	2,617,729
0	1,991,644	1,991,644
(6,772,245)	(354,952)	(10,454)
(6,660,721)	5,285,804	20,438,486
$574,455	$6,193,712	$41,824,962

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City of Fairfield
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
December 31, 2006

Total Governmental Fund Balance		$20,438,486
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		80,222,463
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income Taxes	2,543,210	
Delinquent Property Taxes	260,168	
Interest	157,991	
Intergovernmental	1,772,182	
		4,733,551
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(64,463)
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(71,041)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	(2,288,489)	
		(2,288,489)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		(13,420,000)
Net Assets of Governmental Activities		$89,550,507

See accompanying notes to the basic financial statements.

City of Fairfield
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2006

	General	Fire Levy	.2% Street Improvement	.2% Capital Improvement
Revenues:				
Taxes	$17,351,952	$3,935,248	$2,909,160	$2,909,160
Fines, Licenses & Permits	1,603,636	5,725	0	0
Charges for Services	724,355	800,837	0	0
Investment Earnings	585,125	12,464	376,519	114,579
Intergovernmental	2,798,421	324,300	82,900	292,916
Special Assessments	60,000	0	0	0
Other Revenues	176,047	2,694	1,133,422	0
Total Revenues	23,299,536	5,081,268	4,502,001	3,316,655
Expenditures:				
Current:				
General Government	6,749,635	0	0	0
Public Safety	8,540,312	5,020,236	0	0
Leisure Time Activities	2,083,769	0	0	0
Community Development	1,183,209	0	0	0
Basic Utility Service	508,183	0	0	0
Transportation and Street Repair	0	0	2,305,578	886,910
Public Health and Welfare	24,363	0	0	0
Capital Outlay	79,915	33,751	404,424	1,901,875
Debt Service:				
Principal Retirement	65,591	0	0	0
Interest and Fiscal Charges	1,662	0	0	0
Total Expenditures	19,236,639	5,053,987	2,710,002	2,788,785
Excess of Revenues Over (Under) Expenditures	4,062,897	27,281	1,791,999	527,870
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	20,199	1,550	0	0
Transfers In	0	0	0	0
Transfers (Out)	(2,816,000)	0	(668,595)	(851,883)
Total Other Financing Sources (Uses)	(2,795,801)	1,550	(668,595)	(851,883)
Net Change in Fund Balance	1,267,096	28,831	1,123,404	(324,013)
Fund Balance Beginning of Year	9,317,980	(380)	7,150,608	3,249,877
Fund Balance End of Year	$10,585,076	$28,451	$8,274,012	$2,925,864

See accompanying notes to the basic financial statements.

Downtown Development	Other Governmental Funds	Total Governmental Funds
$0	$0	$27,105,520
0	828,194	2,437,555
0	0	1,525,192
121,210	231,365	1,441,262
0	2,990,752	6,489,289
0	113,721	173,721
0	10,779	1,322,942
121,210	4,174,811	40,495,481
381,880	224,289	7,355,804
0	9,592	13,570,140
0	0	2,083,769
0	0	1,183,209
0	0	508,183
0	2,866,303	6,058,791
0	0	24,363
4,592,067	337,835	7,349,867
0	880,000	945,591
378,448	618,775	998,885
5,352,395	4,936,794	40,078,602
(5,231,185)	(761,983)	416,879
0	615,001	636,750
2,378,448	3,790,478	6,168,926
0	(2,468,448)	(6,804,926)
2,378,448	1,937,031	750
(2,852,737)	1,175,048	417,629
(3,807,984)	4,110,756	20,020,857
($6,660,721)	$5,285,804	$20,438,486

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City of Fairfield
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2006

Net Change in Fund Balance - Total Governmental Funds			$417,629
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.			
Capital assets used in governmental activities		7,333,091	
Depreciation Expense		(4,163,773)	
			3,169,318
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss.			(722,527)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Income Taxes	484,380		
Delinquent Property Taxes	(315,729)		
Interest	23,587		
Intergovernmental	801,048		
Other	(26,906)		
			966,380
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.			945,591
In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due.			128,838
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Compensated Absences	(119,308)		
			(119,308)
The internal service fund used by management to charge back costs to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.			(39,965)
Change in Net Assets of Governmental Activities			$4,745,956

See accompanying notes to the basic financial statements.

City of Fairfield
Statement of Net Assets
Proprietary Funds
December 31, 2006

	Business-Type Activities -Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Management	Recreation Facilities
Current Assets:				
Equity in Pooled Cash and Investments	$9,092,826	$4,031,708	$4,442	$210,778
Restricted Cash and Investments	1,193,743	0	0	0
Receivables:				
Accounts	238,878	459,246	163,387	0
Interest	67,085	15,534	0	0
Inventory	198,536	0	0	32,070
Total Current Assets	10,791,068	4,506,488	167,829	242,848
Noncurrent Assets:				
Deferred Bond Issuance Costs	48,633	0	0	0
Nondepreciable Capital Assets	906,428	1,000,041	0	507,000
Depreciable Capital Assets, Net	15,796,038	29,219,864	0	4,073,605
Total Noncurrent Assets	16,751,099	30,219,905	0	4,580,605
Total Assets	27,542,167	34,726,393	167,829	4,823,453
Liabilities:				
Current Liabilities:				
Accounts Payable	80,324	37,452	640	11,558
Accrued Wages and Benefits	62,826	70,471	725	29,543
Compensated Absences	0	7,283	0	0
Accrued Interest Payable	13,093	39,463	0	6,676
Other Liabilities	129,306	0	0	0
Claims Payable	0	0	0	0
Due to Other Governments	0	54,971	0	0
Bond Anticipated Notes Payable	0	3,000,000	0	0
Long-Term Liabilities Due Within One Year	235,000	652,529	0	90,000
Total Current Liabilities	520,549	3,862,169	1,365	137,777
Long-Term Liabilities:				
Compensated Absences	232,346	171,625	708	111,387
Bonds, Notes & Loans Payable	3,045,000	8,041,787	0	1,795,000
Total Noncurrent Liabilities	3,277,346	8,213,412	708	1,906,387
Total Liabilities	3,797,895	12,075,581	2,073	2,044,164
Net Assets:				
Invested in Capital Assets, Net of Related Debt	13,471,099	18,525,589	0	2,695,605
Restricted for:				
Other Purposes	1,193,743	0	0	0
Unrestricted	9,079,430	4,125,223	165,756	83,684
Total Net Assets	$23,744,272	$22,650,812	$165,756	$2,779,289

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Fund
$13,339,754	$44,583
1,193,743	0
861,511	0
82,619	0
230,606	0
15,708,233	44,583
48,633	0
2,413,469	0
49,089,507	0
51,551,609	0
67,259,842	44,583
129,974	1,432
163,565	19,966
7,283	0
59,232	0
129,306	0
0	12,104
54,971	0
3,000,000	0
977,529	0
4,521,860	33,502
516,066	75,544
12,881,787	0
13,397,853	75,544
17,919,713	109,046
34,692,293	0
1,193,743	0
13,454,093	(64,463)
$49,340,129	($64,463)

City of Fairfield
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2006

	Business-Type Activities -Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Management	Recreation Facilities
Operating Revenues:				
Fines, Licenses & Permits	$50,976	$97,331	$0	$0
Charges for Services	3,417,338	4,471,679	1,492,120	1,644,698
Other Revenues	25,376	447	7,507	3,924
Total Operating Revenues	3,493,690	4,569,457	1,499,627	1,648,622
Operating Expenses:				
Personal Services	1,569,582	1,857,971	22,256	856,364
Contractual Services	814,794	809,343	1,828,788	511,989
Materials and Supplies	584,001	461,212	327	251,198
Depreciation	544,365	1,066,721	0	190,200
Total Operating Expenses	3,512,742	4,195,247	1,851,371	1,809,751
Operating Income (Loss)	(19,052)	374,210	(351,744)	(161,129)
Non-Operating Revenues (Expenses):				
Investment Earnings	425,914	215,254	0	6,052
Interest (Expense)	(184,619)	(515,087)	0	(87,249)
Gain (Loss) on Disposal of Capital Assets	1,250	0	0	0
Total Non-Operating Revenues (Expenses)	242,545	(299,833)	0	(81,197)
Income (Loss) Before Contributions and Transfers	223,493	74,377	(351,744)	(242,326)
Transfers In	0	0	360,000	190,000
Change in Net Assets	223,493	74,377	8,256	(52,326)
Net Assets Beginning of Year	23,520,779	22,576,435	157,500	2,831,615
Net Assets End of Year	$23,744,272	$22,650,812	$165,756	$2,779,289

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Fund
$148,307	$0
11,025,835	3,413,273
37,254	353
11,211,396	3,413,626
4,306,173	437,076
3,964,914	2,834,377
1,296,738	270,670
1,801,286	0
11,369,111	3,542,123
(157,715)	(128,497)
647,220	2,532
(786,955)	0
1,250	0
(138,485)	2,532
(296,200)	(125,965)
550,000	86,000
253,800	(39,965)
49,086,329	(24,498)
$49,340,129	($64,463)

City of Fairfield
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2006

	Business-Type Activities -Enterprise Funds			
	Water Utility	Sewer Utility	Solid Waste Management	Recreation Facilities
Cash Flows from Operating Activities:				
Cash Received from Customers	$3,599,638	$4,519,085	$1,474,148	$1,648,622
Cash Payments to Employees	(1,577,708)	(1,855,572)	(22,116)	(853,954)
Cash Payments to Suppliers	(1,445,572)	(1,384,781)	(1,829,592)	(756,248)
Net Cash Provided (Used) by Operating Activities	576,358	1,278,732	(377,560)	38,420
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	0	360,000	190,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	360,000	190,000
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(207,379)	(1,129,663)	0	0
Debt Proceeds	0	3,000,000	0	0
Debt Principal Payments	(225,000)	(4,626,966)	0	(90,000)
Debt Interest Payments	(169,610)	(530,291)	0	(87,568)
Net Cash Provided (Used) by Capital and Related Financing Activities	(601,989)	(3,286,920)	0	(177,568)
Cash Flows from Investing Activities:				
Earnings on Investments	397,038	214,235	0	6,052
Net Cash Provided (Used) by Cash Flows from Investing Activities	397,038	214,235	0	6,052
Net Increase (Decrease) in Cash and Cash Equivalents	371,407	(1,793,953)	(17,560)	56,904
Cash and Cash Equivalents Beginning of Year	9,915,162	5,825,661	22,002	153,874
Cash and Cash Equivalents End of Year	10,286,569	4,031,708	4,442	210,778
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(19,052)	374,210	(351,744)	(161,129)
Adjustments:				
Depreciation	544,365	1,066,721	0	190,200
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	60,748	(50,372)	(25,479)	0
(Increase) Decrease in Inventory	16,954	0	0	6,606
Increase (Decrease) in Payables	(18,531)	(114,226)	(477)	333
Increase (Decrease) in Accrued Liabilities	(8,126)	2,399	140	2,410
Net Cash Provided (Used) by Operating Activities	$576,358	$1,278,732	($377,560)	$38,420

See accompanying notes to the basic financial statements.

Total Business-Type Activities	Governmental Activities- Internal Service Fund
$11,241,493	$3,413,626
(4,309,350)	(433,651)
(5,416,193)	(3,103,921)
1,515,950	(123,946)
550,000	86,000
550,000	86,000
(1,337,042)	0
3,000,000	0
(4,941,966)	0
(787,469)	0
(4,066,477)	0
617,325	2,532
617,325	2,532
(1,383,202)	(35,414)
15,916,699	79,997
14,533,497	44,583
(157,715)	(128,497)
1,801,286	0
(15,103)	0
23,560	0
(132,901)	1,126
(3,177)	3,425
$1,515,950	($123,946)

City of Fairfield
Statement of Fiduciary Net Assets
Fiduciary Fund
December 31, 2006

	Agency
Assets:	
Equity in Pooled Cash and Investments	$104,656
Total Assets	$104,656
Liabilities:	
Other Liabilities	104,656
Total Liabilities	$104,656

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

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

Proprietary Funds

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

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

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

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

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

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

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

Fiduciary Funds

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

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

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

Unearned Revenue

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

Expenses/Expenditures

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

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

Equity in Pooled Cash and Investments

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

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

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

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

Following the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during 2006 amounted to $585,125 in the general fund, $12,464 in the fire levy fund, $376,519 in the .2% street improvement fund, $114,579 in the .2% capital improvement fund, $121,210 in the downtown development fund, $231,365 in other governmental funds, $425,914 in the water utility fund, $215,254 in the sewer utility fund, $6,052 in the recreation facilities fund and $2,532 in the employees' benefits (internal service) fund.

Inventory

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

Capital Assets

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

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

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

Description	Estimated Lives
Buildings and Improvements	20-50 years
Equipment	5-10 years
Infrastructure	10-50 years

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

Restricted Assets

Restricted assets consist of resources whose use is restricted by bond covenant agreements and retainage for various contractors.

Net Assets

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the City's $12,438,791 in restricted net assets, $0 was restricted by enabling legislation.

Operating Revenues and Expenses

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

Interfund Activity

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

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

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

Estimates

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

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

(1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

(2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.

(3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

(4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.

(5) Bonds and other obligations of the State of Ohio.

(6) The Ohio State Treasurer's investment pool (STAR Ohio).

(7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

(8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2006, $10,030,548 of the City's bank balance of $10,530,548 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

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

Investments

As of December 31, 2006, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Freddie Mac	$1,005,264	1.45
Federal Home Loan Bank	14,500,000	0.72
Fannie Mae	3,823,146	1.05
Federal Farm Credit Bank	1,000,000	0.82
STAROhio	13,000,000	0.00
Total Fair Value	$33,328,410	
Portfolio Weighted Average Maturity		0.50

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

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

Concentration of credit risk – The City's investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 3% of the City's investments in Freddie Mac, 44% in Federal Home Loan Bank, 11% in Fannie Mae and 3% in Federal Farm Credit Bank and 39% in STAROhio.

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

3. RECEIVABLES

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

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

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007 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. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes were levied after October 1, 2005, on the value as of December 31, 2005. Collections were made in 2006. Tangible personal property assessments are 25 percent of true value.

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

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

Real Property	$925,830,030
Public Utility	28,118,140
Tangible Personal Property	100,613,661
Total Valuation	$1,054,561,831

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

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

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

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2006. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2006 operations. The receivable is therefore offset by a credit to deferred revenue.

Income Taxes

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

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

4. RISK MANAGEMENT

Description

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

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

Claim Liabilities

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

Unpaid Claim Liabilities

The following figures represent the changes in dental claims liabilities for the City from January 1, 2005 to December 31, 2006:

Claims Liability, 1/1/05	$11,219
Claims net of changes in estimates	2,577,573
Payments	(2,576,634)
Claims Liability, 12/31/05	12,158
Claims net of changes in estimates	2,824,738
Payments	(2,824,792)
Claims Liability, 12/31/06	$12,104

5. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$12,767,521	$297,373	$0	$13,064,894
Construction in Progress	6,118,987	4,364,587	10,276,753	206,821
Capital Assets, being depreciated:				
Buildings and Improvements	33,796,713	10,724,358	2,117,288	42,403,783
Equipment	11,748,691	1,869,939	173,765	13,444,865
Infrastructure	73,339,355	353,587	0	73,692,942
Totals at Historical Cost	137,771,267	17,609,844	12,567,806	142,813,305
Less Accumulated Depreciation:				
Buildings and Improvements	11,806,168	1,141,799	1,440,932	11,507,035
Equipment	8,249,314	1,120,231	127,594	9,241,951
Infrastructure	39,940,113	1,901,743	0	41,841,856
Total Accumulated Depreciation	$59,995,595	$4,163,773	$1,568,526	$62,590,842
Governmental Activities Capital Assets, Net	$77,775,672	$13,446,071	$10,999,280	$80,222,463

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	$1,497,829	$0	$0	$1,497,829
Construction in Progress	1,591,846	1,170,209	1,846,415	915,640
Capital Assets, being depreciated:				
Buildings and Improvements	45,964,990	467,503	0	46,432,493
Equipment	2,591,665	142,117	61,823	2,671,959
Infrastructure	28,861,143	1,408,081	0	30,269,224
Totals at Historical Cost	80,507,473	3,187,910	1,908,238	81,787,145
Less Accumulated Depreciation:				
Buildings and Improvements	16,336,128	946,135	0	17,282,263
Equipment	1,810,666	219,320	58,620	1,971,366
Infrastructure	10,394,709	635,831	0	11,030,540
Total Accumulated Depreciation	$28,541,503	$1,801,286	$58,620	$30,284,169
Business-Type Activities Capital Assets, Net	$51,965,970	$1,386,624	$1,849,618	$51,502,976

Depreciation expense was charged to governmental functions as follows:

General Government	$311,244
Public Safety	867,310
Leisure Time Activities	640,645
Transportation and Street Repair	31,123
Community Development	2,313,451
Total Depreciation Expense	$4,163,773

6. COMPENSATED ABSENCES

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

7. NOTES PAYABLE

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

	Beginning Balance	Issued	Retired	Ending Balance
Downtown Development Fund:				
3.45% Justice Center Bond Anticipation Note	$0	$7,000,000	$0	$7,000,000
3.45% Justice Center Bond Anticipation Note	9,000,000	0	(9,000,000)	0
4.00% Golf Center Bond Anticipation Note	0	2,200,000	0	2,200,000
Enterprise Fund:				
3.85% Sewer Expansion	0	3,000,000	0	3,000,000
4.00% Sewer Expansion	4,000,000	0	(4,000,000)	0
Total Notes Payable	$13,000,000	$12,200,000	($13,000,000)	$12,200,000

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

8. LONG-TERM DEBT

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

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
General Obligation Bonds						
Justice Center	7.00%	$100,000	$0	($50,000)	$50,000	$50,000
Fire Station	6.90%	380,000	0	(65,000)	315,000	70,000
Various Purpose - 1999	4.40%	3,340,000	0	(190,000)	3,150,000	200,000
Various Purpose - 2002	4.34%	3,530,000	0	(255,000)	3,275,000	270,000
Community Arts Center	2.00-4.20%	6,925,000	0	(295,000)	6,630,000	300,000
Total General Obligation Bonds		14,275,000	0	(855,000)	13,420,000	890,000
Special Assessment Bonds						
Woodbridge Road	7.625%	25,000	0	(25,000)	0	0
Capital Lease		65,591	0	(65,591)	0	0
Total Long-Term Liabilities Bonds and Lease		14,365,591	0	(945,591)	13,420,000	890,000
Compensated Absences		2,262,492	135,091	(17,031)	2,380,552	55,802
Total Governmental Activities		$16,628,083	$135,091	($962,622)	$15,800,552	$945,802
Business Type Activities						
Loans						
OWDA Wastewater Improvement	3.79-4.12%	$9,321,282	$0	($626,966)	$8,694,316	$652,529
General Obligation Bonds						
Various Purpose Recreation	4.34%	1,975,000	0	(90,000)	1,885,000	90,000
Mortgage Revenue Bonds						
Water Refunding	3.76-5.05%	3,505,000	0	(225,000)	3,280,000	235,000
Compensated Absences		527,146	22,560	(26,357)	523,349	7,283
Total Business-Type Activities		$15,328,428	$22,560	($968,323)	$14,382,665	$984,812

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

Year Ending	General Obligation Bonds		Mortgage Revenue Bonds		OWDA Loan	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
2007	$980,000	$626,811	$235,000	$159,598	$652,529	$344,191
2008	965,000	589,081	245,000	149,022	679,134	317,585
2009	1,000,000	552,746	255,000	137,874	706,823	289,894
2010	1,045,000	514,366	265,000	126,018	735,643	261,075
2011	995,000	472,966	280,000	113,562	765,640	231,080
2012-2016	5,660,000	1,716,934	1,625,000	347,712	4,322,735	660,859
2017-2021	3,650,000	660,926	375,000	18,939	831,812	30,336
2022-2023	1,010,000	48,166	0	0	0	0
Total	$15,305,000	$5,181,996	$3,280,000	$1,052,725	$8,694,316	$2,135,020

9. DEFEASANCE OF BONDS

Mortgage Revenue Bonds

In prior years, the City defeased certain Mortgage Revenue Bonds by the deposit of Treasury Bonds and Notes with Trustees in an amount sufficient to meet principal and interest payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At year end, the defeased Mortgage Revenue Bonds were paid in full.

Special Assessment Bonds

The Special Assessment Fund purchased special assessment sidewalk bonds issued by the City. The value of the bonds at December 31, 2006 was $61,911. 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.

