

**CITY OF FAIRFIELD
BUTLER COUNTY**



SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

**CITY OF FAIRFIELD
BUTLER COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2020**

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CITY OF FAIRFIELD, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass - Through Grantor, Program Title	Pass Through Entity Number	CFDA	Total Federal Expenditures	Passed Through to Sub-recipient
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Pass Through Ohio Department of Justice:</i>				
Bulletproof Vest Partnership Program	2017BUBX17087357	16.607	\$ 2,744	\$ 0
Subtotal - U.S. Department of Justice			<u>2,744</u>	<u>0</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Staffing for Adequate Fire and Emergency Response	N/A - Direct Award	97.083	157,097	0
Assistance to Firefighters Grant	N/A - Direct Award	97.044	30,087	0
Subtotal - U.S. Department of Homeland Security			<u>187,184</u>	<u>0</u>
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Pass Through Butler County, Ohio:</i>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants / Entitlement Grants	B-18-UC-39-0008	14.218	<u>121,714</u>	<u>0</u>
Total CDBG - Entitlement Grants Cluster			<u>121,714</u>	<u>0</u>
Subtotal - U.S. Department of Housing and Urban Development			<u>121,714</u>	<u>0</u>
<u>US DEPARTMENT OF THE TREASURY</u>				
<i>Pass Through Ohio Office of Budget and Management:</i>				
Coronavirus Relief Fund	HB481-CRF-Local	21.019	3,017,627	588,000
Subtotal - U.S. Department of the Treasury			<u>3,017,627</u>	<u>588,000</u>
<u>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Providers Relief Fund	N/A - Direct Award	93.498	31,130	0
Subtotal - U.S. Department of Health and Human Services			<u>31,130</u>	<u>0</u>
Total Federal Assistance			<u>\$ 3,360,399</u>	<u>\$ 588,000</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs. The schedule has been prepared using the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The City did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 2, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Platterburg & Associates, Inc.

Cincinnati, Ohio

June 2, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Fairfield, Ohio's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements

that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 2, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

June 2, 2021

CITY OF FAIRFIELD, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted?

No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of major federal programs:

Coronavirus Relief Fund CFDA 21.019

Dollar threshold used to distinguish between Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

CITY OF FAIRFIELD
For the Year December 31, 2020

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE

The City had no prior audit findings or questioned costs.

CITY OF **FAIRFIELD**



Comprehensive Annual Financial Report



City of Fairfield, Ohio
For the Year Ended
December 31, 2020

CITY OF FAIRFIELD, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2020

**Prepared By:
Department of Finance
Jacob Burton, Director**



On the Cover

A scenic view of the City of Fairfield's Village Green Park. The park features an amphitheater, a playground, gazebo, and various shaded gathering and picnic spaces.

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INTRODUCTORY SECTION

City of Fairfield, Ohio

June 2, 2021

The Honorable Steve Miller, 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, 2020 is submitted herewith. The Department of Finance prepared the report. The responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the City of Fairfield, specifically with the Department of Finance. We believe that the enclosed data is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. We further believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

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

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

City Overview

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

Incorporated in 1955, the City operates under a charter and is served by a 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, economic development and recreation activities. In addition, water, sanitary sewer, solid waste collection and disposal, and recreational facilities are operated under an Enterprise fund concept with user charges set by City Council or the Park Board to ensure adequate coverage of expenses and payments on outstanding debt.

Economic Conditions and Outlook

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

The City's employer base continues to help provide a stable backbone for the City's main revenue source, income tax. While many other communities experienced loss of jobs and/or industries over past years, Fairfield has been fortunate to retain and attract desirable businesses and industries into the City.

The residents approved an income tax reapportionment of the 1.5% income tax in 2012 to offset losses in State revenue. This reapportionment was effective in 2013 and reallocated monies to the General fund by reducing the Street and Capital Improvement funds each by 0.05%. It was understood at the time of the reapportionment should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. In 2020, the City replenished the revenue to the Street Improvement and Capital Improvement funds to fund the substantial five-year Capital Improvement Program. The City will continue to do so as long as income tax revenues are sufficient to maintain the General fund operations and reserves.

Relevant Financial Policies

In 2015, the State of Ohio passed House Bill 5, a municipal tax uniformity bill. This bill contains language modifying the income basis on which a municipal government can levy an income tax on and how the municipal government can collect income tax. Most provisions of this bill became effective in January 2017 for the 2016 tax year. At this time, the financial impact of these legislative changes on income tax receipts is negligible.

In 2017, the State of Ohio passed changes to the municipal income tax statute and revenue collection streams. In December 2016, over 150 Ohio municipalities filed a lawsuit to try and prevent the changes to the municipal income tax statute. The concerns revolve around the State Department of Taxation becoming a central filing and collection point for business profit returns, assessing the municipality a fee to process the returns and limiting access to tax information necessary for a municipal jurisdiction to review and audit returns as well as to enforce the local tax laws. In February, 2018 the Franklin County Judge ruled in favor of the State of Ohio. An appeal was filed, and in November of 2020 the Judge ruled that the State could become a central filing and collection point for business profit returns, however the State is not allowed to charge Local municipalities the administrative fee for collection of the net profit tax. At this time, the total financial impact is negligible, as this statute has only been in effect a small portion of the year.

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 2020:

- 1) Maintenance on the Seward Road Water Tank was completed in 2020, for a cost of \$665,000. The improvements included the recoating of interior and exterior surfaces, and the installation of mixing systems.
- 2) This year the City of Fairfield purchased a new fire truck, for a cost of \$630,000 as well as a new ambulance, for a cost of \$300,000.

Future Projects

Accomplishments and significant capital projects to look forward to in 2021 include the following:

- 1) Construction of a new building to house a new bio solid dewatering system and future chemical storage and feed system for phosphorus precipitation is scheduled to begin in 2021.
- 2) Boymel Drive Improvements are also projected for 2021. This improvement project will add a left turn lane to southbound Boymel at the intersection of Route 4 and Boymel Drive. The addition of this turn lane will better align traffic on Boymel across the intersection and increase the visibility of opposing vehicles. At the intersection, the completed project will include new full-depth pavement, curb, storm sewer, sidewalk, curb ramps, and limited water work associated with a fire hydrant relocation.

Internal Accounting and Budgetary Controls

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

Budgetary control is maintained at the department level by the use of encumbrances for purchase order amounts to vendors. Open encumbrances are reported as assignments of the fund balance for the governmental fund types at December 31, 2020.

City Income Tax

Under the Ohio Revised Code, Section 718, municipal governments can levy an income tax. Since 1960, the City has levied an income tax on gross salaries, wages and other personal service compensation earned by residents, both in and out of the City and upon earnings of non-residents earned in the City. It also applies to net income of business organizations derived from business activities conducted in the City. The current income tax rate of 1.5% was approved by voters in 1971 and since then the allocation of the income taxes has changed 4 times. The latest voter approved allocation occurred in 2012, effective for 2013. The current allocation of the income tax is 1.2% to the General fund, 0.15% to the Street Improvement fund and 0.15% to the Capital Improvement fund.

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

		2020	2019
General Fund	1.20%	\$26,298,838	\$25,816,841
Street Improvement Fund	0.15%	3,287,355	3,227,105
Capital Improvement Fund	0.15%	3,287,355	3,227,105
Gross Revenues		<u>\$32,873,548</u>	<u>\$32,271,051</u>

Independent Audit

The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Plattenburg & Associates, Inc., an independent accounting firm, 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.

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 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 pleasure to be employed by a group of people who appreciate and respect principles of financial and budgetary restraint that prevails in the City of Fairfield.