10. INDUSTRIAL AND ECONOMIC DEVELOPMENT REVENUE BONDS

The City issued $55,712,748 in industrial and economic development revenue bonds for various projects between the years 1973 through 1990. In February of 2000, the City issued $6,625,000 in industrial development revenue bonds. As of December 31, 2006 $2,990,000 was outstanding. The bonds are not a liability nor are the proceeds of the issues assets of the City and, accordingly, they are not reflected on the City's financial records. Debt service on these issues is payable solely from the revenues of the Company and/or individual for whom the debt was issued.

11. CAPITAL LEASE

During the year, the City paid off its capital lease for telephone equipment.

12. PENSION PLANS

Ohio 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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642.

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

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

Plan members are required to contribute 9.0% of their annual covered salary to fund pension obligations. The current year employer contribution rate was 13.7% of covered payroll; 9.2% was the portion paid for pension. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2006, 2005 and 2004 were $1,502,126, $1,413,818, and $1,345,013, respectively. The full amount has been contributed for 2005 and 2004 and 93% has been contributed for 2006.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10% of their annual covered salary to fund pension obligations and the City is required to contribute 19.5% for police and 24% for firefighters. Contributions are authorized by State statute. The City's required contributions to the OP&F for the years ending December 31, 2006, 2005 and 2004 were $835,022 for police $445,164 for fire, $797,769 for police, $368,535 for fire, and $742,092 for police and $348,558 for fire, respectively. The full amount has been contributed for 2005 and 2004 and 73% for police and 71% for fire has been contributed for 2006.

13. POSTEMPLOYMENT BENEFITS

Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides retirement, disability, survivor, and postretirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for postretirement health care coverage, age and service retirees must have 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 13.70 percent of covered payroll; 4.50 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, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rates plus an additional factor ranging from 0.50 percent to 6 percent for the next 9 years. In subsequent years (10 and beyond) healthcare costs were assumed to increase at 4 percent (the projected wage inflation rate).

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

At December 31, 2006, the number of active contributing participants in the Traditional and Combined Plans totaled 369,214. The City's actual contributions for the current year, which were used to fund postemployment benefits were $493,448. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were $11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were $31.3 billion and $20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006 and January 1, 2007 which will allow additional funds to be allocated to the health care plan.

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

Ohio Police and Fire Pension Fund

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

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

The City's actual contributions for the current year that were used to fund postemployment benefits were $331,504 for police and $143,788 for fire. The OP&F's total health care expenses for the year ended December 31, 2005, (the latest information available) were $108,039,449, which was net of member contributions of $55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

14. CONSTRUCTION COMMITMENTS

The City had the following outstanding commitments at year end:

Projects	Spent-to-date	Commitment Remaining
Golf Course Club House	$81,000	$2,064,200
S. Gilmore/Mack Road Intersection	0	945,184
Rt. 4 By-Pass Widening	0	614,735
Traffic Signal Upgrades	0	364,495
Municipal Court and Police Services Building	9,786,871	319,430
Totals	$9,867,871	$4,308,044

15. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2006, consisted of the following:

	Transfers In	Transfers Out
Major Funds:		
General	$0	$2,816,000
.2% Street Improvement	0	668,595
.2% Capital Improvement	0	851,883
Downtown Development	2,378,448	0
Solid Waste Management	360,000	0
Recreation Facilities	190,000	0
Internal Service Fund	86,000	0
Other Governmental Funds	3,790,478	2,468,448
Total All Funds	$6,804,926	$6,804,926

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.

16. COMPLIANCE AND ACCOUNTABILITY

Compliance

Ohio Revised Code Sec. 5705.10 provides that money paid into any fund shall be used only for purposes for which such fund is established. The following funds had negative cash fund balances at year end:

Street Construction, Maintenance and Repair	$123,074
State Issue II	580,344

Accountability

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

Downtown Development	$6,660,721
Municipal Garage	96,623

17. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2006, the City has implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section"; GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

Statement No. 44 establishes the objectives of the statistical section and provides guidance on the preparation of the statistical section.

Statement No. 46 establishes that any amount of the primary government's net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to all termination benefits without limitation as to the period of time during which the benefits are offered.

There was no effect on fund balance/net assets as a result of the implementation of these new standards.

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Required Supplementary Information

City of Fairfield
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2006

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$17,183,780	$17,183,780	$17,728,253	$544,473
Licenses & Permits	357,050	357,050	413,050	56,000
Intergovernmental	2,484,854	2,484,854	2,796,274	311,420
Charges for Services	801,600	801,600	792,126	(9,474)
Fines and Forfeitures	923,000	923,000	1,190,586	267,586
Special Assessments	24,000	24,000	18,891	(5,109)
Investment Earnings	300,000	300,000	531,781	231,781
Other Revenues	394,500	394,500	176,357	(218,143)
Total Revenues	22,468,784	22,468,784	23,647,318	1,178,534
Expenditures:				
Current:				
General Government	7,604,638	7,770,963	7,009,052	761,911
Public Safety	9,107,562	9,072,643	8,588,079	484,564
Leisure Time Activities	2,228,448	2,267,320	2,131,814	135,506
Community Development	1,325,943	1,318,617	1,189,344	129,273
Basic Utility Service	597,000	597,000	532,614	64,386
Public Health & Welfare Services	30,000	30,000	24,363	5,637
Capital Outlay	122,382	551,486	504,546	46,940
Total Expenditures	21,015,973	21,608,029	19,979,812	1,628,217
Excess of Revenues Over (Under) Expenditures	1,452,811	860,755	3,667,506	2,806,751
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	12,000	12,000	20,199	8,199
Transfers (Out)	(2,000,000)	(3,000,000)	(2,816,000)	184,000
Total Other Financing Sources (Uses)	(1,988,000)	(2,988,000)	(2,795,801)	192,199
Net Change in Fund Balance	(535,189)	(2,127,245)	871,705	2,998,950
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,266,399	8,266,399	8,266,399	0
Fund Balance End of Year	$7,731,210	$6,139,154	$9,138,104	$2,998,950

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, 2006

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$3,845,000	$3,845,000	$3,935,248	$90,248
Licenses & Permits	7,500	7,500	5,725	(1,775)
Intergovernmental	282,500	282,500	324,300	41,800
Charges for Services	900,000	900,000	800,838	(99,162)
Investment Earnings	5,000	5,000	11,079	6,079
Other Revenues	25,000	25,000	2,694	(22,306)
Total Revenues	5,065,000	5,065,000	5,079,884	14,884
Expenditures:				
Current:				
Public Safety	4,464,382	5,107,839	5,019,914	87,925
Capital Outlay	11,924	42,747	41,370	1,377
Total Expenditures	4,476,306	5,150,586	5,061,284	89,302
Excess of Revenues Over (Under) Expenditures	588,694	(85,586)	18,600	104,186
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	500	500	1,550	1,050
Total Other Financing Sources (Uses)	500	500	1,550	1,050
Net Change in Fund Balance	589,194	(85,086)	20,150	105,236
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	238,355	238,355	238,355	0
Fund Balance End of Year	$827,549	$153,269	$258,505	$105,236

See accompanying notes to the required supplementary information.

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.

(Continued)

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

Net Change in Fund Balance

	General	Fire Levy
GAAP Basis	$1,267,096	$28,831
Net Adjustment for Revenue Accruals	347,782	(1,384)
Net Adjustment for Expenditure Accruals	(498,644)	25,752
Encumbrances	(244,529)	(33,049)
Budget Basis	$871,705	$20,150

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Combining Statements And Individual Fund Schedules

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Funds

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

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

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

Capital Projects Funds

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

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

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

City of Fairfield
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	$3,016,511	$1,991,644	$77,498	$5,085,653
Receivables:				
Intergovernmental	937,093	0	170,966	1,108,059
Total Assets	3,953,604	1,991,644	248,464	6,193,712
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	17,367	0	40,647	58,014
Accrued Wages and Benefits	67,384	0	0	67,384
Deferred Revenue	782,510	0	0	782,510
Total Liabilities	867,261	0	40,647	907,908
Fund Balances:				
Reserved for Encumbrances	476,113	0	562,769	1,038,882
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,610,230	0	0	2,610,230
Debt Service Funds	0	1,991,644	0	1,991,644
Capital Projects Funds	0	0	(354,952)	(354,952)
Total Fund Balances	3,086,343	1,991,644	207,817	5,285,804
Total Liabilities and Fund Balances	$3,953,604	$1,991,644	$248,464	$6,193,712

City of Fairfield
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Fines, Licenses & Permits	$828,194	$0	$0	$828,194
Investment Earnings	91,962	137,727	1,676	231,365
Intergovernmental	2,643,917	0	346,835	2,990,752
Special Assessments	80,602	33,119	0	113,721
Other Revenues	8,530	0	2,249	10,779
Total Revenues	3,653,205	170,846	350,760	4,174,811
Expenditures:				
Current:				
General Government	224,289	0	0	224,289
Public Safety	9,592	0	0	9,592
Transportation and Street Repair	2,582,226	0	284,077	2,866,303
Capital Outlay	106,389	0	231,446	337,835
Debt Service:				
Principal Retirement	0	880,000	0	880,000
Interest and Fiscal Charges	0	618,775	0	618,775
Total Expenditures	2,922,496	1,498,775	515,523	4,936,794
Excess of Revenues Over (Under) Expenditures	730,709	(1,327,929)	(164,763)	(761,983)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	615,001	0	615,001
Transfers In	270,000	3,520,478	0	3,790,478
Transfers (Out)	0	(2,468,448)	0	(2,468,448)
Total Other Financing Sources (Uses)	270,000	1,667,031	0	1,937,031
Net Change in Fund Balance	1,000,709	339,102	(164,763)	1,175,048
Fund Balance Beginning of Year	2,085,634	1,652,542	372,580	4,110,756
Fund Balance End of Year	$3,086,343	$1,991,644	$207,817	$5,285,804

City of Fairfield
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation
Assets:				
Equity in Pooled Cash and Investments	$1,828	$46,698	$563,168	$275,098
Receivables:				
Intergovernmental	718,752	58,277	0	0
Total Assets	720,580	104,975	563,168	275,098
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	17,367	0	0	0
Accrued Wages and Benefits	43,072	4,420	0	0
Deferred Revenue	601,036	48,732	0	0
Total Liabilities	661,475	53,152	0	0
Fund Balances:				
Reserved for Encumbrances	107,533	0	364,495	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	(48,428)	51,823	198,673	275,098
Total Fund Balances	59,105	51,823	563,168	275,098
Total Liabilities and Fund Balances	$720,580	$104,975	$563,168	$275,098

Law Enforcement	Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer
$19,399	$14,206	$97,980	$116,783	$16,000	$955,761	$425,719
0	160,064	0	0	0	0	0
19,399	174,270	97,980	116,783	16,000	955,761	425,719
0	0	0	0	0	0	0
0	11,933	0	0	0	7,959	0
0	132,742	0	0	0	0	0
0	144,675	0	0	0	7,959	0
0	0	0	0	0	0	0
19,399	29,595	97,980	116,783	16,000	947,802	425,719
19,399	29,595	97,980	116,783	16,000	947,802	425,719
$19,399	$174,270	$97,980	$116,783	$16,000	$955,761	$425,719

(Continued)

City of Fairfield
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Special Projects	Mediation Services	Tax Increment Equivalent	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	$244,224	$159,045	$80,602	$3,016,511
Receivables:				
Intergovernmental	0	0	0	937,093
Total Assets	244,224	159,045	80,602	3,953,604
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	0	17,367
Accrued Wages and Benefits	0	0	0	67,384
Deferred Revenue	0	0	0	782,510
Total Liabilities	0	0	0	867,261
Fund Balances:				
Reserved for Encumbrances	4,085	0	0	476,113
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	240,139	159,045	80,602	2,610,230
Total Fund Balances	244,224	159,045	80,602	3,086,343
Total Liabilities and Fund Balances	$244,224	$159,045	$80,602	$3,953,604

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City of Fairfield
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2006

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation
Revenues:				
Fines, Licenses & Permits	$0	$0	$0	$7,800
Investment Earnings	0	0	7,355	11,606
Intergovernmental	1,786,634	142,559	375,000	0
Special Assessments	0	0	0	0
Other Revenues	8,530	0	0	0
Total Revenues	1,795,164	142,559	382,355	19,406
Expenditures:				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Transportation and Street Repair	2,132,838	121,410	0	0
Capital Outlay	9,122	0	3,248	0
Total Expenditures	2,141,960	121,410	3,248	0
Excess of Revenues Over (Under) Expenditures	(346,796)	21,149	379,107	19,406
Other Financing Sources (Uses):				
Transfers In	270,000	0	0	0
Total Other Financing Sources (Uses)	270,000	0	0	0
Net Change in Fund Balance	(76,796)	21,149	379,107	19,406
Fund Balance Beginning of Year	135,901	30,674	184,061	255,692
Fund Balance End of Year	$59,105	$51,823	$563,168	$275,098

Law Enforcement	Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer
$16,497	$0	$42,458	$19,739	$0	$503,388	$113,946
0	0	4,581	4,258	0	34,181	15,858
0	323,724	0	0	16,000	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
16,497	323,724	47,039	23,997	16,000	537,569	129,804
0	0	0	7,820	0	184,831	21,614
3,381	0	0	0	6,211	0	0
0	327,978	0	0	0	0	0
0	0	41,255	0	1,642	0	5,495
3,381	327,978	41,255	7,820	7,853	184,831	27,109
13,116	(4,254)	5,784	16,177	8,147	352,738	102,695
0	0	0	0	0	0	0
0	0	0	0	0	0	0
13,116	(4,254)	5,784	16,177	8,147	352,738	102,695
6,283	33,849	92,196	100,606	7,853	595,064	323,024
$19,399	$29,595	$97,980	$116,783	$16,000	$947,802	$425,719

(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, 2006

	Special Projects	Mediation Services	Tax Increment Equivalent	Total Nonmajor Special Revenue Funds
Revenues:				
Fines, Licenses & Permits	$67,806	$56,560	$0	$828,194
Investment Earnings	9,806	4,317	0	91,962
Intergovernmental	0	0	0	2,643,917
Special Assessments	0	0	80,602	80,602
Other Revenues	0	0	0	8,530
Total Revenues	77,612	60,877	80,602	3,653,205
Expenditures:				
Current:				
General Government	6,232	3,792	0	224,289
Public Safety	0	0	0	9,592
Transportation and Street Repair	0	0	0	2,582,226
Capital Outlay	45,627	0	0	106,389
Total Expenditures	51,859	3,792	0	2,922,496
Excess of Revenues Over (Under) Expenditures	25,753	57,085	80,602	730,709
Other Financing Sources (Uses):				
Transfers In	0	0	0	270,000
Total Other Financing Sources (Uses)	0	0	0	270,000
Net Change in Fund Balance	25,753	57,085	80,602	1,000,709
Fund Balance Beginning of Year	218,471	101,960	0	2,085,634
Fund Balance End of Year	$244,224	$159,045	$80,602	$3,086,343

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City of Fairfield
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	$681,787	$1,309,857	$1,991,644
Total Assets	681,787	1,309,857	1,991,644
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	0	0	0
Total Liabilities	0	0	0
Fund Balances:			
Unreserved, Undesignated, Reported in:			
Debt Service Funds	681,787	1,309,857	1,991,644
Total Fund Balances	681,787	1,309,857	1,991,644
Total Liabilities and Fund Balances	$681,787	$1,309,857	$1,991,644

City of Fairfield
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Fiscal Year Ended December 31, 2006

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	$63,143	$74,584	$137,727
Special Assessments	0	33,119	33,119
Total Revenues	63,143	107,703	170,846
Expenditures:			
Debt Service:			
Principal Retirement	855,000	25,000	880,000
Interest and Fiscal Charges	608,218	10,557	618,775
Total Expenditures	1,463,218	35,557	1,498,775
Excess of Revenues Over (Under) Expenditures	(1,400,075)	72,146	(1,327,929)
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	615,001	0	615,001
Transfers In	3,520,478	0	3,520,478
Transfers (Out)	(2,468,448)	0	(2,468,448)
Total Other Financing Sources (Uses)	1,667,031	0	1,667,031
Net Change in Fund Balance	266,956	72,146	339,102
Fund Balance Beginning of Year	414,831	1,237,711	1,652,542
Fund Balance End of Year	$681,787	$1,309,857	$1,991,644

City of Fairfield
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006

	Flood Protection	State Issue II	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	$77,498	$0	$77,498
Receivables:			
Intergovernmental	6,732	164,234	170,966
Total Assets	84,230	164,234	248,464
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	0	40,647	40,647
Total Liabilities	0	40,647	40,647
Fund Balances:			
Reserved for Encumbrances	23,072	539,697	562,769
Unreserved, Undesignated, Reported in:			
Capital Projects Funds	61,158	(416,110)	(354,952)
Total Fund Balances	84,230	123,587	207,817
Total Liabilities and Fund Balances	$84,230	$164,234	$248,464

City of Fairfield
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2006

	Flood Protection	State Issue II	Total Nonmajor Capital Projects Funds
Revenues:			
Investment Earnings	$1,676	$0	$1,676
Intergovernmental	155,033	191,802	346,835
Other Revenues	2,249	0	2,249
Total Revenues	158,958	191,802	350,760
Expenditures:			
Current:			
Transportation and Street Repair	0	284,077	284,077
Capital Outlay	231,446	0	231,446
Total Expenditures	231,446	284,077	515,523
Net Change in Fund Balance	(72,488)	(92,275)	(164,763)
Fund Balance Beginning of Year	156,718	215,862	372,580
Fund Balance End of Year	$84,230	$123,587	$207,817

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, 2006

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	$1,500,000	$1,500,000	$1,774,600	$274,600
Investment Earnings	500	500	0	(500)
Other Revenues	16,500	16,500	8,530	(7,970)
Total Revenues	1,517,000	1,517,000	1,783,130	266,130
Expenditures:				
Current:				
Transportation & Street Repair	2,421,863	2,434,251	2,264,603	169,648
Capital Outlay	4,000	13,400	9,122	4,278
Total Expenditures	2,425,863	2,447,651	2,273,725	173,926
Excess of Revenues Over (Under) Expenditures	(908,863)	(930,651)	(490,595)	440,056
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	2,500	2,500	0	(2,500)
Transfers In	850,000	850,000	270,000	(580,000)
Total Other Financing Sources (Uses)	852,500	852,500	270,000	(582,500)
Net Change in Fund Balance	(56,363)	(78,151)	(220,595)	(142,444)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	97,521	97,521	97,521	0
Fund Balance End of Year	$41,158	$19,370	($123,074)	($142,444)

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, 2006

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	$130,000	$130,000	$141,583	$11,583
Investment Earnings	250	250	0	(250)
Total Revenues	130,250	130,250	141,583	11,333
Expenditures:				
Current:				
Transportation & Street Repair	136,164	136,164	121,352	14,812
Total Expenditures	136,164	136,164	121,352	14,812
Net Change in Fund Balance	(5,914)	(5,914)	20,231	26,145
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	26,467	26,467	26,467	0
Fund Balance End of Year	$20,553	$20,553	$46,698	$26,145

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, 2006

	County Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	$100,000	$365,000	$375,000	$10,000
Investment Earnings	10,000	10,000	7,355	(2,645)
Total Revenues	110,000	375,000	382,355	7,355
Expenditures:				
Current:				
Transportation & Street Repair	1,000	1,000	0	1,000
Capital Outlay	8,248	383,248	367,743	15,505
Total Expenditures	9,248	384,248	367,743	16,505
Net Change in Fund Balance	100,752	(9,248)	14,612	23,860
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	184,061	184,061	184,061	0
Fund Balance End of Year	$284,813	$174,813	$198,673	$23,860

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, 2006

	Tax Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Licenses & Permits	$15,000	$15,000	$7,800	($7,200)
Investment Earnings	5,000	5,000	11,606	6,606
Total Revenues	20,000	20,000	19,406	(594)
Expenditures:				
Capital Outlay	2,500	2,500	0	2,500
Total Expenditures	2,500	2,500	0	2,500
Net Change in Fund Balance	17,500	17,500	19,406	1,906
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	255,692	255,692	255,692	0
Fund Balance End of Year	$273,192	$273,192	$275,098	$1,906