Respectfully submitted,
City of Fairfield



Donald Bennett
Acting City Manager



Jacob Burton
Director of Finance

**CITY OF FAIRFIELD
PUBLIC OFFICIALS**

MAYOR

Steve Miller

COUNCIL MEMBERS

Vice Mayor – Bill Woeste

Chad Oberson
Leslie Besl
Dale Paullus

Tim Abbott
Mark Scharringhausen
Terry Senger

APPOINTED OFFICIALS

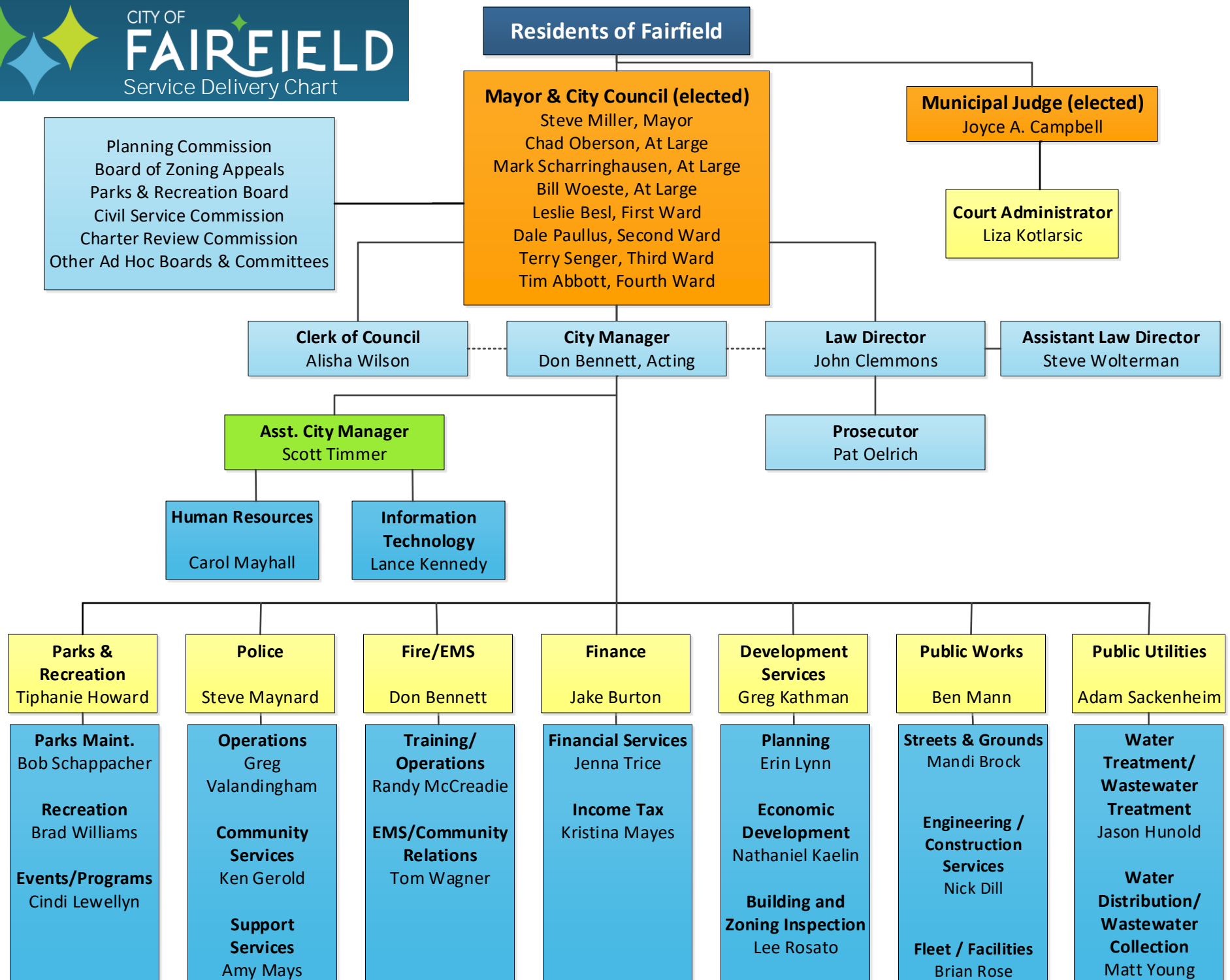
Acting City Manager
Assistant City Manager
Director of Finance
Director of Law
Director of Public Works
Director of Parks and Recreation
Director of Public Utilities
Director of Development Services
Chief of Police
Chief of Fire
Clerk of Council

Donald Bennett
Scott Timmer
Jacob Burton
John Clemmons
Ben Mann
Tiphannie Howard
Adam Sackenheim
Greg Kathman
Steve Maynard
Donald Bennett
Alisha Wilson

DEPARTMENT OF FINANCE

Jacob Burton
Jenna Trice
Kristina Mayes
Karen Broughton

Finance Director
Financial Services Manager
Income Tax Administrator
Payroll Administrator





Government Finance Officers Association

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, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

City of Fairfield, Ohio

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio (the City) as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2021, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

June 2, 2021

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020
(Unaudited)

The City of Fairfield's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2020. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter and the City's financial statements.

Financial Highlights

- The City's total net position increased \$4,414,141. Net position of governmental activities increased \$752,389, net position of business-type activities increased by \$3,661,752.
- The general fund reported a fund balance of \$23,948,771.
- Business-type operations reflected operating income of \$3,230,372.
- The City had \$54,575,812 in expenses relating to governmental activities; program revenues offset \$11,949,615 of these expenses. General revenues of \$43,378,586 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

The analysis of the City as a whole begins with the Government-wide Financial Statements. These reports provide information that will help the reader to determine if the City of Fairfield is financially better off or worse off as a result of the year's activities. These statements include all assets, liabilities and deferred outflows/inflows of resources 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 position and changes to that position. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements need to take into account non-financial factors that also impact the City's financial wellbeing. Some of these factors include the City's tax base and the condition of capital assets.

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020
(Unaudited)

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, Street Improvement, Water Utility, and Sewer Utility.

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

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

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

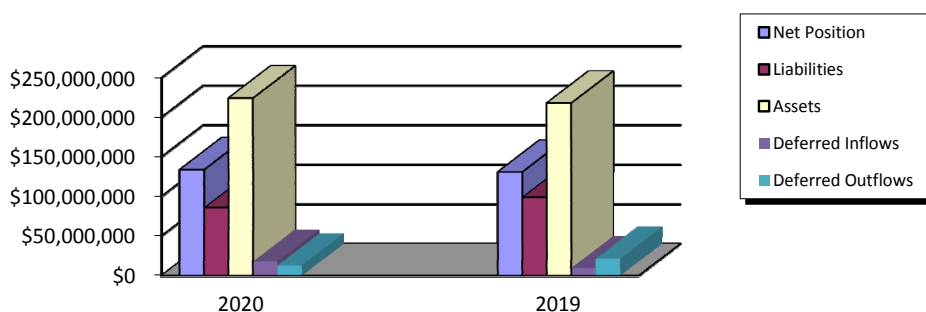
City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020
(Unaudited)

The City as a Whole

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2020 compared to 2019.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and Other Assets	\$75,483,303	\$65,049,058	\$22,126,351	\$19,663,828	97,609,654	\$84,712,886
Capital Assets	84,360,503	89,754,774	42,509,671	43,686,136	126,870,174	133,440,910
Total Assets	159,843,806	154,803,832	64,636,022	63,349,964	224,479,828	218,153,796
Deferred Outflows of Resources:						
Deferred Charge on Refunding	389,569	307,589	4,959	9,918	394,528	317,507
OPEB	4,905,371	3,983,337	445,515	318,165	5,350,886	4,301,502
Pension	6,824,629	14,675,291	571,626	2,241,518	7,396,255	16,916,809
Total Deferred Outflows of Resources	12,119,569	18,966,217	1,022,100	2,569,601	13,141,669	21,535,818
Liabilities:						
Long-Term Liabilities	67,710,825	76,614,730	7,784,199	12,289,214	75,495,024	88,903,944
Other Liabilities	3,256,715	2,871,716	7,029,488	7,303,497	10,286,203	10,175,213
Total Liabilities	70,967,540	79,486,446	14,813,687	19,592,711	85,781,227	99,079,157
Deferred Inflows of Resources:						
Property Taxes	7,162,200	7,060,857	0	0	7,162,200	7,060,857
Grants and Other Taxes	281,702	269,215	0	0	281,702	269,215
OPEB	3,008,586	1,243,885	437,591	78,818	3,446,177	1,322,703
Pension	6,234,493	732,052	863,227	180,331	7,097,720	912,383
Total Deferred Inflows of Resources	16,686,981	9,306,009	1,300,818	259,149	17,987,799	9,565,158
Net Position:						
Net Investment In Capital Assets	74,485,490	78,671,198	37,067,270	37,401,334	111,552,760	116,072,532
Restricted	32,170,370	24,601,200	1,085,053	1,083,318	33,255,423	25,684,518
Unrestricted	(22,347,006)	(18,294,804)	11,391,294	7,583,053	(10,955,712)	(10,711,751)
Total Net Position	\$84,308,854	\$84,977,594	\$49,543,617	\$46,067,705	\$133,852,471	\$131,045,299



Total net position of the City as a whole increased \$4,414,141. Net position of the City's governmental activities increased \$752,389, while the net position of the City's business-type activities increased \$3,661,752 from 2019. The largest portion of the City's net position reflect its investment in capital assets, less any related debt to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens of the City. The City had an unrestricted net position balance of (\$10,955,712). Capital Assets decreased mainly due to current year depreciation expense

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020
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being greater than additions. Total Long-Term Liabilities decreased mainly due to changes in net pension liability.