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, 2006

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	$13,000	$13,000	$16,497	$3,497
Investment Earnings	250	250	0	(250)
Total Revenues	13,250	13,250	16,497	3,247
Expenditures:				
Current:				
Public Safety	5,750	8,395	3,381	5,014
Total Expenditures	5,750	8,395	3,381	5,014
Net Change in Fund Balance	7,500	4,855	13,116	8,261
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,283	6,283	6,283	0
Fund Balance End of Year	$13,783	$11,138	$19,399	$8,261

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, 2006

	Municipal Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	$355,000	$355,000	$322,292	($32,708)
Investment Earnings	2,000	2,000	0	(2,000)
Total Revenues	357,000	357,000	322,292	(34,708)
Expenditures:				
Current:				
Transportation & Street Repair	367,641	367,641	327,649	39,992
Total Expenditures	367,641	367,641	327,649	39,992
Net Change in Fund Balance	(10,641)	(10,641)	(5,357)	5,284
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	19,563	19,563	19,563	0
Fund Balance End of Year	$8,922	$8,922	$14,206	$5,284

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, 2006

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	$10,000	$10,000	$42,458	$32,458
Investment Earnings	250	250	4,581	4,331
Total Revenues	10,250	10,250	47,039	36,789
Expenditures:				
Current:				
Public Safety	5,000	5,000	0	5,000
Capital Outlay	35,000	80,007	41,255	38,752
Total Expenditures	40,000	85,007	41,255	43,752
Net Change in Fund Balance	(29,750)	(74,757)	5,784	80,541
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	92,196	92,196	92,196	0
Fund Balance End of Year	$62,446	$17,439	$97,980	$80,541

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, 2006

	Drug and Alcohol Treatment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	$20,000	$20,000	$19,739	($261)
Investment Earnings	1,500	1,500	4,258	2,758
Total Revenues	21,500	21,500	23,997	2,497
Expenditures:				
Current:				
General Government	10,000	10,000	7,820	2,180
Total Expenditures	10,000	10,000	7,820	2,180
Net Change in Fund Balance	11,500	11,500	16,177	4,677
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	100,606	100,606	100,606	0
Fund Balance End of Year	$112,106	$112,106	$116,783	$4,677

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, 2006

	Local Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	$15,000	$15,000	$16,000	$1,000
Investment Earnings	100	100	0	(100)
Total Revenues	15,100	15,100	16,000	900
Expenditures:				
Current:				
Public Safety	7,853	6,211	6,211	0
Capital Outlay	2,500	4,142	1,642	2,500
Total Expenditures	10,353	10,353	7,853	2,500
Net Change in Fund Balance	4,747	4,747	8,147	3,400
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,853	7,853	7,853	0
Fund Balance End of Year	$12,600	$12,600	$16,000	$3,400

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, 2006

	Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	$300,000	$300,000	$503,388	$203,388
Investment Earnings	10,000	10,000	34,181	24,181
Total Revenues	310,000	310,000	537,569	227,569
Expenditures:				
Current:				
General Government	202,654	201,908	183,142	18,766
Total Expenditures	202,654	201,908	183,142	18,766
Net Change in Fund Balance	107,346	108,092	354,427	246,335
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	601,335	601,335	601,335	0
Fund Balance End of Year	$708,681	$709,427	$955,762	$246,335

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, 2006

	Court Computer Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	$100,000	$100,000	$113,946	$13,946
Investment Earnings	5,000	5,000	15,858	10,858
Total Revenues	105,000	105,000	129,804	24,804
Expenditures:				
Current:				
General Government	40,000	40,000	21,614	18,386
Capital Outlay	10,000	10,000	5,495	4,505
Total Expenditures	50,000	50,000	27,109	22,891
Net Change in Fund Balance	55,000	55,000	102,695	47,695
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	323,025	323,025	323,025	0
Fund Balance End of Year	$378,025	$378,025	$425,720	$47,695

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, 2006

	Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	$60,000	$60,000	$67,806	$7,806
Investment Earnings	3,500	3,500	9,806	6,306
Total Revenues	63,500	63,500	77,612	14,112
Expenditures:				
Current:				
General Government	22,000	22,000	10,317	11,683
Capital Outlay	5,000	100,402	45,627	54,775
Total Expenditures	27,000	122,402	55,944	66,458
Net Change in Fund Balance	36,500	(58,902)	21,668	80,570
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	218,472	218,472	218,472	0
Fund Balance End of Year	$254,972	$159,570	$240,140	$80,570

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, 2006

	Mediation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Fines and Forfeitures	$55,000	$55,000	$56,560	$1,560
Investment Earnings	2,500	2,500	4,317	1,817
Total Revenues	57,500	57,500	60,877	3,377
Expenditures:				
Current:				
General Government	20,000	20,000	3,793	16,207
Capital Outlay	18,273	0	0	0
Total Expenditures	38,273	20,000	3,793	16,207
Net Change in Fund Balance	19,227	37,500	57,084	19,584
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	101,960	101,960	101,960	0
Fund Balance End of Year	$121,187	$139,460	$159,044	$19,584

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, 2006

	Tax Increment Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$0	$0	$0	$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	$0	$0	$0	$0

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, 2006

	General Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	$10,000	$10,000	$63,143	$53,143
Total Revenues	10,000	10,000	63,143	53,143
Expenditures:				
Debt Service:				
Principal Retirement	1,945,000	2,945,000	2,945,000	0
Interest and Fiscal Charges	829,300	1,046,300	986,666	59,634
Total Expenditures	2,774,300	3,991,300	3,931,666	59,634
Excess of Revenues Over (Under) Expenditures	(2,764,300)	(3,981,300)	(3,868,523)	112,777
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	0	600,000	615,001	15,001
Transfers In	2,550,000	3,550,000	3,520,478	(29,522)
Total Other Financing Sources (Uses)	2,550,000	4,150,000	4,135,479	(14,521)
Net Change in Fund Balance	(214,300)	168,700	266,956	98,256
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	414,829	414,829	414,829	0
Fund Balance End of Year	$200,529	$583,529	$681,785	$98,256

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, 2006

	Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	$60,000	$60,000	$57,823	($2,177)
Investment Earnings	25,000	25,000	72,023	47,023
Total Revenues	85,000	85,000	129,846	44,846
Expenditures:				
Debt Service:				
Principal Retirement	300,000	300,000	49,704	250,296
Interest and Fiscal Charges	20,400	20,400	10,557	9,843
Total Expenditures	320,400	320,400	60,261	260,139
Net Change in Fund Balance	(235,400)	(235,400)	69,585	304,985
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,241,375	1,241,375	1,241,375	0
Fund Balance End of Year	$1,005,975	$1,005,975	$1,310,960	$304,985

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, 2006

	Flood Protection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	$250,000	$650,000	$167,011	($482,989)
Investment Earnings	10,000	10,000	1,676	(8,324)
Other Revenues	1,000	1,000	2,250	1,250
Total Revenues	261,000	661,000	170,937	(490,063)
Expenditures:				
Capital Outlay	792,018	555,585	255,085	300,500
Total Expenditures	792,018	555,585	255,085	300,500
Net Change in Fund Balance	(531,018)	105,415	(84,148)	(189,563)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	138,576	138,576	138,576	0
Fund Balance End of Year	($392,442)	$243,991	$54,428	($189,563)

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, 2006

	State Issue II Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	$50,000	$880,000	$243,430	($636,570)
Total Revenues	50,000	880,000	243,430	(636,570)
Expenditures:				
Capital Outlay	293,330	873,674	823,774	49,900
Total Expenditures	293,330	873,674	823,774	49,900
Net Change in Fund Balance	(243,330)	6,326	(580,344)	(586,670)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	($243,330)	$6,326	($580,344)	($586,670)

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, 2006

	.2% Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$2,912,000	$2,912,000	$2,956,413	$44,413
Intergovernmental	0	0	82,900	82,900
Investment Earnings	150,000	150,000	351,558	201,558
Other Revenues	51,000	51,000	1,133,422	1,082,422
Total Revenues	3,113,000	3,113,000	4,524,293	1,411,293
Expenditures:				
Current:				
General Government	100,000	58,000	57,947	53
Capital Outlay	1,085,391	4,396,361	4,343,279	53,082
Total Expenditures	1,185,391	4,454,361	4,401,226	53,135
Excess of Revenues Over (Under) Expenditures	1,927,609	(1,341,361)	123,067	1,464,428
Other financing sources (uses):				
Transfers (Out)	(425,000)	(668,595)	(668,595)	0
Total Other Financing Sources (Uses)	(425,000)	(668,595)	(668,595)	0
Net Change in Fund Balance	1,502,609	(2,009,956)	(545,528)	1,464,428
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,900,402	6,900,402	6,900,402	0
Fund Balance End of Year	$8,403,011	$4,890,446	$6,354,874	$1,464,428

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, 2006

	.2% Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$2,912,000	$2,912,000	$2,956,413	$44,413
Intergovernmental	150,000	150,000	292,916	142,916
Investment Earnings	100,000	100,000	112,428	12,428
Other Revenues	250	250	0	(250)
Total Revenues	3,162,250	3,162,250	3,361,757	199,507
Expenditures:				
Current:				
General Government	100,000	100,000	57,947	42,053
Capital Outlay	1,186,620	5,627,442	5,386,015	241,427
Total Expenditures	1,286,620	5,727,442	5,443,962	283,480
Excess of Revenues Over (Under) Expenditures	1,875,630	(2,565,192)	(2,082,205)	482,987
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	5,000	5,000	0	(5,000)
Debt Proceeds and Premium	0	2,200,000	2,204,554	4,554
Transfers (Out)	(1,350,000)	(1,350,000)	(851,883)	498,117
Total Other Financing Sources (Uses)	(1,345,000)	855,000	1,352,671	497,671
Net Change in Fund Balance	530,630	(1,710,192)	(729,534)	980,658
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,080,710	3,080,710	3,080,710	0
Fund Balance End of Year	$3,611,340	$1,370,518	$2,351,176	$980,658

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, 2006

	Downtown Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	$250,000	$250,000	$105,447	($144,553)
Other Revenues	5,000	5,000	0	(5,000)
Total Revenues	255,000	255,000	105,447	(149,553)
Expenditures:				
Capital Outlay	5,034,964	5,629,477	5,596,606	32,871
Total Expenditures	5,034,964	5,629,477	5,596,606	32,871
Net Change in Fund Balance	(4,779,964)	(5,374,477)	(5,491,159)	(116,682)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,719,401	5,719,401	5,719,401	0
Fund Balance End of Year	$939,437	$344,924	$228,242	($116,682)

Internal Service Funds

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

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

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

Fiduciary Funds

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

Agency Funds

Warranty Bonds Fund - To account for warranty bonds collected.

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

City of Fairfield
Combining Statement of Net Assets
Internal Service Funds
December 31, 2006

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	$44,264	$319	$44,583
Total Assets	44,264	319	44,583
Liabilities:			
Current Liabilities:			
Accounts Payable	0	1,432	1,432
Accrued Wages and Benefits	0	19,966	19,966
Claims Payable	12,104	0	12,104
Total Current Liabilities	12,104	21,398	33,502
Long-Term Liabilities:			
Compensated Absences	0	75,544	75,544
Total Noncurrent Liabilities	0	75,544	75,544
Total Liabilities	12,104	96,942	109,046
Net Assets:			
Unrestricted	32,160	(96,623)	(64,463)
Total Net Assets	$32,160	($96,623)	($64,463)

City of Fairfield
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended December 31, 2006

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Operating Revenues:			
Charges for Services	$2,797,950	$615,323	$3,413,273
Other Revenues	0	353	353
Total Operating Revenues	2,797,950	615,676	3,413,626
Operating Expenses:			
Personal Services	0	437,076	437,076
Contractual Services	2,824,738	9,639	2,834,377
Materials and Supplies	0	270,670	270,670
Total Operating Expenses	2,824,738	717,385	3,542,123
Operating Income (Loss)	(26,788)	(101,709)	(128,497)
Non-Operating Revenues (Expenses):			
Investment Earnings	2,532	0	2,532
Total Non-Operating Revenues (Expenses)	2,532	0	2,532
Income (Loss) Before Contributions and Transfers	(24,256)	(101,709)	(125,965)
Transfers In	0	86,000	86,000
Change in Net Assets	(24,256)	(15,709)	(39,965)
Net Assets Beginning of Year	56,416	(80,914)	(24,498)
Net Assets End of Year	$32,160	($96,623)	($64,463)

City of Fairfield
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2006

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	$2,797,950	$615,676	$3,413,626
Cash Payments to Employees	0	(433,651)	(433,651)
Cash Payments to Suppliers	(2,824,792)	(279,129)	(3,103,921)
Net Cash Provided (Used) by Operating Activities	(26,842)	(97,104)	(123,946)
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	86,000	86,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	86,000	86,000
Cash Flows from Investing Activities:			
Earnings on Investments	2,532	0	2,532
Net Cash Provided (Used) by Cash Flows from Investing Activities	2,532	0	2,532
Net Increase (Decrease) in Cash and Cash Equivalents	(24,310)	(11,104)	(35,414)
Cash and Cash Equivalents Beginning of Year	68,574	11,423	79,997
Cash and Cash Equivalents End of Year	44,264	319	44,583
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(26,788)	(101,709)	(128,497)
Changes in Assets & Liabilities:			
Increase (Decrease) in Payables	(54)	1,180	1,126
Increase (Decrease) in Accrued Liabilities	0	3,425	3,425
Net Cash Provided (Used) by Operating Activities	($26,842)	($97,104)	($123,946)

City of Fairfield
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2006

	Municipal Court			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	$56,414	$1,300,572	$1,272,278	$84,708
Total Assets	56,414	1,300,572	1,272,278	84,708
Liabilities:				
Other Liabilities	56,414	1,300,572	1,272,278	84,708
Total Liabilities	$56,414	$1,300,572	$1,272,278	$84,708

	Warranty Bonds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	$22,574	$86	$2,712	$19,948
Total Assets	22,574	86	2,712	19,948
Liabilities:				
Other Liabilities	22,574	86	2,712	19,948
Total Liabilities	$22,574	$86	$2,712	$19,948

	Total All Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	$78,988	$1,300,658	$1,274,990	$104,656
Total Assets	78,988	1,300,658	1,274,990	104,656
Liabilities:				
Other Liabilities	78,988	1,300,658	1,274,990	104,656
Total Liabilities	$78,988	$1,300,658	$1,274,990	$104,656

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Statistical Section

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic and Demographic Information

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

Operating Information

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

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

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

	Calendar Year				
	2002	2003	2004	2005	2006
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	$49,060,051	$42,799,518	$55,787,920	$54,410,081	$57,602,463
Restricted	18,439,582	24,840,210	19,587,895	11,788,385	11,245,048
Unrestricted	8,736,673	7,213,215	8,929,247	18,606,085	20,702,996
Total governmental activities net assets	$76,236,306	$74,852,943	$84,305,062	$84,804,551	$89,550,507
Business-type activities					
Invested in Capital Assets, Net of Related Debt	$34,245,290	$35,166,882	$34,493,502	$34,091,302	$34,692,293
Restricted	0	0	1,438,321	1,131,986	1,193,743
Unrestricted	16,868,346	14,443,918	13,181,031	13,863,041	13,454,093
Total business-type activities net assets	$51,113,636	$49,610,800	$49,112,854	$49,086,329	$49,340,129

Source: City Records

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

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

	Calendar Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental Activities:					
General Government	$6,377,765	$5,569,878	$7,274,175	$7,172,448	$7,817,572
Public Safety	12,033,560	12,233,671	13,603,790	13,502,174	14,603,318
Leisure Time Activities	2,051,333	1,914,984	2,794,947	2,126,895	2,732,748
Community Development	1,812,689	3,073,536	1,113,666	1,043,526	1,232,188
Basic Utility Service	521,909	481,265	509,633	506,372	508,183
Transportation and Street Repair	6,656,322	7,719,625	5,052,846	10,240,547	8,377,486
Public Health and Welfare	25,576	25,809	25,278	25,007	24,363
Interest and Fiscal Charges	539,959	615,988	676,748	842,065	870,047
Total governmental activities expenses	30,019,113	31,634,756	31,051,083	35,459,034	36,165,905
Business-type activities:					
Water Utility	3,696,360	3,830,735	3,964,028	3,763,190	3,696,111
Sewer Utility	4,164,390	4,330,106	4,616,131	4,517,979	4,710,334
Solid Waste Management	1,749,193	1,685,265	1,728,745	1,751,984	1,851,371
Recreation Facilities	1,680,839	1,735,131	1,790,010	1,885,070	1,897,000
Total business-type activities expenses	11,290,782	11,581,237	12,098,914	11,918,223	12,154,816
Total primary government expenses	$41,309,895	$43,215,993	$43,149,997	$47,377,257	$48,320,721
Program Revenues					
Governmental Activities:					
Charges for Services and Sales:					
General Government	$1,272,226	$1,343,635	$2,905,819	$1,174,030	$1,282,363
Public Safety	107,392	21,239	17,073	1,463,507	1,715,358
Leisure Time Activities	87,931	95,126	63,257	474,215	200,442
Community Development	530,645	487,169	394,855	65,027	487,966
Basic Utility Service	408,479	494,624	445,150	491,588	479,807
Operating Grants and Contributions	3,507,178	1,481,204	1,279,580	2,628,669	3,356,835
Capital Grants and Contributions	335,590	150,233	1,797,917	1,556,398	781,952
Total governmental activities program revenues	6,249,441	4,073,230	6,903,651	7,853,434	8,304,723
Business-type activities:					
Charges for Services and Sales:					
Water Utility	3,346,234	3,295,461	3,382,911	3,509,115	3,468,314
Sewer Utility	3,576,138	3,995,556	4,234,392	4,170,483	4,569,010
Solid Waste Management	1,508,115	1,371,403	1,410,475	1,460,257	1,492,120
Recreation Facilities	1,409,174	1,486,307	1,417,897	1,533,572	1,644,698
Operating Grants and Contributions	0	0	273,206	0	0
Total business-type activities program revenues	9,839,661	10,148,727	10,718,881	10,673,427	11,174,142
Total primary government program revenues	$16,089,102	$14,221,957	$17,622,532	$18,526,861	$19,478,865

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

	Calendar Year				
	2002	2003	2004	2005	2006
Net (Expense)/Revenue					
Governmental Activities	($23,769,672)	($27,561,526)	($24,147,432)	($27,605,600)	($27,861,182)
Business-type activities	(1,451,121)	(1,432,510)	(1,380,033)	(1,244,796)	(980,674)
Total primary government net expenses	($25,220,793)	($28,994,036)	($25,527,465)	($28,850,396)	($28,841,856)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Income Taxes	$19,114,762	$18,457,637	$20,228,063	$20,316,676	$22,302,563
Property Taxes Levied for:					
General Purposes	4,558,801	4,958,234	5,958,198	4,954,867	1,293,193
Special Revenue Purposes	0	449,200	0	0	3,679,353
Grants and Entitlements not Restricted	2,916,695	1,725,249	2,728,213	2,263,680	3,197,933
Unrestricted Contributions	1,400	33,320	0	0	0
Investment Earnings	729,920	543,188	380,569	946,699	1,464,849
Refunds & Reimbursements	304,120	47,791	0	0	0
Other Revenues	129,755	68,403	317,431	273,167	1,219,247
Transfers-Internal Activities	(550,000)	(396,000)	(650,000)	(650,000)	(550,000)
Total governmental activities	27,205,453	25,887,022	28,962,474	28,105,089	32,607,138
Business-type activities:					
Investment earnings	442,843	300,408	162,472	428,305	647,220
Other Revenues	387,152	37,895	69,615	139,966	37,254
Transfers-Internal Activities	550,000	396,000	650,000	650,000	550,000
Total business-type activities	1,379,995	734,303	882,087	1,218,271	1,234,474
Total primary government	$28,585,448	$26,621,325	$29,844,561	$29,323,360	$33,841,612
Change in Net Assets					
Governmental Activities	$3,435,781	($1,674,504)	$4,815,042	$499,489	$4,745,956
Business-type activities	(71,126)	(698,207)	(497,946)	(26,525)	253,800
Total primary government	$3,364,655	($2,372,711)	$4,317,096	$472,964	$4,999,756