Table 2 shows the changes in net position at year-end and revenue and expense comparisons for 2020 to 2019.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for Services	\$4,122,790	\$4,950,987	\$18,935,348	\$18,504,052	\$23,058,138	\$23,455,039
Operating Grants and Contributions	7,280,416	6,073,045	0	0	7,280,416	6,073,045
Capital Grants and Contributions	546,409	1,578,511	0	64,868	546,409	1,643,379
Total Program Revenues	11,949,615	12,602,543	18,935,348	18,568,920	30,884,963	31,171,463
General Revenues:						
Income Taxes	33,288,670	30,773,706	0	0	33,288,670	30,773,706
Property Taxes	7,592,287	7,838,791	0	0	7,592,287	7,838,791
Grants and Entitlements	1,440,893	1,417,520	0	0	1,440,893	1,417,520
Investment Earnings	280,478	1,120,183	69,958	411,729	350,436	1,531,912
Other Revenues	1,266,258	1,078,286	190,022	208,233	1,456,280	1,286,519
Total General Revenues	43,868,586	42,228,486	259,980	619,962	44,128,566	42,848,448
Total Revenues	55,818,201	54,831,029	19,195,328	19,188,882	75,013,529	74,019,911
Program Expenses:						
General Government	12,617,792	8,302,443	0	0	12,617,792	8,302,443
Public Safety	22,689,176	13,416,020	0	0	22,689,176	13,416,020
Community Development	1,644,000	968,163	0	0	1,644,000	968,163
Liesure Time Activities	3,957,029	3,083,191	0	0	3,957,029	3,083,191
Transportation and Street Repair	9,766,869	10,668,855	0	0	9,766,869	10,668,855
Basic Utility Service	483,211	444,198	0	0	483,211	444,198
Public Health and Welfare	3,036,447	20,791	0	0	3,036,447	20,791
Interest and Other Charges	381,288	514,315	0	0	381,288	514,315
Water Utility	0	0	7,105,394	7,311,842	7,105,394	7,311,842
Sewer Utility	0	0	5,329,744	6,517,745	5,329,744	6,517,745
Solid Waste	0	0	2,436,344	2,378,343	2,436,344	2,378,343
Recreation	0	0	1,152,094	2,194,858	1,152,094	2,194,858
Total Program Expenses	54,575,812	37,417,976	16,023,576	18,402,788	70,599,388	55,820,764
Increase (Decrease) in Net Positon before Transfers	1,242,389	17,413,053	3,171,752	786,094	4,414,141	18,199,147
Transfers - Internal Activities	(490,000)	(535,000)	490,000	535,000	0	0
Change in Net Position	752,389	16,878,053	3,661,752	1,321,094	4,414,141	18,199,147
Net Position - Beginning of Year, Restated	83,556,465	68,099,541	45,881,865	44,746,611	129,438,330	112,846,152
Net Position - End of Year	\$84,308,854	\$84,977,594	\$49,543,617	\$46,067,705	\$133,852,471	\$131,045,299

Governmental Activities

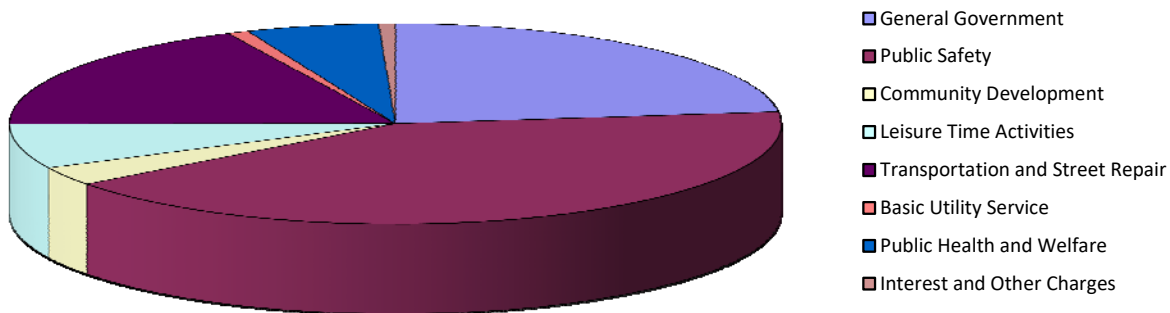
The City had an increase in revenues mainly due to an increase in operating grants and income taxes that the City received in 2020. Total expenses increased mainly due to the City's public safety services, that they provide, increased from 2019.

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Revenues generated by the earnings tax represent approximately 60% of the City's governmental activities revenues. The City's 2020 earnings tax revenues increased approximately 8.2% when compared to 2019 earnings tax revenues.

Governmental Activities Program Expenses for the Current Year

	Percentage
General Government	23.1%
Public Safety	41.6%
Community Development	3.0%
Leisure Time Activities	7.2%
Transportation and Street Repair	17.9%
Basic Utility Service	0.9%
Public Health and Welfare	5.6%
Interest and Other Charges	0.7%
Total	100.0%



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

Income Tax

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

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

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(Unaudited)

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.

In 2012, Council asked the voters to change the allocation of the Income Tax revenues in order to maintain current service levels. The current economic conditions, coupled with losses in state revenue, had caused City income to decrease since 2008. The City trimmed the operational budget over that time, resulting in approximately \$1.5 million in cuts and was able to maintain services to the residents by drawing down on fund reserves. In 2012, those fund reserves were at a minimal acceptable level and continuing to draw them down further would put the City's financial situation in a non-sustainable position. In November 2012, the citizens of Fairfield approved the change which, beginning in January 2014, the current tax rate allocates 1.2% for the operating expenses of the General Fund, 0.15% for street construction, improvement and repair and 0.15% for capital improvements of a permanent nature.

Business-Type Activities

The City's business-type activities include Water Utility, Sewer Utility, Solid Waste Management and Recreation Facilities operations. The City's business-type activities had operating income of \$3,230,372 for 2020. The operating revenues for business-type activities were \$19,125,370, while operating expenses were \$15,894,998 for 2020. The increase in operating income for 2020 was mainly due to a decrease in the City's operating expenses, in 2020 as compared to 2019.

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

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

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

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

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

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

In an effort to respond to increased flows induced during period of extended rainfall, the City embarked on an extensive sewer relief project to alleviate surcharging caused by storm water 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 contracts with Rumpke, a private organization, to provide waste removal and recycling services to residential customers in the City of Fairfield. In 2017, Council authorized a contract renewal for five additional years with Rumpke for Fairfield residents' waste and recycling collection services. Per the City's contract the 2018 rate was \$12.35 per month for curbside service and \$7.00 per month for dumpster service. The rates increased in September, 2019 to \$12.96 per month for curbside service and \$7.28 per month for dumpster service. The full costs of the services are passed-through to the residents. Annual increases are scheduled throughout the contract which will result in the curbside rate to be \$13.39 and the dumpster rate to be \$7.58 at the end of the five year contract.

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

City of Fairfield, Ohio
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the facility the Pleasant Run Golf Course, since then the Golf Course was re-named to Fairfield South Trace Golf Course. With its acquisition, the City added an 18-hole championship golf course, clubhouse facility and 4-lane/25 meter swimming pool to its recreational inventory.

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

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

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

The City's Funds

The City has three major governmental funds: the General Fund, Fire Levy Fund, and Street Improvement Fund. Assets of these funds comprised \$52,060,675 (73%) of the total governmental fund assets.

General Fund: Fund balance at December 31, 2020 was \$23,948,771, an increase in fund balance of \$2,390,268 from 2019. The general fund had an increase in fund balance mainly due to overall revenues for the fund increased when compared to 2019.

Fire Levy Fund: Fund balance at December 31, 2020 was \$4,290,121, an increase of \$1,496,892 from 2019. The increase in fund balance was mostly due to a decrease in expenditures for the fund when compared to 2019.

Street Improvement Fund: Fund balance at December 31, 2020 was \$9,176,733, an increase in fund balance of \$2,051,244 from 2019.

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(Unaudited)

General Fund Budgeting Highlights

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

For the General Fund, the final budgeted expenditures were \$28,540,014 and the final actual expenditures were \$24,685,876. The difference was \$3,854,138. Variations from the final budgeted expenditures to the final actual expenditures are primarily due to the following: the City conservatively budgeted for the general services and the police expenditures for 2020. As the City completed the year, its General Fund balance reported an actual fund balance of \$22,017,019, on a Non-GAAP Budgetary Basis.

Capital Assets and Debt Administration

Capital Assets

At year end, the City had \$126,870,174 invested in land, construction in progress, buildings and improvements, equipment and infrastructure. Table 3 shows 2020 balances compared to 2019:

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2020	Restated 2019	2020	Restated 2019	2020	Restated 2019
Land	\$19,535,340	\$19,385,340	\$1,641,949	\$1,641,949	\$21,177,289	\$21,027,289
Construction in Progress	2,686,171	2,195,049	1,310,617	1,534,259	3,996,788	3,729,308
Buildings and Improvements	48,603,905	48,553,527	51,851,531	51,808,919	100,455,436	100,362,446
Equipment	17,471,264	16,845,435	4,765,720	4,853,968	22,236,984	21,699,403
Infrastructure	114,206,711	114,206,711	40,662,783	39,190,955	154,869,494	153,397,666
Accumulated Depreciation	(118,142,888)	(112,852,417)	(57,722,929)	(55,529,752)	(175,865,817)	(168,382,169)
Total Net Capital Assets	<u>\$84,360,503</u>	<u>\$88,333,645</u>	<u>\$42,509,671</u>	<u>\$43,500,298</u>	<u>\$126,870,174</u>	<u>\$131,833,943</u>

The decrease in net capital assets was mainly due to depreciation expense being greater than additions.