Source: City Records

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

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

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	$212,882	$616,570	$554,703	$522,932	$818,400	$160,638	$161,563	$121,876	$43,987	$74,657
Unreserved	3,358,520	6,737,593	5,138,937	6,215,653	6,979,338	7,933,176	6,821,257	7,911,739	9,273,993	10,510,419
Total General Fund	3,571,402	7,354,163	5,693,640	6,738,585	7,797,738	8,093,814	6,982,820	8,033,615	9,317,980	10,585,076
All Other Governmental Funds										
Reserved	1,064,138	5,810,869	7,589,883	8,076,069	4,379,646	5,783,624	10,885,107	6,512,144	6,792,569	5,254,491
Unreserved, Reported in:										
Special Revenue Funds	703,960	1,917,573	1,738,326	1,243,907	1,463,759	1,439,711	1,243,418	1,364,045	2,062,987	2,617,729
Debt Service Funds	0	0	0	0	0	0	1,551,097	1,582,749	1,652,542	1,991,644
Capital Projects Funds	(1,395,724)	4,033,239	7,986,546	8,905,054	8,061,210	10,030,048	10,562,319	8,371,053	194,779	(10,454)
Total all Other Governmental Funds	$372,374	$11,761,681	$17,314,755	$18,225,030	$13,904,615	$17,253,383	$24,241,941	$17,829,991	$10,702,877	$9,853,410

Source: City Records

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

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Taxes	$2,707,798	$20,178,989	$21,847,050	$23,935,601	$22,042,604	$22,579,590	$23,392,077	$26,220,071	$25,961,492	$27,105,520
Fines, Licenses & Permits	5,239,247	1,149,584	1,149,910	1,197,181	1,402,165	1,462,843	1,596,540	2,858,235	1,974,885	2,437,555
Charges for Services	4,718,008	325,553	432,979	399,394	450,036	610,245	645,196	851,781	1,573,729	1,525,192
Investment Earnings	1,959,997	1,092,893	1,442,894	1,705,009	1,376,349	718,590	541,134	379,609	815,309	1,441,262
Intergovernmental	287,460	789,011	484,917	1,159,005	6,478,071	5,311,046	4,803,384	4,504,553	6,767,918	6,489,289
Special Assessments	272,718	196,335	194,228	180,190	170,028	157,814	84,479	63,649	61,048	173,721
Other Revenues	316,543	543,004	156,298	1,382,632	1,597,086	787,342	295,901	274,294	436,861	1,322,942
Total Revenues	$15,501,771	$24,275,369	$25,708,276	$29,959,012	$33,516,339	$31,627,470	$31,358,711	$35,152,192	$37,591,242	$40,495,481
Expenditures:										
Current:										
General Government	$7,977,919	$3,053,126	$3,449,168	$4,217,147	$5,081,666	$6,049,495	$6,055,799	$6,036,322	$6,451,328	$7,355,804
Public Safety	129,258	7,144,615	8,200,367	9,158,689	10,104,904	11,861,430	11,855,307	12,344,876	12,958,223	13,570,140
Leisure Time Activities	173,891	772,473	788,275	842,935	994,972	1,754,887	1,219,328	1,314,111	1,887,376	2,083,769
Community Development	801,423	807,002	955,929	915,681	886,016	5,283,792	2,297,100	1,033,798	1,107,022	1,183,209
Basic Utility Service	724,963	338,654	342,155	402,185	401,395	521,909	481,265	509,030	506,372	508,183
Transportation and Street Repair		1,732,903	1,998,534	1,980,761	2,280,900	5,612,924	2,817,083	2,528,611	7,908,631	6,058,791
Public Health and Welfare	4,467,743	27,822	27,521	27,315	26,731	25,576	25,809	25,278	25,007	24,363
Capital Outlay	2,861,606	7,197,696	10,081,517	10,554,288	16,326,623	0	6,480,035	14,417,429	10,226,385	7,349,867
Debt Service:										
Principal Retirement	326,000	540,000	335,000	350,000	355,000	651,910	658,519	914,716	953,756	945,591
Interest and Fiscal Charges	320,988	289,815	359,868	361,833	472,071	539,959	615,988	676,748	642,186	998,885
Total Expenditures	$17,783,791	$21,904,106	$26,538,334	$28,810,834	$36,930,278	$32,301,882	$32,506,233	$39,800,919	$42,666,286	$40,078,602

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

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Excess (Deficiency) of Revenues Over Expenditures	($2,282,020)	$2,371,263	($830,058)	$1,148,178	($3,413,939)	($674,412)	($1,147,522)	($4,648,727)	($5,075,044)	$416,879
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	$0	$0	$0	$0	$0	$28,662	$21,086	$37,572	$17,295	$636,750
Proceeds from Capital Lease	0	0	0	0	394,645	0	0	0	0	0
Proceeds of Long-Term Capital-Related Debt	7,743	0	0	0	0	4,500,000	7,500,000	0	0	0
Proceeds of Debt	0	0	4,500,000	0	0	0	0	0	0	0
Proceeds from Sale of Assets	0	0	627,309	30,615	208,032	0	0	0	0	0
Transfers In	371,713	6,582,830	5,203,657	3,761,082	2,331,616	2,824,720	3,469,673	2,958,603	3,092,588	6,168,926
Transfers (Out)	(371,713)	(6,882,830)	(5,608,657)	(4,311,082)	(2,781,616)	(3,424,720)	(3,965,673)	(3,708,603)	(3,877,588)	(6,804,926)
Total Other Financing Sources (Uses)	7,743	(300,000)	4,722,309	(519,385)	152,677	3,928,662	7,025,086	(712,428)	(767,705)	750
Net Change in Fund Balances	($2,274,277)	$2,071,263	$3,892,251	$628,793	($3,261,262)	$3,254,250	$5,877,564	($5,361,155)	($5,842,749)	$417,629
Debt service as a percentage of noncapital expenditures (1)	7.0%	4.3%	4.3%	4.2%	4.2%	3.3%	4.2%	4.7%	3.5%	4.6%

Source: City Records

(1) - Noncapital expenditures is total expenditures minus capital outlay

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

Calendar Year	Real Property Assessed Value	Tangible Personal Property Assessed Value	Public Utilities Personal Assessed Value	Total Assessed Value	Total Estimated Acual Value	Total Direct Rate
1997	$599,299,360	$82,509,703	$38,503,940	$720,313,003	$2,058,037,151	4.54
1998	617,858,990	89,418,897	37,236,850	744,514,737	2,127,184,963	4.54
1999	631,172,270	88,625,751	37,098,140	756,896,161	2,162,560,460	4.54
2000	698,696,370	94,392,458	37,139,060	830,227,888	2,372,079,680	4.54
2001	713,313,820	86,791,735	33,922,640	834,028,195	2,382,937,700	5.94
2002	726,716,790	96,412,084	26,214,800	849,343,674	2,426,696,211	5.94
2003	842,270,440	89,464,979	26,456,830	958,192,249	2,737,692,140	5.94
2004	855,233,590	92,277,743	26,640,650	974,151,983	2,783,291,380	5.94
2005	860,513,110	96,878,011	28,395,480	985,786,601	2,816,533,146	5.94
2006 (1)	925,860,030	100,613,661	28,118,140	1,054,591,831	3,079,635,732	5.94

Source: County Auditor

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

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

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

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

		Overlapping Rates		
Calendar Year	Total Direct Rate	County Levy	School Levy	Voactional School Levy
1997	4.54	8.45	53.56	1.93
1998	4.54	8.45	53.56	1.93
1999	4.54	8.44	54.16	1.93
2000	4.54	8.45	54.46	1.93
2001	5.94	8.45	54.23	1.93
2002	5.94	8.75	54.10	1.93
2003	5.94	8.75	53.82	1.93
2004	5.94	8.74	53.82	1.93
2005	5.94	8.74	58.66	1.93
2006	5.94	9.44	58.60	1.93

Source: County Auditor

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

City of Fairfield
Principal Property Tax Payers
Current Year and Prior Year (1)
Schedule 7

	2006 (2)	
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Cincinnati Gas & Electric Company	$21,331,980	2.02%
CFC Investment Company	16,913,280	1.60%
Sam Boymel Trustee	9,720,740	0.92%
Ohio Casualty Insuance	7,733,750	0.73%
Faith-Village Park Apartments	5,709,930	0.54%
Alliance TP Portfollio LTD	5,540,810	0.53%
TGM Camelot, Inc.	5,260,550	0.50%
Teacher Retirement System	5,105,830	0.48%
Cincinnati-Oxford Assn.	4,917,700	0.47%
Meijer Stores LTD PRT	4,689,620	0.44%
	$86,924,190	8.23%

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

Source: County Auditor

(1) - Current and prior year information only available
(2) - 2006 tax year
(3) - 2005 tax year

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

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Deliquent Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	$2,311,387	$2,265,159	98.00%	$45,366	$2,310,525	99.96%
1998	2,343,575	2,323,993	99.16%	65,411	2,389,404	101.96%
1999	2,403,795	2,391,493	99.49%	69,951	2,461,444	102.40%
2000	2,565,713	2,481,304	96.71%	45,275	2,526,579	98.47%
2001	4,424,612	4,213,486	95.23%	114,510	4,327,996	97.82%
2002	5,027,858	4,451,961	88.55%	130,067	4,582,028	91.13%
2003	4,701,032	4,723,070	100.47%	147,215	4,870,285	103.60%
2004	4,831,100	4,618,793	95.61%	133,406	4,752,199	98.37%
2005	4,761,737	4,632,520	97.29%	98,853	4,731,373	99.36%
2006	5,598,860	5,256,965	93.89%	166,681	5,423,646	96.87%

Source: County Auditor

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

Calendar Year	Income Tax Rate	Withholding	Business	Individuals	Total	Percentage of Total			
						Withholding	Business	Individuals	Total
1997	1.50%	$9,307,130	$1,101,190	$2,477,265	$12,885,585	72.2%	8.5%	19.2%	100.0%
1998	1.50%	9,816,916	1,224,949	2,754,278	13,796,143	71.2%	8.9%	20.0%	100.0%
1999	1.50%	11,215,932	1,508,454	2,695,471	15,419,857	72.7%	9.8%	17.5%	100.0%
2000	1.50%	12,208,006	1,640,703	2,995,555	16,841,779	72.5%	9.7%	17.8%	100.0%
2001	1.50%	13,578,070	1,484,352	3,060,897	18,123,319	74.9%	8.2%	16.9%	100.0%
2002	1.50%	13,613,373	1,513,207	3,100,696	18,227,276	74.7%	8.3%	17.0%	100.0%
2003	1.50%	14,323,319	2,033,946	2,628,683	18,985,948	75.4%	10.7%	13.8%	100.0%
2004	1.50%	15,268,560	2,149,376	3,013,100	20,431,036	74.7%	10.5%	14.7%	100.0%
2005	1.50%	16,077,087	2,481,067	2,861,497	21,419,651	75.1%	11.6%	13.4%	100.0%
2006	1.50%	16,835,490	2,453,588	2,884,054	22,173,132	75.9%	11.1%	13.0%	100.0%

Source: City Finance Department

City of Fairfield
Principal Income Taxpayers
Current and Prior Year(1)
(cash basis of accounting)
Schedule 10

	2006
Name	Amount
Cincinnati Insurance	$2,556,982
Ohio Casualty Group	1,132,127
Mercy Regional Health System	737,669
Fairfield Board of Education	632,349
Medco Health Solutions	510,152
City of Fairfield	259,417
Pacific Mfg Ohio Inc.	226,750
FedEx Freight East Inc	182,398
Koch Meat Co Inc	228,501
PNG Telecommunications Inc	159,146
Total Collections - Principal Taxpayers	$6,625,490
Total Collections	$22,173,132
Combined percentage of total income taxes	29.9%

	2005
Name	Amount
Cincinnati Insurance	$2,334,290
Ohio Casualty Group	1,098,268
Mercy Regional Health System	678,983
Fairfield Board of Education	611,055
Medco Health Solutions	468,951
City of Fairfield	251,053
Pacific Mfg Ohio Inc	200,874
FedEx Freight East Inc	169,021
PNG Telecommunications Inc	148,731
Tri-County Exended Care Ct	146,928
Total Collections - Principal Taxpayers	$6,108,153
Total Collections	$21,419,651
Combined percentage of total income taxes	28.5%

Source: City Finance Department

(1) - Only current and prior year information available

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

	Governmental Activities				Business-type Activities						
Calendar Year	General Obligation Bonds	Notes Payable	Special Assessment Bonds	Capital Leases	Loans	General Obligation Bonds	Mortgage Revenue Bonds	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
1997	$1,635,000	$1,750,000	$600,000	$0	$11,016,333	$0	$2,330,000	$2,750,000	$20,081,333	0.25%	$819
1998	1,195,000	2,900,000	500,000	0	13,100,042	0	6,925,000	2,350,000	26,970,042	0.32%	1,034
1999	5,455,000	995,000	405,000	0	13,679,505	0	6,500,000	1,900,000	28,934,505	0.32%	1,053
2000	5,205,000	745,000	305,000	0	12,975,110	0	6,060,000	3,000,000	28,290,110	0.30%	989
2001	4,945,000	4,500,000	210,000	382,998	11,827,062	0	5,600,000	2,550,000	30,015,060	0.31%	1,039
2002	8,945,000	0	130,000	311,088	11,162,823	2,220,000	5,115,000	1,500,000	29,383,911	0.30%	1,004
2003	15,930,000	0	75,000	222,569	10,502,496	2,140,000	4,605,000	1,500,000	34,975,065	0.34%	1,165
2004	15,120,000	0	50,000	149,347	9,923,688	2,060,000	4,070,000	1,500,000	32,873,035	0.30%	1,049
2005	14,275,000	9,000,000	25,000	65,591	9,321,282	1,975,000	3,505,000	4,000,000	42,166,873	N/A	N/A
2006	13,420,000	9,200,000	0	0	8,694,316	1,885,000	3,280,000	3,000,000	39,479,316	N/A	N/A

Source: City Finance Department

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

N/A - Information not available

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

Calendar Year	General Bonded Debt Outstanding: General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1997	$1,635,000	0.23%	$39
1998	1,195,000	0.06%	29
1999	5,455,000	0.25%	130
2000	5,205,000	0.22%	124
2001	4,945,000	0.21%	115
2002	8,945,000	0.37%	206
2003	15,930,000	0.58%	358
2004	15,120,000	0.54%	360
2005	14,275,000	0.51%	337
2006	13,420,000	0.44%	317

Source: City Finance Department

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

City of Fairfield
Direct and Overlapping Governmental Activities Debt
As of December 31, 2006
Schedule 13

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Fairfield
Fairfield City	$27,505,000	100.00%	$27,505,000
Butler County	72,353,870	13.45%	9,731,596
Fairfield City School District	34,090,655	72.17%	24,603,226
Lakota L School District	161,918,950	0.48%	777,211
Northwest L School District	21,040,000	0.01%	2,104
Butler Technology & Career Center Jt. Voc. School District	3,095,000	15.35%	475,083
Total Direct and Overlapping Debt	$320,003,475		$63,094,219

Source: Ohio Municipal Advisory Council

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

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

Legal Debt Margin Calculation for Calendar Year 2006

Assessed value	$1,054,591,831	$1,054,591,831
Statutory legal debt limitation (1)	10.5%	5.5%
Total debt limitation	110,732,142	58,002,551
Debt applicable to limit:		
Gross Indebtedness	13,420,000	13,420,000
Less: Bond Retirement Fund Balance	681,787	681,787
Total net debt applicable to limit	12,738,213	12,738,213
Legal debt margin	$97,993,929	$45,264,338

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Debt Limit (1)										
Debt Limit (10.5%)	$75,625,515	$78,174,047	$79,474,097	$87,173,928	$87,572,960	$89,181,086	$100,610,186	$102,285,958	$103,507,593	$110,732,142
Total Net Debt Applicable to Limit	3,037,444	3,740,193	6,096,616	5,580,076	9,281,783	8,478,368	15,512,938	14,707,804	13,860,169	12,738,213
Legal Debt Margin	$72,588,071	$74,433,854	$73,377,481	$81,593,852	$78,291,177	$80,702,718	$85,097,248	$87,578,154	$89,647,424	$97,993,929
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.0%	4.8%	7.7%	6.4%	10.6%	9.5%	15.4%	14.4%	13.4%	11.5%

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	$39,613,365	$40,948,311	$41,629,289	$45,662,534	$45,871,551	$46,713,902	$52,700,574	$53,578,359	$54,218,263	$58,002,551
Total Net Debt Applicable to Limit	3,037,444	3,740,193	6,096,616	5,580,076	9,281,783	8,478,368	15,512,938	14,707,804	13,860,169	12,738,213
Legal Debt Margin	$36,575,921	$37,208,118	$35,532,673	$40,082,458	$36,589,768	$38,235,534	$37,187,636	$38,870,555	$40,358,094	$45,264,338
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.7%	9.1%	14.6%	12.2%	20.2%	18.1%	29.4%	27.5%	25.6%	22.0%

Source: City Records

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

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

	Special Assessment Bonds			
Calendar Year	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage
1997	$180,717	$600,000	$45,756	0.28
1998	188,127	500,000	38,130	0.35
1999	202,191	405,000	30,885	0.46
2000	186,351	305,000	23,259	0.57
2001	174,797	210,000	16,015	0.77
2002	160,275	130,000	10,587	1.14
2003	53,988	75,000	5,719	0.67
2004	76,098	50,000	3,813	1.41
2005	161,327	25,000	1,906	6.00
2006	N/A	0	0	N/A

Source: County Auditor

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

N/A - Information not available

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

Calendar Year	Population	Personal Income (Thousands of Dollars) (1)	Per Capita Personal Income (2)	Unemployment Rate (3)
1997	41,551	$7,983,144	$24,531	2.40%
1998	41,759	8,560,958	26,079	2.30%
1999	41,968	9,087,357	27,475	2.20%
2000	42,097	9,547,252	28,608	2.90%
2001	43,149	9,729,127	28,881	3.20%
2002	43,365	9,938,473	29,273	4.30%
2003	44,449	10,285,549	30,014	4.60%
2004	41,981	10,844,563	31,332	4.80%
2005	42,370	N/A	N/A	4.70%
2006	42,370	N/A	N/A	4.50%

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

N/A - Information not available

City of Fairfield
Principal Employers (3)
Current Year (1)
Schedule 17

	2006 (2)	
Employer	Number of Employees (3)	Percentage of Total City Employment (3)
Miami University	4,250	2.35%
AK Steel	3,142	1.74%
Cincinnati Insurance Co.	2,600	1.44%
Butler County Government	2,000	1.11%
Ft. Hamilton Memorial Hospital	2,000	1.11%
Middletown Regional Hospital	1,800	1.00%
Mercy Regional Hospital	1,601	0.89%
Lakota School District	1,600	0.88%
Ohio Casualty Insurance Co.	1,300	0.72%
Hamilton City School District	1,150	0.64%
	21,443	11.85%

Source: City Economic Development Division

(1) - Only current fiscal year information available
(2) - Data current as of December, 2006
(3) - Data for all of Butler County

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

	Full-Time Equivalent Employees as of December 31									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Function/Program										
General Government										
City Administration	5	6	6	6	6	5	6	6	5	5
City Council	1	1	1	2	2	2	2	2	2	2
Engineering	5	6	7	7	8	8	8	8	7	7
Facility/Janitors	2	2	2	2	2	2	2	2	2	2
Municipal Court	12	13	12	16	18	17	19	19	18	19
Finance	13	14	15	16	19	19	19	20	21	20
Public Safety										
Police										
Officers	50	48	52	57	50	59	60	59	61	60
Non-Sworn	17	16	19	18	18	19	20	20	19	20
Fire	6	6	15	21	23	23	24	24	27	30
Leisure Time Activities										
Parks and recreation	14	14	14	14	18	17	21	21	23	22
Communuity Development										
Planning and Zoning	6	5	6	6	5	5	4	4	4	4
Building Inspection	7	7	8	8	7	7	7	8	8	9
Economic Development	0	0	0	0	0	1	1	1	1	1
Basic Utility Service										
Water	20	20	20	20	21	21	22	22	21	20
Storm Sewers	0	0	0	0	0	0	0	0	0	0
Wastewater	20	21	24	22	21	23	22	23	21	22
Transportation and Street Repair	23	23	23	24	27	27	26	30	30	30
Total	201	202	224	239	245	255	263	269	270	273