The City had a restatement of capital assets due to a change in the capitalization threshold during the fiscal year.

See Notes 6 and 22 to the notes to the basic financial statements for further details on the City's capital assets.

Debt

The City had \$10,264,582 in Governmental Activities long-term debt and \$147,360 in Business-Type Activities long-term debt.

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020
(Unaudited)

Table 4
Outstanding Debt at Year End

		2020	2019
Governmental Activities:			
<u>Bonds and Notes:</u>			
Roadway Improvement Bonds - 2010A	4.64-6.09%	\$0	\$5,575,000
2017 Refunding of 2009 Various Purpose Golf & Just. Center	2.00%	3,250,000	3,575,000
Community Arts Center Refunding 2012	4.50%	1,420,000	1,865,000
Premium/(Discount)	n/a	314,582	376,165
2020 Refunding of Roadway Improvement Bonds - 2010A	3.74%	5,280,000	0
Total Bonds and Notes:		<u>\$10,264,582</u>	<u>\$11,391,165</u>
Business Type Activities:			
Various Purpose Refunding - 2012	3.66%	\$140,000	\$280,000
Premium on Various Purpose Water Refunding - 2012	n/a	7,360	14,720
Total Business Type Activities		<u>\$147,360</u>	<u>\$294,720</u>

The unvoted Various Purpose General Obligation Bonds for street improvement will be paid with municipal income tax revenue. The Various Purpose General Obligation Bonds for other improvements and Community Arts Center Bonds will be paid with property tax revenues via transfers from the General Fund. See Note 9 to the notes to the basic financial statements for further details on the City's long-term debt.

Economic Factors

The City of Fairfield worked through the conditions from the 2007-2010 economic recession through good budgeting and internal controls. During the past decade, the City's main revenue source, income tax, has stabilized and continued to see slight growth in most years due to the strong employment base in the City. Many companies began operations or announced expansion projects in the past decade, including three expansion projects announced in 2019 that will retain and create more than 300 jobs. The COVID-19 pandemic slowed the development of new projects in 2020, but the City did not experience a significant drop in income tax receipts as a result. The majority of Fairfield's manufacturing companies, the largest component of the City's economic base, were deemed essential and continued to operate during state stay-at-home orders. Additionally, several companies provided critical services in the COVID-19 response and increased employment during 2020.

Back in 2013, the City residents approved a reapportionment to replace the \$1,500,000 in lost revenue from cuts in local funding in the State operating budget and elimination of the estate tax. At that time the City apportioned the income tax to the General, Street Improvement and Capital funds. The reapportionment of the income tax beginning in 2013 became 1.2% to the General fund and 0.15% each to the Street Improvement and Capital Improvement funds. It was understood at the time of the reapportionment should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. In 2019, the City replenished the revenue to the Street Improvement and Capital Improvement funds to fund the substantial five-year Capital Improvement Program. The City will continue to do so as long as income tax revenues are sufficient to maintain the General fund operations and reserves.

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020
(Unaudited)

Contacting the City's Finance Department

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

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City of Fairfield, Ohio
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$57,655,181	\$18,246,171	\$75,901,352
Restricted Cash	0	1,085,053	1,085,053
Receivables (Net):			
Taxes	14,822,413	0	14,822,413
Accounts	329,793	2,465,830	2,795,623
Interest	33,744	8,437	42,181
Intergovernmental	2,642,172	0	2,642,172
Inventory	0	320,860	320,860
Nondepreciable Capital Assets	22,221,511	2,952,566	25,174,077
Depreciable Capital Assets, Net	62,138,992	39,557,105	101,696,097
Total Assets	159,843,806	64,636,022	224,479,828
Deferred Outflows of Resources:			
Deferred Charge on Refunding	389,569	4,959	394,528
Pension	6,824,629	571,626	7,396,255
OPEB	4,905,371	445,515	5,350,886
Total Deferred Outflows of Resources	12,119,569	1,022,100	13,141,669
Liabilities:			
Accounts Payable	447,241	973,550	1,420,791
Accrued Wages and Benefits	1,803,989	266,719	2,070,708
Contracts Payable	609,219	0	609,219
Retainage Payable	66,975	0	66,975
Accrued Interest Payable	19,842	81,153	100,995
Due to Other Governments	9,606	141,149	150,755
Claims Payable	299,843	5,155	304,998
Other Liabilities	0	261,762	261,762
General Obligation Notes Payable	0	5,300,000	5,300,000
Long-Term Liabilities:			
Due Within One Year	2,733,617	417,661	3,151,278
Due In More Than One Year			
Net Pension Liability	39,536,945	3,864,667	43,401,612
Net OPEB Liability	14,022,122	2,803,593	16,825,715
Other Amounts	11,418,141	698,278	12,116,419
Total Liabilities	70,967,540	14,813,687	85,781,227
Deferred Inflows of Resources:			
Property Taxes	7,162,200	0	7,162,200
Grants and Other Taxes	281,702	0	281,702
Pension	6,234,493	863,227	7,097,720
OPEB	3,008,586	437,591	3,446,177
Total Deferred Inflows of Resources	16,686,981	1,300,818	17,987,799
Net Position:			
Net Investment in Capital Assets	74,485,490	37,067,270	111,552,760
Restricted for:			
Debt Service	1,824,774	0	1,824,774
Capital Projects	15,409,414	1,085,053	16,494,467
Street Construction and Maintenance	4,169,760	0	4,169,760
Court Services	5,141,315	0	5,141,315
Public Safety	4,709,369	0	4,709,369
Other Purposes	915,738	0	915,738
Unrestricted	(22,347,006)	11,391,294	(10,955,712)
Total Net Position	\$84,308,854	\$49,543,617	\$133,852,471