Source: City Finance Department

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

Function/Program	Calendar Year 1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Community Environment										
Planning and Development										
Building permits issued	2,502	2,719	1,735	2,203	2,011	2,164	2,140	2,237	2,192	1,910
Building inspections conducted	(b)	(b)	6,629	5,699	5,959	6,847	5,343	5,733	4,895	4,030
Economic Development										
Value of Residential Construction	$14,512,949	$22,323,114	$10,435,556	$14,853,756	$13,891,545	$15,291,021	$19,381,595	$18,884,763	$19,727,985	$15,292,249
Value of Commercial Construction	$42,571,748	$59,017,601	$28,133,086	$32,012,242	$36,009,579	$39,900,230	$76,493,987	$28,039,382	$45,152,931	$68,682,460
General Government										
Finance Department - Income Tax										
Income Tax Refunds	985	800	1,016	1,008	1,166	1,228	1,322	1,122	1,126	1,050
Dollar Amount of Refunds	$216,782	$175,323	$332,367	$461,841	$446,399	$400,338	$551,286	$490,110	$514,281	$435,208
Average Refund Amount	$220	$219	$327	$458	$383	$326	$417	$437	$457	$414
Court										
Number of Criminal Cases	3,106	2,794	2,479	2,356	2,024	2,759	4,111	2,744	3,432	4,066
Number of Civil Cases	1,038	1,076	1,107	1,114	1,217	1,540	1,638	1,928	1,876	1,905
Construction Services										
Square Footage of Sidewalk Repairs	4,023	4,740	11,071	10,835	16,787	47,330	12,823	14,769	1,110	16,439
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	1,873	1,550	1,528	1,514	1,299	1,387	1,483	1,236	1,223	1,178
Juvenile	477	376	438	462	394	393	385	382	474	565
Citations	8,333	7129	8099	9058	8922	7207	7,036	5,428	7,354	5,758
Accidents	1,716	1,717	1,744	1,611	1,615	1,563	1,516	1,516	1,470	1,514
Fire										
Emergency responses	2,594	2,602	2,914	3,041	3,226	3,484	3,574	3,681	3,818	4,247
Fire Calls	166	154	182	169	153	167	172	143	3,172	4,461
Inspections	2,800	2,820	2,800	2,850	2,900	3,000	3,300	3,200	3,560	3,600
Transportation										
Public Works										
Number of Street Miles Resurfaced	(b)	(b)	7	8	6	8	9	6	6	5
Tons of Street Salt Used	(b)	1,599	3,412	5,284	1,449	3,240	6,725	4,159	3,811	949
Cubic Yards of Leaves Picked-up	(b)	7,139	8,066	6,264	5,697	7,346	3,053	5,770	5,985	8,054
Leisure										
Parks and Recreation										
Number of Theather Patrons	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	8,113	11,842
Number of Pool Admissions	26,000	28,757	29,197	31,708	34,810	36,550	38,000	40,139	42,614	43,124
Program Attendance:										
Youth/Preschool	4,500	6,872	5,939	6,784	6,823	7,224	8,168	9,259	15,245	18,968
Fitness	(b)	995	223	185	172	320	725	950	6,800	8,311
Senior Activities	(b)	(b)	250	250	275	320	350	420	5,500	9,883

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

	Calendar Year									
Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Water										
Water main breaks	39	32	53	47	35	43	43	55	55	35
Average daily consumption (millions of gallons)	4.92	4.843	5.512	5.572	5.017	5.057	4.789	4.986	5.125	5.040
Peak daily consumption (millions of gallons)	6.96	5.940	6.983	6.430	5.670	7.020	5.366	5.739	6.076	6.546
Wastewater										
Average daily sewage treatment (millions of gallons)	5.410	5.535	5.237	5.553	5.389	5.724	5.717	5.605	5.977	5.308

Source: Various City Departments

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

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

Function/Program	Calendar Year 1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Municipal Building (square footage)	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,284
Municipal Building Annex (square footage)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	7,424
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795	50,033
Police Cruisers	19	19	19	20	20	20	21	21	21	26
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	4	4	4	4	4	4	4	4	4	4
Number of EMS Vehicles	4	4	4	4	4	4	4	4	4	4
Public Works										
Area of City (square miles)	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18
Streets (miles)	330	330	330	330	367	367	367	380	380	380
Highways (miles)	10.43	10.43	10.43	10.43	10.43	10.43	10.43	10.43	10.43	10.43
Streetlights	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525
Traffic signals	40	42	46	47	49	52	53	53	53	55
Parks and Recreation										
Number of Parks	18	19	20	22	24	24	24	24	24	25
Area of Parks (acreage)	396.00	436.00	436.00	438.05	438.50	438.50	438.50	438.50	438.50	469
Playgrounds	8	8	8	9	9	10	11	11	12	12
Baseball/softball diamonds	16	16	16	16	16	16	16	16	16	16
Soccer/football fields	10	10	10	10	11	11	11	11	11	11
Aquatic Center /Swimming pools	1	1	1	1	1	1	1	1	1	1
Community Arts centers	0	0	0	0	0	0	0	0	1	1
Golf Courses	1	1	1	1	1	2	2	2	2	2
Municipal Water										
Storage Capacity (millions of gallons)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water Mains (miles)	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00
Fire hydrants	2,135	2,165	2,217	2,221	2,238	2,255	2,278	2,299	2,301	2,326
Sewers										
Treatment Capacity (millions of gallons)	6.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Sanitary Sewers (miles)	143.50	152.30	153.80	157.20	159.80	160.20	160.40	161.00	164.00	166.10

Source: Various City Departments

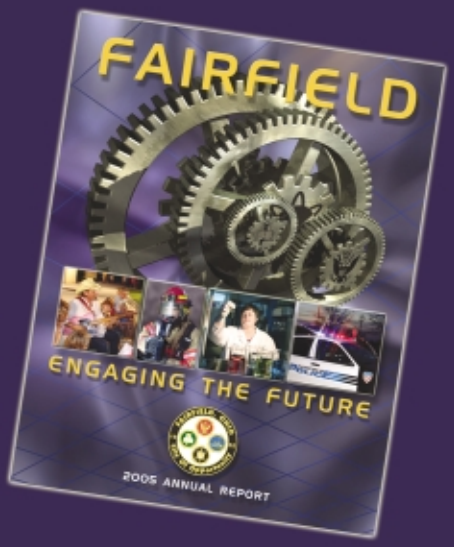
(a) - Not available. Building was renovated in 2006 to house the City's Income Tax Division and IT Division.

FAIRFIELD

ENGAGING THE FUTURE

FAIRFIELD, OHIO
1955
City Of Opportunity

2005 ANNUAL REPORT



About the cover

The City of Fairfield quietly serves. That's the way local government is supposed to operate.

During 2005, the City of Fairfield celebrated its 50th anniversary, focusing much attention on the pioneers and roots of Fairfield's past. As part of that history, City founders adopted a seal in 1963 comprised of four interlocking gears representing the interdependence between government, technology, industry and education.

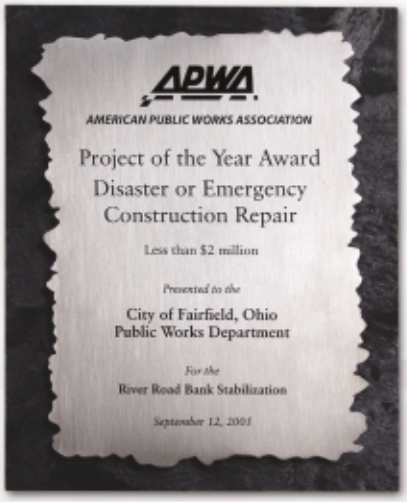
Within each hub, smaller — often unseen — elements perpetuate the driving force of our thriving community. Within the local government sector, City staff members undertake a myriad of activities to ensure ongoing services and to find innovative, cost-efficient ways to achieve even more within the framework of existing resources... just as each resident does within every household.

Meeting the current needs of a dynamic community is not so much the measure of a city's success as is the consistent anticipation and planning for the future needs of its citizens. In Fairfield, success is derived from looking ahead and... "engaging the future."

Major Awards

Three noteworthy awards were bestowed upon the City of Fairfield during 2005 for exemplary efforts to serve the needs of residents.

The Ohio Parks and Recreation Association (OPRA) honored the new Fairfield Community Arts Center with its 2005 Facility Design Award with a rating of Superior, the Association's highest level of recognition. The OPRA 2005 Awards of Excellence recognized the new Center in the $5,000,001 to $10,000,000 category. The 40,000 square foot center, which opened in May 2005, houses a 250-seat, state-of-the-art theater, a multi-purpose community/banquet room with a terrace overlooking the Village Green Park, an arts and crafts studio, a dance and fitness room, a Senior Citizens lounge, children's activity room, classroom and art gallery.



Two separate accolades were earned by the Fairfield Public Works Department for emergency repairs to East River Road after torrential rainstorms caused the Great Miami River to undermine the roadway near Cincinnati's Bolten Water Plant in 2004.

The road was impassable and was immediately closed to all traffic. Recognizing the importance of the road to the 6,000 motorists using it daily, a temporary road was installed around the damaged area to carry traffic while extensive repairs were undertaken.

The project was recognized nationally by the American Public Works Association as its "Project of the Year" for projects requiring an expenditure of less than $2 million.

That same project also received recognition from the American Society of Highway Engineers.

Fairfield Mayor & City Council

Fairfield's government services are directed by a body of elected representatives, each from diverse backgrounds who have a common pledge to represent the will of the community. Their collective vision and direction over the years to engage the future have created a thriving contemporary community.

The City of Fairfield operates under a Council-Manager form of government, which provides for an elected Mayor and City Council working with an appointed City Manager. The Mayor and three Council Members are elected at-large, with Council Members also elected from each of Fairfield's four wards.

City Council is responsible for establishing City policy and enacting legislation to guide the direction of the municipal government. Other responsibilities include the establishment of rates for public utilities and the authority to retain independent, certified public accountants to audit City records.

During 2005, Fairfield's City Council conducted more than 65 public meetings, including regular meetings, council/manager briefings, special sessions and public hearings. As a result of public input and careful Council consideration, 248 ordinances and resolutions were adopted during the year.

City Council is comprised of seven committees: Community and Public Relations; Development Services; Finance & Budget; Parks, Recreation & Environment; Public Safety; Public Utilities; and Public Works. Each Council member serves as a chairperson, a vice chair and a member on three separate committees.

Ronald A. D'Epifanio
Mayor

Michael D. Snyder
1st Ward Councilman

Martin H. Judd
2nd Ward Councilman

Mitch Rhodus
3rd Ward Councilman

Steven E. Miller
4th Ward Councilman

Tim Abbott
Councilman-at-Large

Timothy M. Meyers
Councilman-at-Large

Michael Oler
Councilman-at-Large

TV Fairfield gains new look

Telecommunications technology has touched each and every resident. Recognizing the importance of the medium, Fairfield introduced a state of the art system to further improve communications with residents via TV Fairfield, broadcast on channel 18 of Time Warner Cable .

The improved system provides attractive graphics used in communicating information about upcoming community events, important community service messages and news relating to municipal government.

The system is programmed and cablecast from within the Clerk of Council's office at the Municipal Building.

Senior Leadership

Leadership is the paramount element for solid planning well into the future. With an average tenure of 20 years as directors of their respective departments, Fairfield's senior management staff has developed a keen insight into the future that only can be acquired through years of experience:

Arthur E. Pizzano Ⓐ
City Manager
(Tenure: 8 years in Fairfield; 33 years in local government) Prior to accepting the position of Fairfield City Manager, Mr. Pizzano served as City Manager of West Des Moines, Iowa and was also employed in cities in both Colorado and New Jersey. Mr. Pizzano earned a Master of Business Administration from the University of Colorado as well as two degrees from Rutgers University, including a Master of City and Regional Planning. He has been featured in several national publications, including a book entitled "The Entrepreneur in Local Government."

Dennis R. Stuckey Ⓑ
Assistant City Manager
(Tenure: 13 Years) With more than 30 total years of municipal management, Mr. Stuckey's prior experience includes service with the cities of Portage, Michigan; Titusville, Pennsylvania; and Oxford, Ohio. Mr. Stuckey earned his Bachelor's Degree in Political Science from DePauw University and his Master of Public Policy from the University of Michigan.

John H. Clemmmons Ⓒ
Law Director
(Tenure: 30 Years) After serving from 1976 as Assistant Law Director, Mr. Clemmons was appointed Law Director in 1980. Since then, he has been directly involved in every major policy decision and capital improvement project. In addition to service to Fairfield, Mr. Clemmons serves as legal advisor to the Fairfield School district in addition to his private practice with the respected Millikin & Fitton Law Firm.

James A. Hanson Ⓓ
Finance Director
(Tenure: 26 Years) Mr. Hanson was appointed as Fairfield's Finance Director in 1980 at a time when Fairfield's annual budget was $16 million, only a fraction of today's budget of nearly $52 million. Mr. Hanson has distinguished himself and his service by receiving a certificate of excellence from the Government Finance Officers Association for 18 consecutive years.

David A. Bock Ⓔ
Director of Public Works
(Tenure: 31 Years) A Registered Surveyor, Mr. Bock — a Fairfield native — first joined the City as an Engineering Aide in 1975. He advanced through the ranks to become Director in 1990. Under his leadership, his department became second in Ohio and the 20th in the nation to earn accreditation by the American Public Works Association.

James A. Bell Ⓕ
Director of Parks & Recreation
(Tenure: 28 Years) Mr. Bell has been directing park and recreation activities since first joining the City in 1978. Under his guidance, the Fairfield Parks and Recreation Department has grown to include 365 acres of park land, 28 parks and recreation facilities, and programs touching thousands of participants annually.

Dena C. Morsch Ⓖ
Clerk of Council
(Tenure: 27 Years) Ms. Morsch began as a part-time Clerk with the City in 1979. She was appointed the following year as Clerk of Council. Over the years, she lists her involvement with the committee establishing Veterans Memorial Park as among her most enduring contributions.

Donald G. Bennett Ⓗ
Fire Chief
(Tenure: 22 Years) Chief Bennett became Fairfield's first career Fire Chief in 1984. Over the years, he has overseen the transition of a department which currently relies on a core staff of full-time professional Firefighter/Paramedics along with part-time professional Firefighters. Chief Bennett has earned his Chief Fire Officer designation from the International Association of Fire Chiefs.

Timothy G. Bachman Ⓘ
Director of Development Services
(Tenure: 21 Years) After serving as a college co-op student in 1985, Mr. Bachman worked as a Long Range Planner, becoming Planning Director in 1987. His efforts have helped the City recover from the impact of Fisher Body's 1987 closing.

David E. Crouch Ⓙ
Customer Service Manager
(Tenure: 21 Years) Mr. Crouch began his career with the City as a Meter Reader. Over the years, he worked as Operator Maintenance Worker, Safety Coordinator and Special Projects Coordinator. His depth of acquired knowledge well qualified him for his current position, which serves as an ombudsman for a variety of needs.

Jenny L. Burton Ⓚ
Administrative Assistant
(Tenure: 17 Years) As a part-time Clerk at the Reception Desk, Ms. Burton first started with the City in 1988. She also worked in the Utility Billing Office and later as the City's only Zoning Inspector. She then worked in the City Manager's Office, earning the title of Administrative Assistant in 2001.

J. Dwight Culbertson Ⓛ
Director of Public Utilities
(Tenure: 16 Years) Since appointment in 1990, Mr. Culbertson has addressed some of the toughest challenges facing a rapidly growing community. He developed the masterplan for increasing capacities in the sanitary sewer system. He has also been instrumental in the Hamilton to New Baltimore Groundwater Consortium, a multijurisdictional organization formed to safeguard the region's aquafier.

Kenneth W. McFarland Ⓜ
Director of Human Resources
(Tenure: 8 Years) After working in Human Resources at General Electric for 31 years, Mr. McFarland became the City's first Human Resources Director in 1998. In his position, he has organized every aspect of the City's Human Resources Department.

Michael J. Dickey Ⓝ
Police Chief
(Tenure: 7 Years) Chief Dickey came to Fairfield from Englewood, Ohio, following a national search. In the four years following his appointment, the City earned accreditation from the Commission on Accreditation for Law Enforcement Agencies.

To Our Residents

City of Fairfield

Dear Citizens of Fairfield,

We are pleased to present this 2005 Annual Report of the City's finances, as well as a brief review of significant administrative and legislative activities during the calendar year. Fairfield residents have received a level of quality of public service that rivals the best in the nation, as demonstrated by the awards and accreditations earned by various departments. A few of them are highlighted on the inside cover of this publication.

The goal of the Fairfield Mayor and City Council, and each employee of the City, is to deliver quality services at an economical price. While this report covers achievements from 2005, efforts have been made to ensure that City departments are looking ahead – "Engaging the Future," as this year's theme suggests. As Fairfield continues as a leader in providing services that are deserving of national attention today, it must continue to anticipate and plan for the needs of tomorrow.

As is demonstrated in this year's Annual Report, the use of technology, innovation and resourcefulness are all keys to greater efficiency and quality. Our City government strives to be creative, accountable and entrepreneurial. In short, we are committed to do our best to run our "business" as a business, while always maintaining focus on our responsibility to be of service to our residents and businesses.

While many residents and businesses may not regularly reflect on the day-to-day operation of their local government, City operations do have an immediate effect on our daily lives. We expect that a 9-1-1 operator will quickly dispatch emergency units in a time of crisis; that our streets will be cleared from snow and ice in a timely manner; that the purest of water will flow from our faucets; and that someone is planning for the future needs of our youngest citizens. Our residents and businesses can take solace in light of the advance planning and preparation that is Fairfield's hallmark.

Each day, the challenge to our elected officials and staff is to find better ways to do more with less and to operate within the budget provided through our residents and local business persons. After all, the "business" of "service" is best served when the gears of our community continue to mesh smoothly.

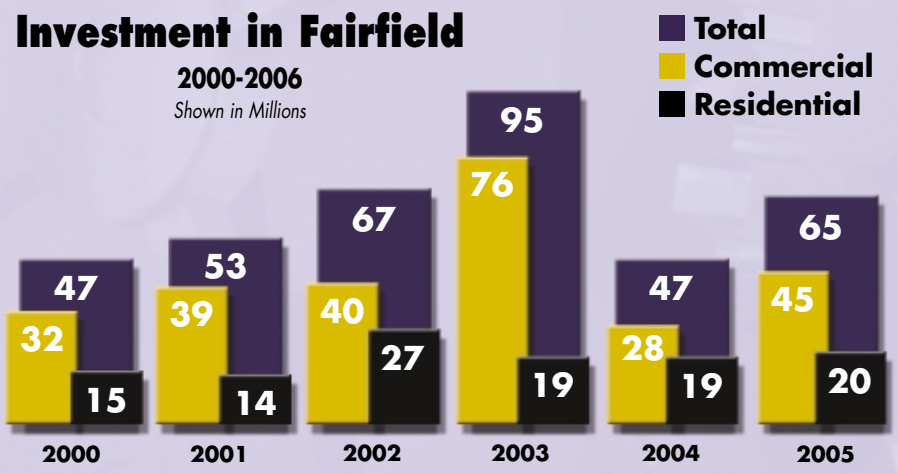
Respectfully submitted,

Ronald A. D'Epifanio
Mayor

Arthur E. Pizzano
City Manager

Development Services

Fairfield's Department of Development Services is responsible for the planning, economic development, building and zoning functions which promote a dynamic business and residential environment. The Department also initiates programs to attract and retain business and industry in Fairfield.



Building investments in Fairfield increase during 2005

Businesses and homebuyers invested $65 million in new construction during 2005, a 38 percent increase over construction in 2004. Most of the increase was in the area of commercial/industrial development, which totaled $45 million, based on building permit valuations. Fairfield's residential sector accounted for the remaining $20 million, a level which has plateaued over the last three years.

With much of Fairfield's residential area already developed, remaining land is somewhat limited. With the exception of the Emerald Lake Subdivision along Pleasant Avenue at Resor Road, area developers have introduced smaller projects. The Fairview Hills development on Mack Road near the Wildwood area was begun with plans for 27 single family homes. Olde Fairfield, a mixed-use residential development includes 28 units and 6,500 square feet of proposed retail development in the Village Green area. Construction also continued in Lunsford Estates and the Ross Road subdivisions, where a total of 23 homes will be built.

With a growing need for expanding wireless communication grids, the City has made public areas available for transmission equipment. Not only have water towers and park areas minimized the need for such structures in more visible areas, the City also has realized an annual revenue of approximately $60,000 that is reinvested in community improvements.

Major commercial/industrial developments to offer new jobs

While attractive residential options make Fairfield desirable, commercial and industrial growth is important to keep the community vibrant well into the future. Commercial growth creates new jobs, which — in turn — provide financial stability to a growing community. Major projects during 2005 are projected to generate more than 600 new jobs:

Mercy Hospital Fairfield: Following two years of construction, Mercy Hospital completed a $54 million expansion in 2005. The project has doubled the size of the hospital and created several new jobs. Within the four-story patient tower is a new specialty heart hospital with state of the art technology. The expansion also provided for new operating rooms, laboratory space, expanded obstetrics, renovated radiology facilities and expanded emergency facilities.

Cincinnati Financial Corporation: Construction began during 2005 on a $98 million expansion at Fairfield's largest employer. Plans include a third tower and a 700-car underground parking garage. The expansion will provide another 487,000 square feet of office space to accommodate another 500 employees. Construction is expected to continue through 2008 on the massive project.

Pacific Manufacturing of Ohio Inc.: In 1999, Pacific Manufacturing began metal stamping operations to provide auto parts for new Toyota products. With 430 employees already

Mercy Hospital: *Recently completed expansion has provided numerous upgrades, including facilities for complex heart operations. Further expansions are planned in coming years.*

Cincinnati Financial: *Work progresses on the company's third tower. The lower levels, shown here, comprise a garage for 700 cars.*

Pacific Manufacturing: *Since locating to its current Seward Road site, Pacific Manufacturing has developed into a four plant campus. The latest expansion is seen in the photo above.*

working at its several Seward Road plants, Pacific Manufacturing invested $9 million to construct a new building just across the street. Comprised of 87,000 square feet, the new building will house a new plastics line, employing another 28 employees.

Quality Gold: Plans were announced during 2005 for a new 90,000 square foot expansion to its jewelry and gift distribution center on Quality Boulevard. Construction of the $9.6 million project will begin in the fall of 2006. Quality Gold already employs 115 full-time and 56 part-time workers. The expansion will create another 30 full-time jobs.

Jungle Jim's: Much of Jungle Jim's 40,000 square foot addition was completed in 2005, providing even larger accommodations for an ever-increasing variety of food products. The expansion also provided space for specialty tenants such as Cici's Pizza, Flaggs USA and Complete Petmart. Even more improvements are planned in 2006 for the 71-acre complex.

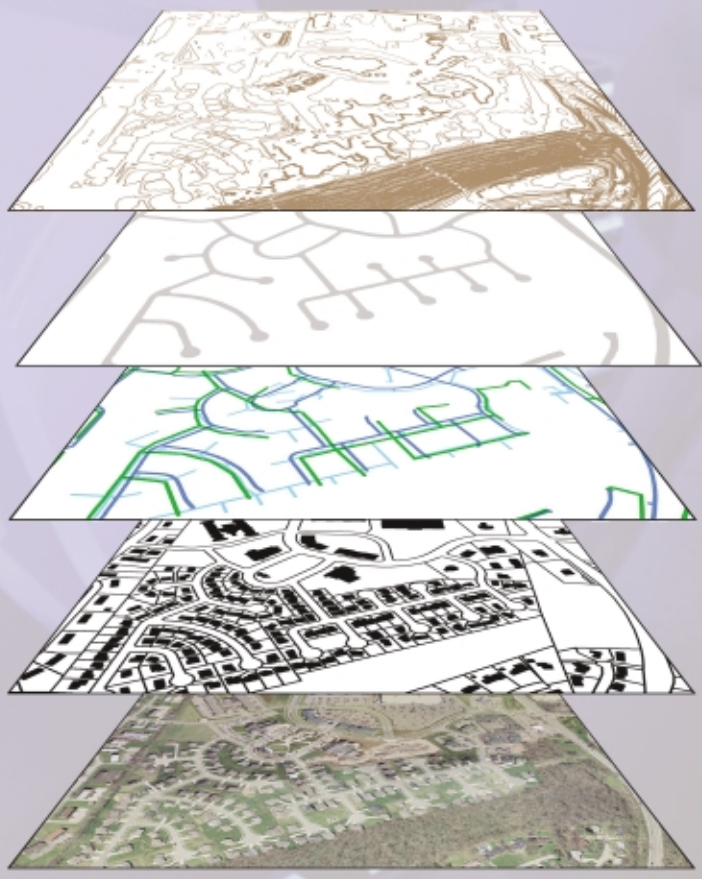
Fairfield Land Use Plan gains first update in 13 years

With 80 percent of Fairfield's available land already developed, planners in 2005 focused attention on the use of the remaining space available for development. City Council adopted an updated Land Use Plan that designated much of the land for industrial use to allow for an expanding tax base. First introduced in 1966 in the midst of Fairfield's rapid development, the Land Use Plan was updated periodically to stay current with development planning. The last update was undertaken in 1993.

Attention will now focus on Fairfield's Thoroughfare Plan, first introduced in 1992. The plan details Fairfield's network of primary roadways to accommodate growth areas and traffic patterns.

Fairfield's Geographic Information System (GIS)

At the click of a mouse, detailed drawings are available of various layers of information. Below is a sample (from the Village Green area) of how the information can be overlaid.



Parks & Recreation

Fairfield maintains 28 parks and recreation facilities within the City, including an 18-hole golf course, a 9-hole golf course, the Community Arts Center, an Aquatics Center, an 1817 farm mansion, a fishing lake, and a bike/hike path system. During the year, the Parks and Recreation staff conducted hundreds of special programs involving thousand of residents.

Community Arts Center attracts more than 13,000 participants to programs

In the spring of 2005, Fairfield officially opened its long-awaited Community Arts Center. The facility, with its community multi-purpose room, ample classroom/studio spaces, theater, senior lounge and children's room, attracted more than 13,000 participants to program offerings. Residents and area businesses were quick to take advantage of community rentals. Since its May grand opening, the community room was rented for 72 functions. The classroom was rented 15 times during the year. The theater hosted 24 productions with 54 performances that entertained approximately 7,777 patrons. The theater also hosted 75 other event/rentals with approximately 3,500 people in attendance.

Village Green Park continues to be entertainment focus

Village Green Park continued to be the City's primary venue for summer community entertainment. A popular 16-week concert series was held between Memorial Day and Labor Day. The monthly Movies in the Park series attracted hundreds for family-oriented movies and safety programs. The park was also the venue for the Fine Arts Fair, the Hamilton/Fairfield Symphony Orchestra and programs offered by the Lane Public Library, City School District, 50th Anniversary Committee, and the Fitton Center.

The Village Green Park was also the site of the 50th Anniversary Committee's summer cruise in, that featured "The Van Dells." The September Dayz festival featured the regional musical group "The Menus". The park was also the site of the City's annual Holly Days Celebration.

The Fairfield Footlighters, in its fourth annual season, along with Fairfield's Summer Community Theater, continued their summer play series. The 2005 children's production of Cinderella, was a highlight of the theater season.

Program Usage at a Glance

Fairfield Greens Golf Courses: Golfers played 41,762 rounds at the Fairfield Greens Golf Course/South Trace and 19,665 rounds at Fairfield Greens/North Trace.

Aquatic Center: A 6 percent increase in attendance was reported, with 42,614 swimmers coming to the center in 2005. The facility provided swim lessons for 546 children during the summer. For the eighth consecutive year, the Center received the National Aquatic Safety Award from the Ellis and Associates Aquatic Safety Consultants/National Safety Council.

Marsh Fishing Lake: Stocked with more than 8,240 pounds of trout, northern pike, perch, and catfish in 2005, the lake attracted 7,078 patrons.

Summer Fun Camp: Considered the single most popular park program, the camp attracted 4,844 6-to-15 year olds to the 10-week series.

Touching Tomorrow: *There is no better way to engage the future than to capture the imagination of a child. Here, children gather near Robin Lacy to enjoy a special part of the performance by Robin Lacy & DeZydeco. The band is a popular draw to the summer concert series at Village Green Park.*

Red, White & KaBoom wows thousands

From backyards, as well as three public venues, thousands enjoyed the annual Red, White & KaBoom fireworks celebration presented over the Independence Day holiday. The fireworks are staged at Harbin Park, the highest point in the City for maximum visibility throughout the community. Red, White & KaBoom is an ongoing partnership between the City and the Red, White & KaBoom Executive Committee.

While many families trekked to Harbin Park for a close-up experience, public events were also held at the Fairfield Aquatics Center and Village Green Park/Community Arts Center areas. The attendance at all three venues exceeded 11,000.

Dress Rehearsal: *Technical Assistant Jim Watson checks his lighting cues during the dress rehearsal for a production by the Fairfield Footlighters. Fairfield's Community Arts Center offers state of the art theater with seating for 250 guests.*

Elisha Morgan Mansion offers guests a step back in time

The Mansion continued to be the venue for the popular wine/beer tasting events, the Christmas at the Mansion weekend, holiday wreath making workshops and the popular Mom and Me for Tea program. The "Friends of Morgan" and "The Four Seasons Garden Club" continue to provide valuable volunteer staffing, guided tours, gardening/decorations and historical programs at the facility.

Community Forest Commission: the guardian of Fairfield's important urban forest

The National Arbor Day Foundation designated the City of Fairfield as a Tree City USA for the 10th consecutive year. The Commission continued to offer workshops, informational booths at parks events, and updated the City's street tree inventory. The Commission again recognized a corporate and citizen recipient with awards for forestry stewardship, as well as a "Big Tree" Contest in 2005. Will Harbaum and the International Paper Corporation were chosen as the 2005 "Friends of the Fairfield's Forest" award recipients.

Senior Adult Programs see significant increase

With the addition of the Community Arts Center's Senior Lounge and a Senior Programmer position, programming for senior adults was increased dramatically in 2005. The new programs, offered for adults 55 years and older, included arts/crafts opportunities, socials based around cards/games, lunch clubs, fitness programs, cookouts/luncheons, holiday parties, movies in the theater, computer classes and one-day travel opportunities. With a mailing list of about 1,000 participants, senior adult programs attracted more than 5,500 participants. Co-sponsored by the City and the Fairfield YMCA, the senior travel series trips were popular events. Older adults from throughout the area enjoyed a dream vacation to Hawaii, a Florida/Caribbean Cruise, and a trip to New England.

Miami-Erie Canal Bike Path

Construction was completed on the first phase of the Miami-Erie Canal Bike Path, a cooperative venture between Fairfield, West Chester Township and Butler County MetroParks. The path begins at SR 747/Port Union Road and proceeds west to the Fairfield/West Chester corporation line. A second phase, which has already received grant funding, will continue the path from the corporation line to the Gilmore Ponds Nature Preserve.

Great Miami River Access Project becomes planning focus

The City purchased 30 acres of property along the Great Miami River, south of Marsh Park, in early 2005. With the land secured, grant funds are being solicited to construct waterway access points as part of this long-term development project that will introduce a variety of new entertainment opportunities for area residents.

Fairfield Community Arts Center

Public Works

Every day, residents benefit from the planning and efforts of the Public Works Department. Whether one drives on a City street or notices the beauty of a landscaped median, Public Works staff has contributed to the work. Public Works is responsible for maintenance of City property, including street repairs and construction, snow removal, leaf collection, municipal building maintenance and flood protection. With a staff of 44 employees, the Public Works Department coordinates a multitude of tasks ranging from small projects to multi-million dollar road projects.

Crews undertake major road improvement projects

Joyce Park entrance: A secondary entrance was opened to Joyce Park in the fall of 2005. At a cost of $2 million, the Cities of Fairfield and Hamilton jointly constructed a new access road to the park at the intersection of St. Clair Avenue and River Road. The project, which provided turn lanes and a traffic signal, benefited from a $1.6 million Issue 2 grant from the Ohio Public Works Commission.

Gray Road improvements: Two sharp curves on Gray Road were replaced with greatly improved, banked curves at a cost of $295,750. State Issue 2 funding of $147,875 covered much of the cost. In addition to the curve improvements, additional turn lanes were added to Gray Road at Pleasant Avenue. As part of the $277,502 project, new mast arm traffic signals were added. Ohio Issue 2 funds of $138,751 helped fund the cost of the project.

Additional equipment enables two additional snow routes

Two new trucks were added to the fleet, allowing additional snow routes to be introduced. The additional routes reduce the lane-miles to be covered by each route, giving drivers more concentrated areas for better coverage in major snow events. One of the new trucks assigned to SR 4 has a retractable second blade that can plow two lanes simultaneously. Snow crews were mobilized on 29 separate occasions during calendar year 2005, requiring $69,466 in overtime costs. Crews used 3,811 tons of salt and 4,854 gallons of calcium chloride, bringing the cost of non-routine snow operations to $207,122.

Public Works undertakes multitude of services

Street maintenance: At a cost of $588,747, crews resurfaced 29 streets as part of the City's annual Asphalt Paving and Resurfacing program. Another $414,768 was invested in improved curbs, sidewalks and wheelchair ramps at corners.

Leaf pick-up: Nearly 6,000 cubic yards of leaves were collected during the City's annual collection program. (That's enough to cover the Bengals' football field with about 3.5 feet of leaves!) With overtime and fuel, the program cost $70,472.

Fleet maintenance: Four mechanics are responsible for the maintenance of 300 vehicles or mechanized equipment. Vehicles logged in 1.3 million miles and motorized equipment was used for 8,204 hours.

Beautification programs: Crews maintained 17 entrance signs, 26 islands/medians, and maintained landscaped areas at City facilities. Crews picked up 1,391 cubic yards of brush and limbs at more than 1,680 residences. Another 254 residents took advantage of Operation Dump Truck, in which a City dump box is parked at a location for clean-up efforts.

GPS Tracking: *Each snow plow in Fairfield has been equipped with a Global Positioning System (GPS) tracking system to pinpoint the location of each unit. The system enables supervisors to know which streets have been treated and where trucks are situated in the event emergency vehicles need an escort to answer a call. Nick Castellini, GIS/GPS Mapping Tech, monitors a unit, which is identified with a flagged star symbol on the lower, center part of the screen. The readout updates every 10 seconds.*

Public Utilities

The Fairfield Public Utilities Department began production of drinking water for residents in 1957. Water production grew through the years from a capacity of 750,000 gallons a day to today's capacity of 9 million gallons daily. In addition to the Water Treatment Plant, the Department also operates a Wastewater Treatment Plant. The Department maintains 200 miles of water lines and 173 miles of sanitary sewer mains.

Slight increases in demand, water rates to hold steady

During 2005, the Public Utilities Department produced and distributed 1.85 billion gallons of water, averaging more than five million gallons daily, a slight increase over 2004. The Wastewater Division treated nearly 2.2 billion gallons of wastewater, almost 6 million gallons daily, which represented a 6.5 percent increase over 2004.

In recent years, while significant increases in demand have not occurred, income generated by water/sewer operations have managed to cover costs for maintenance and improvements. As a result, water rate increases are not expected for several years. Water rates have not been increased since 1985.

Energy conservation measures offer big savings at plants

In the early 1990s, the Public Utilities Department commissioned a comprehensive energy audit at the Wastewater Treatment Plant. Recommended improvements and equipment up-grades were undertaken to provide better use of electricity and methane gas, a by-product of the wastewater treatment process. Over the past 10 years, the efforts in the Wastewater Division have yielded annual savings of $80,000 to $100,000. Over the last decade, the actions are credited with saving more than $750,000.

Environmental Check: *Laboratory Analyst Lynette Hodnicki tests a sample of treated wastewater before release to the Great Miami River.*

New water treatment system replaces older technology

Without fanfare, old water softening technology in use since 1965 was removed from service. The ion exchange equipment, which had been expanded in 1968, was replaced with a less costly lime/soda ash treatment system, which has been introduced at the plant in recent years.

Improvements undertaken to prevent sewage backups

In addition to projects initiated to increase hydraulic capacities at the Wastewater Treatment Plant, efforts were begun in 2005 to rebuild and upgrade lift stations in the Village Green area, Lake Manor Subdivision and on Seward Road. The upgrades will replace pumps, motors and controls, plus provide auxiliary power generators for emergency back-up service.

Crews also installed additional measures to better protect residents in the vicinity of Happy Valley Court. Despite earlier efforts, residents were still adversely affected by excessive flows during periods of heavy and sustained rainfall. A parallel trunk main was constructed to capture and convey excessive flows generated during these inclement weather conditions.

UV Technology: *Before release to the Great Miami River, treated wastewater gets a final cleansing with ultra-bright ultraviolet (UV) light to kill any remaining organisms that might harm the river. Here, Jason Hunold, Instrumentation Specialist, changes one of the 32 lighttubes used in the cutting edge technology.*

Plans underway to pipe more water to new industrial areas

With plans now focusing on development of Fairfield's remaining land *(most of it zoned for industry)*, planning has begun for a three-phase project to provide additional water service to the eastern corridor. The initial phase of the plan will be completed in 2006 when supply capabilities will be increased at the State Route 4 Pump Station.

Groundwater Guardian Award

For the ninth consecutive year, the Hamilton to New Baltimore Groundwater Consortium, of which Fairfield is a member, received the coveted Groundwater Guardian Award. Given by the National Groundwater Federation, the award recognizes efforts to protect the groundwater supply.

Previously, the Consortium has been recognized by receiving prestigious Exemplary Groundwater Protection Awards from both state and national chapters of the American Water Works Association. The Consortium is one of the country's most unique inter-jurisdictional cooperatives dedicated to preserving water resources, including the cities of Fairfield, Cincinnati, Hamilton, the Southwest Regional Water Association, and Southwest Ohio Water Association.

Fire & Emergency Services

The Fairfield Fire Department provides around the clock staffing at three locations. The Department employs 18 full-time firefighter/paramedics with support from 44 part-time staff members and five full-time senior officers. The Department also operates a special Hazardous Materials Unit. Annually, Fairfield's Fire Department responds to more than 4,800 calls for service, including 3,875 medical responses.

Real Life Training: *Firefighters prepare to attack a simulation of a working fire inside Fairfield's new Fire Training Complex.*

Primary response equipment gains new foam systems

Fairfield Firefighters now have another tool at the readiness when responding to emergencies. Each first line apparatus *(fire trucks that are initially sent on a call)* is now equipped with Class A foam systems. Class A foam chemically extinguishes fires, knocking flames down faster. In fact, foam is 40 percent more effective in extinguishing fire.

Besides the added safety for Firefighters, property owners benefit by incurring less loss when flames are stopped faster. The use of foam also reduces the potential for fires to rekindle.

In addition to use on fire runs, foam is also used to flush roadways following an automobile accident. The more efficient technology enables crews to open roadways sooner, minimizing the inconvenience of closures.

The foam employed in the system is also environmentally safe. It minimizes runoff from burning debris, making foam an excellent alternative in environmentally sensitive areas.

Foam Alternative: *Front line equipment in Fairfield now carries Class A Foam systems to extinguish fire faster, minimizing property damage.*

New training facility helps sharpen Firefighter skills

The availability of the best technology will never replace the need for well-trained Firefighters. In an effort to provide extensive training for all personnel, the City of Fairfield constructed a Fire Training Complex on Groh Lane at a site behind the former City Garage.

The facility provides a two-story residential fire simulator allowing personnel to train under real fire situations. In addition, the facility offers a gas fire simulator to replicate a variety of situations involving contaminants and smoke.

The training center offers several significant advantages for Firefighters. The most important is that the facility can be utilized to train personnel while on duty, enabling them to be readily available within the City to respond to an emergency. In the past, Firefighters were trained at locations outside the City, often requiring overtime to be paid.

Since Fairfield's full-time Firefighters depend on support from part-time staff members, having a local training facility will enable part-time staff members to receive important training while working their regular schedule with the Fairfield Fire Department.

The training center will not only save the funds previously spent on training outside the City, but also will enable classes to be conducted for other fire departments, creating income from the investment.

City adds Rapid Deployment Craft to its rescue arsenal

In situations involving high water or ice-related rescues, the Fire Department will now be able to deploy a new Rapid Deployment Craft within minutes of arrival at the scene. All personnel received special training on the craft so they can be prepared in the event of an emergency.

Fairfield gains federal grant for new protective equipment

Through a federal grant known as the Fire Act, the Fire Department received $180,000 for the purchase of new personal protective equipment used by Firefighters. The Fire Act provides funding to area departments to enhance operations and ensure operational readiness. To date, the Fairfield Fire Department has received nearly $400,000 in grant funding providing a significant cost savings to local residents.

Thermal Imaging: *Firefighter/EMT Jesse Campbell uses a thermal imaging camera, now available at all three fire stations. In smokey fires, the equipment is used to quickly locate victims.*

Community education efforts touch thousands to save lives

Throughout the year, Fairfield's Firefighters provide services far beyond daily readiness to respond to emergencies. Educational and prevention programs are offered to the community to better prepare citizens for times of crisis... or to avoid danger before it happens.

Whether it's providing free smoke detectors to someone in need, or tailoring a safety program especially for children who are deaf, Firefighters are ready to help. The ongoing car seat inspection program has been been identified as the second largest in the Tri-State area. Only Children's Hospital in Cincinnati conducts more car seat inspections than Fairfield Firefighters.

Throughout the year, Firefighters participate in numerous prevention efforts. One popular event, Movies in the Park, was introduced by a Firefighter as a way to attract children to Village Green Park, where they could participate in learning programs before the event.

Other efforts include an annual basketball game with Fairfield Police to benefit persons with mental retardation or other developmental disabilities, the summer Olympics, Bikes for Kids and the annual MDA Fill the Boot effort.

Citizen's Fire Academy and Student Academy offer insight to issues faced by personnel

The Citizen's Fire Academy engages residents with a variety of challenges that confront Firefighters on every emergency run. The Citizen's Fire Academy was deemed so successful that a new Student Academy was introduced. Held twice each year, the Student Academy involved more than 40 students who were introduced to issues faced by area fire and police personnel.

For students who seek deeper involvement in firefighting as a career, the Fire Department offers the Explorer program. The program provides weekly educational and training exercises for students. Six recruits joined the Explorers during 2005.

Two of the students who have been active in Explorers have secured positions in area fire departments as a career opportunity.

Police Services

The Fairfield Police Department has an authorized force of 61 sworn law enforcement officers supported by an additional 25 civilian employees. Staffing is devoted to Road Patrol, Vice Squad, Investigations, DARE Program, School Resource Officers, two K-9 Officers, Juvenile Diversion Counselor and Bike Patrol. The department earned the prestigious accreditation from the Commission on Accreditation for Law Enforcement Agencies in 2003.

Police reports increase in 2005

While Fairfield remains a desirable community with a relatively low overall rate of crime, the total number of reports taken by police increased slightly from 2004 statistics. As shown in the chart at left, violent crime remained fairly constant in the community. A significant increase was noted, however, in the number of assaults. Juvenile arrests were also sharply higher in 2005.

Crime Reports

	2004	2005
Homicide	1	0
Rape	16	19
Robbery	28	33
Aggravated Assault	76	112
Assault	515	596
Burglary	231	250
Theft	1177	1292
Auto Theft	121	116

Arrests

	2004	2005
Adults	1248	1232
Juvenile	398	493

New Justice Center

New Justice Center approaches grand opening in May 2006

Excellent construction weather and an unseasonably mild winter have enabled workers to remain well on schedule for a spring opening of the new building that will provide a modern facility for Police Services and the Fairfield Municipal Court. The 50,000 square foot structure is a single-story brick building with stone accents and a brick pattern for visual appeal. The building provides separate entrances for Police Services and the Municipal Court.

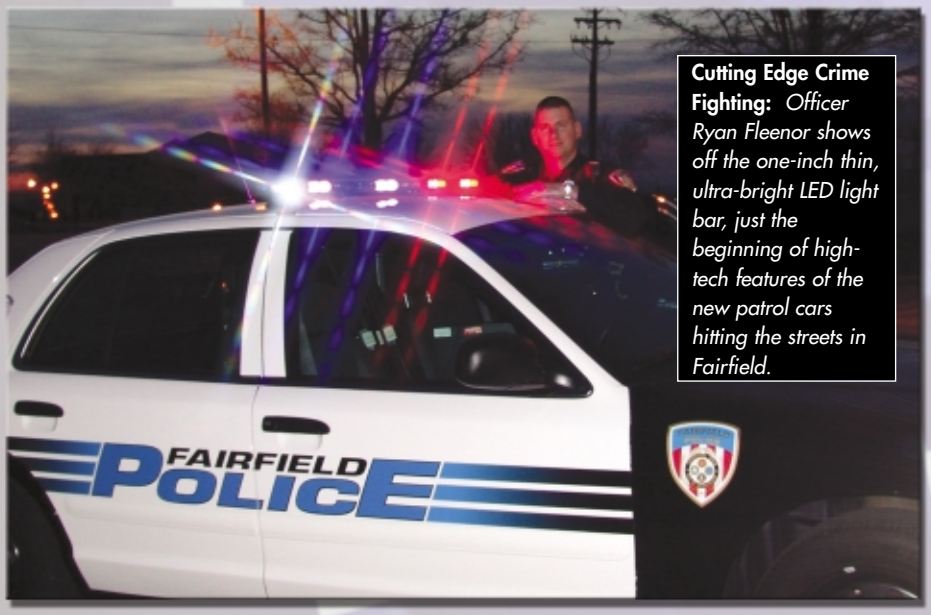
Due to the location of the Justice Center, the building was designed to be visually appealing from all sides. Features of the building include a tower with a stone relief of the elements from the City seal and a raised roofline over the courtroom.

Innovation gains approval for disposal of unclaimed property

Over the course of a year, Fairfield's Property Room often becomes filled with items that have been recovered, but remain unclaimed despite ongoing efforts to identify rightful owners. As is the general practice in departments across the country, an annual auction is conducted to clear the facility. Recognizing the importance — and popularity — of new technology, Fairfield decided in 2005 to make the items available via an on-line auction.

After all efforts have been exhausted to identify an owner, the property will be released to a company specializing in web-based auctions. Upon sale, the company will return 50 percent of the sale price to the City.

By making the items available via the Internet, residents can review the property from the comfort of their home or office over a period of several days, then place bids on interesting items without having to commit a day to a traditional auction, especially if there is interest in just a few items.



Cutting Edge Crime Fighting: *Officer Ryan Fleenor shows off the one-inch thin, ultra-bright LED light bar, just the beginning of high-tech features of the new patrol cars hitting the streets in Fairfield.*

New faces join the Police Department in 2005

Three new officers, including a canine, joined the Fairfield Police department during 2005. After serving as a dispatcher for three years with the City, Brandon Felts moved from the communication center to a patrol car in January 2005. Officer Felts is a graduate of the Butler Tech Police Academy.

Retired University of Cincinnati Police Officer Mike Greiner joined the Police Department in 2005 as a part-time Park Ranger. An avid golfer, Ranger Greiner was already familiar with some of the areas in which he now works. He and his wife live in Harrison. The couple has four adult children.

Ketcher began his duties in 2005, just in time to fill a void when Fairfield's first police dog, Zeus, retired due to medical reasons. With the support of his partner, Officer John Cresap, Ketcher can conduct building searches, pursue a suspect, or find drugs.

A second canine, Rex, received training during 2005, joining the department in early 2006. Officer Rob Corner, who was Zeus' partner, has been paired with Rex. Zeus continues to live at the Corner household, along with his new friend and protégé Rex.

Fairfield CSI: *CSI may be a popular television show, but it's based on real-life science. Fairfield Detective Sara Haas uses red glasses and a new, high powered ultraviolet projector to find the smallest of clues that can solve cases involving serious crime.*

Police Service Aides help maximize officer effectiveness

In order to provide sworn law officers with the ability to focus their attention on police work, the City of Fairfield introduced its first part-time Police Service Aide (PSA) during 2005. The department's first PSA was assigned to police fleet maintenance where he maintains service/equipment records and transports vehicles for service and repair. A second PSA was hired in early 2006 to assist the property clerk in the processing and transporting of evidence.

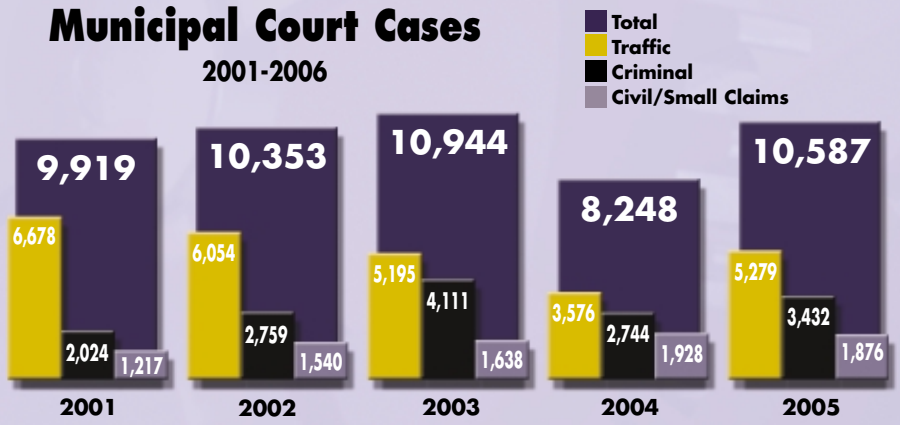
High Tech Prints: *Officer Toby Chenoweth scans fingerprints directly into a national database without ink, paper or clean-up.*

Fairfield works to bridge the gap to Hispanic community

Recognizing the need to communicate with a growing Hispanic community in Fairfield, the Police Department has organized a series of meetings with Hispanic business and media leaders. The outreach program is provided as an ongoing effort to bridge cultural differences and to communicate how the Police Department operates. This advance knowledge could be extremely helpful in the event of a call for help from the Hispanic community.

Municipal Court

The Fairfield Municipal Court was established as a full-time court in 1990. The Court hears all traffic and misdemeanor criminal cases which are alleged to have occurred within the City. The Court also provides arraignments and preliminary hearings for cases involving a felony charge. Civil cases involving amounts up to $15,000 may also be heard by the Municipal Court. Felony cases and civil matters exceeding $15,000 are handed over to the Butler County Common Pleas Court for disposition.



Caseloads increase during 2005, yet are still less that 2003

After a slight decline in caseloads during 2004, the number of cases before the Fairfield Municipal Court surged in 2005. A total of 10,587 cases required judicial action, a significant increase over the 8,248 cases in 2004. After experiencing increases in total annual caseloads through 2003, the Court realized a decline in cases during 2004. The number of traffic offenses increased by 48 percent. Criminal offenses rose by 25 percent. Civil and small claims cases, however, declined by 3 percent. Even with the increased caseload in 2005, the number of cases was slightly lower that 2003.

Receipts from fines and costs during 2005 totaled $1,646,514 compared to $2,144,699 in 2004.

Justice Under Construction: *Fairfield Municipal Court Judge Joyce Campbell poses with the workers in the final days of construction in the courtroom at the new Justice Center.*

Court facing complex challenges as societal expectations change

Throughout history, the traditional duty of the courts has been the determination of guilt or innocence, with an appropriate penalty of incarceration and/or fines. Over time, societal changes and legislative mandates have placed an increasing responsibility on the judicial system to be mindful of alternative programs which offer long-range treatment. The goal of such alternatives is to minimize or prevent potential future involvement with the judicial system. The need to consider treatment options provides a complex challenge for courts across the country.

As appropriate, the Fairfield Municipal Court endeavors to address the need for alternative sentences, yet remain cognizant of the costs associated with the operation of a fair, efficient and effective municipal justice system. One such alternative which has proven beneficial is Fairfield's Treatment Alternative Court, which addresses the needs of defendants whose misdemeanor offenses appear to stem from untreated mental illness. The alternative program mandates the non-violent individuals obtain treatment in lieu of jail time. Participants are monitored by a team of professionals including Fairfield Municipal Judge Joyce Campbell, mental health professionals, case managers, probation officers and others.

Community Service Programs continue to benefit taxpayers

As an alternative to incarceration, the Fairfield Municipal Court operates a Community Service Program which extends an option of performing community service in lieu of jail time. The program is only available to certain first-time, non-violent offenders. Not only does the program conserve jail space for violent and repeat offenders, community service saves taxpayers $60 per day, the amount it costs to house a prisoner at the Butler County Jail.

As taxpayers save on jail costs, the City, non-profit groups and the schools also benefit from the work undertaken by those in the Court's Community Service Program. During 2005, 253 people provided 736 days of service valued at $30,343 *(calculated with a minimum wage rate of $5.15 per hour)*. Considering the savings in the cost for incarceration, the Community Service Program saved taxpayers $44,190 in jail fees. Overall, Fairfield's Community Service Program in 2005 had a financial impact of $74,533 in service and savings to taxpayers.

House Arrest, Probation Programs offer additional alternatives

Probation and House Arrest continue to be effective sentences for non-violent defendants who could benefit from gainful employment as they address any issues related to their case. Fairfield's Probation Department monitored 4,035 individuals in 2005 who have been sentenced to reporting and non-reporting probation. The department also provided 637 days of monitoring for those on House Arrest. In addition to monitoring the individuals, Probation Officers assist — where appropriate — with seeking employment, gaining substance abuse treatment, mental health counseling and other services which help ensure the defendant has no need for further involvement with the court system.

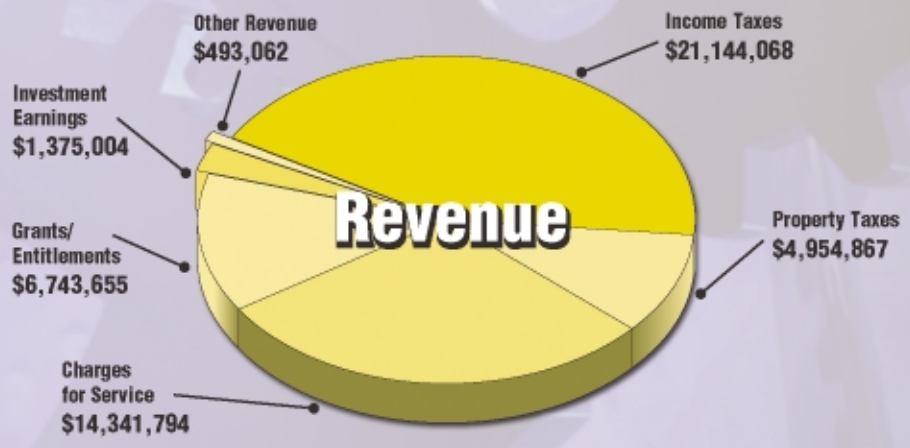
Finance Department

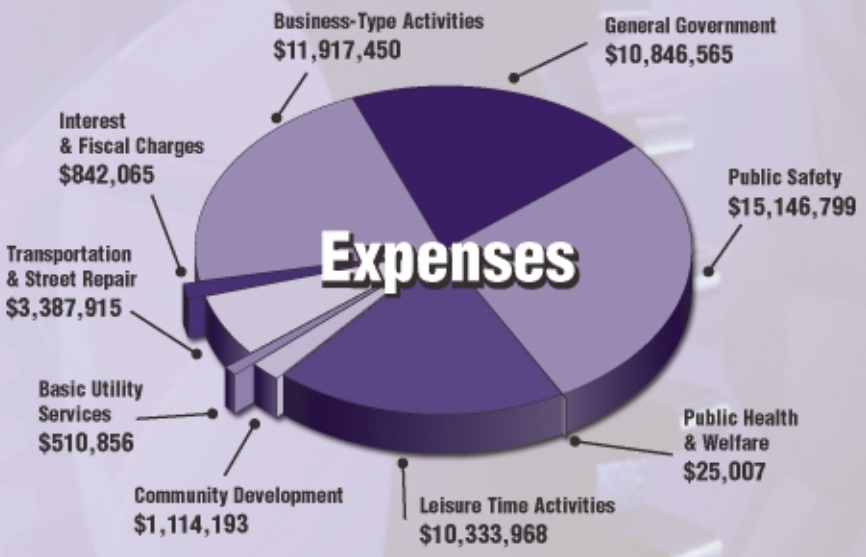
Fairfield's 2005 operating budget amounted to $51.8 million. In addition to regular operations, the City's administration prepared a five-year Capital Improvement Program totaling $65.9 million, of which $19.6 million was for new projects programmed in 2005. By the end of the year, Fairfield had disbursed $66.1 million in operating and capital improvement expenditures.

At year's end, the City's General Fund balance was approximately $9.3 million, maintaining a strong cash position.

Capital Outlay expenditures included:

- Renovation of the old library building into a Municipal Building Annex to house the City's Income Tax and Information Technology Divisions of the Finance Department
- Construction of the City's new Municipal Court and Police Services Building *(programmed at $11.2 million in 2005)*
- State Route 4/Muhlhauser Road Streetscape Improvement Project
- Intersection improvements at US 127 and Gray Road, and improvements to two curves on Gray Road
- Intersection improvements at the intersections of State Route 4 with Hicks Boulevard and Magie Avenue
- Purchase and demolition of flood-prone properties on Banker and Crystal Drives with 75 percent funding from a Federal Emergency Management Agency (FEMA) grant.





In 2005, the Finance Department was responsible for the collection of approximately $21.1 million in income tax revenues and $10 million in user charges for water, sewer and solid waste services. In addition, the department is responsible for managing an investment portfolio of more than $42 million which generated $1.3 million in investment income in 2005.

The Finance Department is also responsible for servicing debt of more than $44.9 million and maintaining records on fixed assets valued at approximately $121.1 million.

Financial Assets

Cash & Investments: includes City funds deposited in checking accounts and invested in interest bearing accounts.

Receivables: represents the amounts owed to the City for revenues that have been earned.

Inventory: represents supplies and materials on hand.

Issuance Costs: prepaid costs for the issuance of debt.

Capital Assets: includes infrastructure, equipment, vehicles, land, buildings, and furniture that provide an economic benefit of greater than one year net of depreciation expense.

Financial Liabilities

Accrued Wages & Other Payables: represents amounts owed for employee payroll and amounts due to vendors who have supplied a service or good.

Unearned Revenue: includes property tax revenues and reimbursable grant revenues that are due to the City but not yet received.

Notes Payable & Long-Term Debt: represents the amount of notes and bonds, which the City has issued and that are still outstanding at year-end.

Net Assets

Invested in Capital Assets, Net of Related Debt: equals capital assets net of accumulated depreciation and any outstanding borrowings used for their acquisition.

Restricted Net Assets: assets are reported as restricted when there are limitations imposed on their use by legislation, creditors, grantors or laws or regulations of other governments.

Unrestricted Net Assets: represents the difference between assets and liabilities not restricted for use.

Statement of Net Assets

FOR THE YEARS ENDED DECEMBER 31

Assets	2004	2005
Cash and Investments	39,755,326	**44,314,282**
Receivables	12,147,705	**12,627,033**
Inventory	137,943	**254,166**
Issuance Costs	80,447	**64,540**
Land	19,240,794	**19,240,794**
Depreciable Capital Assets, Net	101,898,929	**101,898,929**
Total Assets	173,261,144	**178,399,744**
Liabilities		
Accrued Wages and Other Payables	2,049,449	**2,832,632**
Unearned Revenue	5,320,427	**5,227,526**
Notes Payable	1,500,000	**13,000,000**
Long Term Debt	33,935,825	**31,956,511**
Total Liabilities	42,805,701	**53,016,669**
Net Assets		
Invested in Capital Assets, Net of Related Debt	88,347,135	**78,972,850**
Restricted Net Assets	19,844,141	**12,083,293**
Unrestricted Net Assets	22,264,167	**34,326,932**
Total Net Assets	130,455,443	**125,383,075**

Assets Less Liabilities: *The amounts in the chart above represent the difference between the financial assets of the City and the liabilities which the City of Fairfield must pay. The amount indicated provides the net worth of the City of Fairfield.*

Statement of Activities

FOR THE YEARS ENDED DECEMBER 31

Government-wide Revenues	2004	2005
Income Taxes	20,228,063	**21,144,068**
Property Taxes	5,958,198	**4,954,867**
Charges for Services	14,271,829	**14,341,794**
Grants and Entitlements	6,078,916	**6,743,655**
Investment Earnings	543,041	**1,375,004**
Refunds and Reimbursements	--	**--**
Other Revenues	387,046	**493,062**
Total Government-wide Revenues:	47,467,093	**49,052,450**
Government Activities		
General Government	7,779,897	**10,846,565**
Public Safety	13,866,067	**15,146,799**
Public Health and Welfare	25,278	**25,007**
Leisure Time Activities	3,859,333	**10,333,968**
Community Development	1,113,666	**1,114,193**
Basic Utility Services	510,190	**510,856**
Transportation and Street Repair	5,154,191	**3,387,915**
Interest and Fiscal Charges	676,748	**842,065**
Total Government Activities	32,985,370	**54,124,818**
Business-Type Activities		
Water Utility	3,964,028	**3,310,149**
Sewer Utility	4,616,131	**5,117,530**
Solid Waste Utility	1,728,745	**1,751,984**
Recreation Facilities	1,790,010	**1,737,787**
Total Business-Type Activities:	12,098,914	**11,917,450**
Total Government-wide Expenses	45,084,284	**54,124,818**
Change in Net Assets	2,382,809	**(5,072,368)**
Net Assets Beginning of Year	128,072,634	**130,455,443**
Net Assets End of Year	130,455,443	**125,383,075**

Government-Wide Revenues

Income Taxes: includes proceeds of tax on earned income.

Property Taxes: includes real estate tax, personal property tax, state shared tax and a variety of miscellaneous and smaller taxes.

Charges for Services: includes payments such as utility services and refuse collection fees.

Grants and Entitlements: including state and federal pass-through grants and local government funds received from the county.

Investment Earnings: funds generated from conservative, safe investments of City funds on account.

Refunds and Reimbursements: monies repaid to the City for various reasons.

Other Revenues: a variety of other funding resources.

Government-Wide Expenses

General Government: expenses associated with administrative offices such as Council, City Manager, Law Director, Municipal Court and the Finance Department.

Public Safety: includes expenses for the Police and Fire Departments.

Public Health and Welfare: expenses for the Butler County Health District.

Leisure Activities: expenses associated with the Parks & Recreation Department.

Community Development: costs for planning and regulating building/zoning codes.

Basic Utility Services: the cost of street lighting.

Transportation and Street Repair: costs associated with the City's Public Works Department and maintenance of City streets.

Interest and Fiscal Charges: interest payments for debt issues.

This publication contains condensed financial reports and is not intended to be presented in conformance with Generally Accepted Accounting Principles (GAAP). Information contained in this document is provided for summary purposes only. The City of Fairfield publishes a Comprehensive Annual Financial Report (CAFR) in conformance with GAAP which is inclusive of all funds. The CAFR can be obtained by contacting the Department of Finance, 5350 Pleasant Avenue, Fairfield, Ohio 45014.

City of Fairfield
5350 Pleasant Avenue
Fairfield, Ohio 45014
www.fairfield-city.org

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FAIRFIELD, OHIO 45014

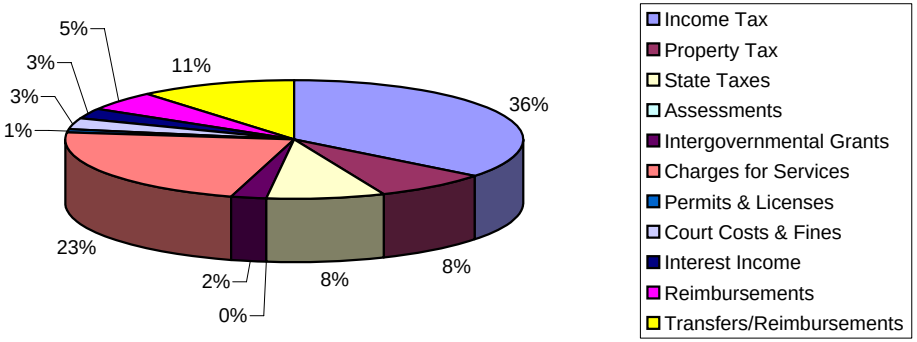
APPENDIX B

2007 BUDGET

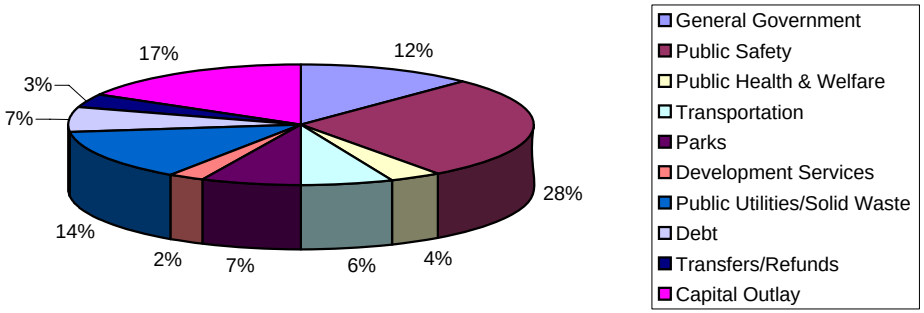
Summary of Proposed 2007 Annual Operating Budget
City of Fairfield, Ohio

Estimated Fund Balances 1/1/07	$41,300,543
Income Tax	22,500,000
Property Tax	5,220,000
State Taxes	5,149,550
Assessments	60,000
Intergovernmental Grants	1,535,000
Charges for Services	14,331,800
Permits & Licenses	596,500
Court Costs & Fines	1,955,000
Interest Income	1,623,250
Reimbursements	3,325,500
Transfers/Reimbursements	7,135,700
Total Sources of Funds	$63,432,300
Sources Available	$104,732,843
Estimated Uses of Funds:	
General Government	7,097,705
Public Safety	15,854,044
Public Health & Welfare	2,098,123
Transportation	3,678,348
Parks	4,041,204
Development Services	1,395,687
Public Utilities/Solid Waste	7,872,907
Debt	3,884,268
Transfers/Refunds	1,939,900
Capital Outlay	9,645,452
Total Use of Funds:	$57,507,638
Estimated Balance Before Capital Improvement Program	$47,225,205

2007 Estimated Revenues



2007 Estimated Expenditures



APPENDIX C

FINANCIAL STATEMENT

FINANCIAL STATEMENT
MUNICIPALITY
OHIO REVISED CODE § 133.05

State of Ohio
County of Butler

I, Mary Hopton, Director of Finance, of the Municipality of Fairfield, State of Ohio, do hereby certify that the following statement concerning the finances of said municipality are true and correct as they appear from the records in my office:

1. ASSESSED VALUATION of the taxable property of the municipality, as shown on the tax duplicate for the year **2006 collected in 2007:** **$ 1,066,931,699**

2. Total of all bonds and notes or other evidence of indebtedness and outstanding **$ 39,541,409**

3. Exempt Debt:
   Self-supporting securities issued for any purpose including, without limitations, any of the following general purposes:

a.	**Water systems or facilities:**	**$ 3,280,000**
b.	**Sanitary sewer systems or facilities**	**11,694,498**
j.	**Recreational sports facilities**	**1,885,000**
	Special assessment bonds or notes issued in Anticipation of levy or collection of special Assessments, either in original or refunded form	**61,911**
	TOTAL EXEMPT DEBT	**$16,921,409**

4.	Total bonds and notes subject to 10 ½% limitation	**$**	**22,620,000**
	Amount in bond retirement fund applicable to the payment of principal		887,680
	Net amount subject to 10 ½% limitation	$	21,732,320
5.	Bonds and notes included in item 4 about but not issued WITHOUT AUTHORITY OF AN ELECTION	$	22,620,000
	Amount in bond retirement fund applicable to the payment of principal		887,680
	Net amount subject to 5 ½% limitation	$	21,732,320
6.	Bonds and notes included in items 4 and 5 above issues during PRESENT CALENDAR YEAR WITHOUT AUTHORITY OF AN ELECTION	$	12,200,000

I FURTHER CERTIFY that the income from waterworks, sewer and recreational systems for which bonds were issued as included in item 3 above is sufficient to cover all operating expenses of such facilities and interest charges on such bonds and to provide a sufficient amount for retirement or sinking fund to retire $16,921,409 principal amount of such bonds as they become due.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 30th day of July, 2007.

_____
Mary Hopton, Director of Finance

APPENDIX D

TEN MILL CERTIFICATE

TEN -MILL CERTIFICATE
FOR POLITICAL SUBDIVISIONS ISSUING UNVOTED GENERAL OBLIGATION BONDS & NOTES

The undersigned, COUNTY AUDITOR OF Butler County, Ohio, hereby certifies in connection with a proposed issue of Bonds, Notes of the City of Fairfield, that the tax rates required to produce an amount to pay the highest annual aggregate debt charges for the proposed issue and all other general obligation securities of the Issuer and the subdivision and the subdivisions overlapping it, which are payable from taxes subject to the 10 mill limitation of Article XII, Section 2, Ohio Constitution and and applicable Revised Code provisions, based upon the facts herinafter set forth and assuming that all levies were to be made for those debit charges on the general tax list and duplicate are as follows:

Overlapping Subdivisions		Assessed Valuation		Bonds and Notes Outstanding	Present Principal Amount	Debt Charges for fiscal year in which they will total the highest, to-wit, 2010 For Principal	For Interest	Required Tax Rate for Two Previous Columns
Butler	County	7,965,576,371	(a)	Special Assessment bonds & notes in original or refunded form:	$5,653,310	$620,490	$171,104	0.0994 MILLS
			(b)	All other bonds & notes payable from or secured by taxes inside 10 mill limitation:	$121,713,870	$8,130,490	$4,080,704	1.5330 MILLS
Fairfield	City	1,050,453,316	(a)	Special Assessment bonds & notes in original or refunded form:	$13,086	$1,800	$454	0.0021 MILLS
			(b)	All other bonds & notes payable from or secured by taxes inside 10 mill limitation:	$27,505,000	$1,655,000	$1,123,626	2.6452 MILLS
Fairfield	City School District	1,460,809,128		Bonds & notes payable from taxes inside 10 mill limitation:	$0	$0	$0	0.0000 MILLS
none	Townsh (if any)	none	(a)	Special Assessment bonds & notes in original or refunded form:				0.0000 MILLS
Butler Technology	Career Ctr School JVS	6,997,997,782		Bonds & notes payable from taxes inside 10 mill limitation:	$3,095,000	$245,000	$11,025	0.0366 MILLS
				Proposed issue		$0	$0	0.0000 MILLS
							TOTAL	4.3163 MILLS

Dated this 23rd day of July 2007.

Kay Rogers
County Auditor

APPENDIX E

RATES OF TAXATION IN BUTLER COUNTY, OHIO

RATES OF TAXATION IN BUTLER COUNTY, OHIO
TAX YEAR 2006

In pursuance of law, I, Carole B. Mosketti, Treasurer of Butler County, Ohio do hereby give notice that the number of mills levied on each dollar of property listed for taxation within said county for the tax year 2006 is as follows:

No.		TAXING DISTRICT	COUNTY	SCHOOL	J.V.S.	TOWNSHIP	MUNICIPAL	GRAND TOTAL	TOTAL EFFECTIVE RATE CLASS I	TOTAL COMPOSITE RATE CLASS I	TOTAL EFFECTIVE RATE CLASS II	TOTAL COMPOSITE RATE CLASS II	No.
		FAIRFIELD TOWNSHIP											
1	**A02**	Fairfield Twp Ffld CSD	10.95	58.60	1.93	7.19	0.00	**78.67**	48.813700	0.379513	54.765414	0.303859	1
2	**A03**	Fairfield Twp Ffld CSD	10.95	58.60	1.93	12.19	0.00	**83.67**	52.494520	0.372600	58.771534	0.297579	2
3	**A05**	Fairfield Twp Northwest SD	10.95	49.50	0.00	7.19	0.00	**67.64**	39.305972	0.418895	44.683237	0.339396	3
4	**A06**	Fairfield Twp Ross SD	10.95	51.73	1.93	7.19	0.00	**71.80**	44.112453	0.385620	48.498875	0.324528	4
5	**A07**	Fairfield Corp Frfld CSD	10.95	58.60	1.93	0.00	5.94	**77.42**	48.190765	0.377541	54.119192	0.300966	5
6	**A09**	Fairfield Corp Northwest SD	10.95	49.50	0.00	0.00	5.94	**66.39**	38.683037	0.417336	44.037015	0.336692	6
		HANOVER TOWNSHIP											
7	**B10**	Hanover Twp Talawanda CSD	10.95	51.47	1.93	4.47	0.00	**68.82**	39.410879	0.427334	42.645343	0.380335	7
8	**B11**	Hanover Twp Talawanda CL	10.95	51.47	1.93	4.47	0.00	**68.82**	39.410879	0.427334	42.645343	0.380335	8
9	**B12**	Hanover Twp Hamilton CSD	10.95	53.42	0.00	4.47	0.00	**68.84**	46.918784	0.318437	53.756489	0.219110	9
10	**B13**	Hanover Twp Ross SD	10.95	51.73	1.93	4.47	0.00	**69.08**	42.940878	0.378389	46.882078	0.321336	10
11	**B14**	Hanover Twp Edge SD	10.95	50.64	1.93	4.47	0.00	**67.99**	51.520866	0.242229	56.814586	0.164368	11
12	**B15**	Hanover Ross Millville	10.95	51.73	1.93	0.42	2.30	**67.33**	41.197463	0.388126	45.143414	0.329520	12
		LEMON TOWNSHIP											
13	**C17**	Lemon Twp Middle CSD	10.95	45.13	1.93	2.92	0.00	**60.93**	56.637439	0.070451	57.670269	0.053500	13
14	**C18**	Monroe Corp LSD	10.95	44.87	1.93	0.60	9.32	**67.67**	59.998590	0.113365	63.958950	0.054840	14
15	**C19**	Lemon Twp Monroe LSD	10.95	44.87	1.93	2.92	0.00	**60.67**	56.137444	0.074708	57.759062	0.047980	15
		LIBERTY TOWNSHIP											
16	**D20**	Liberty Lakota LSD	10.95	65.39	1.93	11.09	0.00	**89.36**	57.862834	0.352475	64.220500	0.281328	16
17	**D70**	Liberty Monroe Lakota SD	10.95	65.39	1.93	0.59	8.00	**86.86**	54.241121	0.375534	62.245242	0.283384	17
		MADISON TOWNSHIP											
18	**E22**	Madison Twp LSD	10.95	39.34	1.93	2.26	0.00	**54.48**	49.941519	0.083305	51.692146	0.051172	18
19	**E23**	Madison Twp Edgewood	10.95	50.64	1.93	2.26	0.00	**65.78**	48.684056	0.259896	54.208244	0.175916	19
		MILFORD TOWNSHIP											
20	**F26**	Milford Twp Talawanda CSD	10.95	51.47	1.93	7.74	0.00	**72.09**	41.272632	0.427485	45.074558	0.374746	20
21	**F27**	Milford Twp Talawanda CL	10.95	51.47	1.93	7.74	0.00	**72.09**	41.272632	0.427485	45.074558	0.374746	21
22	**F28**	Milford Twp Edgewood	10.95	50.64	1.93	7.74	0.00	**71.26**	53.382619	0.250875	59.243801	0.168625	22
23	**F29**	Milford Talawanda Somerville	10.95	51.47	1.93	0.80	3.09	**68.24**	38.837464	0.430870	42.076679	0.383402	23
		MORGAN TOWNSHIP											
24	**G32**	Morgan Twp Ross LSD	10.95	51.73	1.93	5.72	0.00	**70.33**	44.066430	0.373433	48.107665	0.315972	24
25	**G33**	Morgan Twp S W LSD	10.95	45.30	2.70	5.72	0.00	**64.67**	41.056416	0.365140	44.653515	0.309517	25
		OXFORD TOWNSHIP											
26	**H35**	Oxford Talawanda CL	10.95	51.47	1.93	9.59	0.00	**73.94**	41.119874	0.443875	44.667277	0.395898	26
27	**H36**	Oxford Talawanda DL	10.95	51.47	1.93	9.59	0.00	**73.94**	41.119874	0.443875	44.667277	0.395898	27
28	**H37**	Oxford College Corner CL	10.95	32.10	0.00	9.59	0.00	**52.64**	40.404149	0.232444	41.863986	0.204712	28
29	**H38**	Oxford College Corner Corp DL	10.95	32.10	0.00	0.24	14.40	**57.69**	39.964669	0.307251	42.007053	0.271849	29
30	**H39**	Oxford College Corner Corp CL	10.95	32.10	0.00	0.24	14.40	**57.69**	39.964669	0.307251	42.007053	0.271849	30
31	**H40**	Oxford Corp Talawanda CSD	10.95	51.47	1.93	0.24	3.65	**68.24**	38.837464	0.430870	42.076679	0.383402	31
32	**H41**	Oxford Corp Talawanda DL	10.95	51.47	1.93	0.24	3.65	**68.24**	38.837464	0.430870	42.076679	0.383402	32
		REILY TOWNSHIP											
33	**J43**	Reily Twp Talawanda CSD	10.95	51.47	1.93	7.39	0.00	**71.74**	41.992469	0.414658	45.514568	0.365562	33
		ROSS TOWNSHIP											
34	**K46**	Ross Twp Ross LSD	10.95	51.73	1.93	6.72	0.00	**71.33**	45.055880	0.368346	49.075987	0.311987	34
35	**K47**	Ross Millville Ross	10.95	51.73	1.93	0.92	1.80	**67.33**	41.197463	0.388126	45.143414	0.329520	35
		ST CLAIR TOWNSHIP											
36	**L49**	St Clair New Miami	10.95	29.42	1.93	4.47	0.00	**46.77**	40.464509	0.134819	41.270588	0.117584	36
37	**L50**	St Clair Ross SD	10.95	51.73	1.93	4.47	0.00	**69.08**	42.923442	0.378642	46.867985	0.321540	37
38	**L52**	St Clair Edgewood	10.95	50.64	1.93	4.47	0.00	**67.99**	51.503430	0.242485	56.800493	0.164576	38
39	**L53**	St Clair New Miami Corp New Miami	10.95	29.42	1.93	1.01	8.30	**51.61**	44.075842	0.145983	44.882527	0.130352	39
40	**L54**	St Clair 7 Mile Edgewood	10.95	50.64	1.93	0.51	5.42	**69.45**	51.272737	0.261732	57.575867	0.170974	40
		WEST CHESTER TOWNSHIP											
41	**M55**	Fairfield Corp Lakota	10.95	65.39	1.93	0.00	5.94	**84.21**	53.802030	0.361097	59.884593	0.288866	41
42	**M56**	West Chester Lakota LSD	10.95	65.39	1.93	14.59	0.00	**92.86**	62.088617	0.331374	68.884754	0.258187	42
43	**M57**	West Chester Mason LSD	10.95	81.76	2.70	14.59	0.00	**110.00**	66.147494	0.398659	71.029545	0.354277	43
44	**M58**	West Chester Princeton SD	10.95	49.03	2.70	14.59	0.00	**77.27**	48.569699	0.371429	57.638052	0.254069	44
45	**M75**	Sharonville Princeton	10.95	49.03	2.70	0.00	0.00	**62.68**	35.271057	0.437284	43.208652	0.310647	45
		WAYNE TOWNSHIP											
46	**N59**	Wayne Edgewood FD	10.95	50.64	1.93	4.88	0.00	**68.40**	51.654362	0.244819	57.168663	0.164201	46
47	**N60**	Wayne Shawnee FD	10.95	23.49	2.58	4.88	0.00	**41.90**	39.941859	0.046734	41.132908	0.018308	47
48	**N61**	Wayne Edgewood SD	10.95	50.64	1.93	4.88	0.00	**68.40**	51.654362	0.244819	57.168663	0.164201	48
49	**N62**	Wayne Jackson Edge	10.95	50.64	1.93	0.51	2.00	**66.03**	49.567451	0.249319	54.865922	0.169076	49
50	**N63**	Wayne 7 Mile Edge	10.95	50.64	1.93	0.51	5.42	**69.45**	51.272737	0.261732	57.575867	0.170974	50
		HAMILTON CORPORATION											
51	**P64**	Hamilton Corp Hamilton CSD	10.95	53.42	0.00	0.00	7.16	**71.53**	49.144541	0.312952	56.417055	0.211281	51
52	**P65**	Hamilton Corp Edgewood	10.95	50.64	1.93	0.00	6.59	**70.11**	53.176623	0.241526	58.905152	0.159818	52
53	**P66**	Hamilton Corp Talawanda CSD	10.95	51.47	1.93	0.00	7.16	**71.51**	41.636636	0.417751	45.305909	0.366440	53
54	**P67**	Hamilton Corp Ross LSD	10.95	51.73	1.93	0.00	6.07	**70.68**	44.076635	0.376392	48.452644	0.314479	54
55	**P69**	Hamilton Corp New Miami	10.95	29.42	1.93	0.00	6.16	**48.46**	41.707702	0.139338	42.945247	0.113800	55
56	**Q65**	Middletown Corp CSD	10.95	45.13	1.93	0.00	5.90	**63.91**	59.617439	0.067166	60.650269	0.051005	56
		TRENTON CORP											
57	**R80**	Trenton Corp Edgewood D	10.95	50.64	1.93	0.00	3.24	**66.76**	50.297451	0.246593	55.595922	0.167227	57
58	**R85**	Trenton Corp Madison SD	10.95	39.34	1.93	0.00	1.26	**53.48**	49.574914	0.073020	51.099824	0.044506	58

Carole B. Mosketti
Butler County, Ohio
Hamilton 887-3181 Middletown 1-513-424-5351