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2020

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$12,617,792	\$1,884,468	\$181,292	\$0
Public Safety	22,689,176	1,053,317	786,194	0
Community Development	1,644,000	1,120,383	0	269,215
Leisure Time Activities	3,957,029	64,622	0	0
Transportation and Street Repair	9,766,869	0	3,295,303	277,194
Basic Utility Service	483,211	0	0	0
Public Health and Welfare	3,036,447	0	3,017,627	0
Interest and Other Charges	381,288	0	0	0
Total Governmental Activities	54,575,812	4,122,790	7,280,416	546,409
Business-Type Activities:				
Water Utility	7,105,394	7,805,290	0	0
Sewer Utility	5,329,744	7,393,112	0	0
Solid Waste	2,436,344	2,451,999	0	0
Recreation	1,152,094	1,284,947	0	0
Total Business-Type Activities	16,023,576	18,935,348	0	0
Totals	\$70,599,388	\$23,058,138	\$7,280,416	\$546,409

General Revenues:
Income Taxes
Property Taxes Levied for:
General Purposes
Special Revenue Purposes
Grants and Entitlements, Not Restricted
Revenue in Lieu of Taxes
Investment Earnings
Other Revenues
Transfers-Internal Activities

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year, Restated

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$10,552,032)	\$0	(\$10,552,032)
(20,849,665)	0	(20,849,665)
(254,402)	0	(254,402)
(3,892,407)	0	(3,892,407)
(6,194,372)	0	(6,194,372)
(483,211)	0	(483,211)
(18,820)	0	(18,820)
(381,288)	0	(381,288)
(42,626,197)	0	(42,626,197)
0	699,896	699,896
0	2,063,368	2,063,368
0	15,655	15,655
0	132,853	132,853
0	2,911,772	2,911,772
(42,626,197)	2,911,772	(39,714,425)
33,288,670	0	33,288,670
1,490,543	0	1,490,543
6,101,744	0	6,101,744
1,440,893	0	1,440,893
61,963	0	61,963
280,478	69,958	350,436
1,204,295	190,022	1,394,317
(490,000)	490,000	0
43,378,586	749,980	44,128,566
752,389	3,661,752	4,414,141
83,556,465	45,881,865	129,438,330
\$84,308,854	\$49,543,617	\$133,852,471

City of Fairfield, Ohio
Balance Sheet
Governmental Funds
December 31, 2020

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$23,145,325	\$4,715,912	\$9,010,113	\$17,034,643	\$53,905,993
Receivables (Net):					
Taxes	7,250,414	6,062,989	754,505	754,505	14,822,413
Accounts	329,793	0	0	0	329,793
Interest	20,246	3,374	5,906	2,531	32,057
Intergovernmental	442,941	298,962	20,195	1,880,074	2,642,172
Total Assets	31,188,719	11,081,237	9,790,719	19,671,753	71,732,428
Liabilities:					
Accounts Payable	301,974	33,283	0	85,245	420,502
Accrued Wages and Benefits	1,233,528	418,325	0	119,840	1,771,693
Compensated Absences	266,639	0	0	7,885	274,524
Contracts Payable	0	0	137,027	472,192	609,219
Retainage Payable	0	0	12,536	54,439	66,975
Due to Other Governments	9,606	0	0	0	9,606
Claims Payable	16,392	5,247	0	2,088	23,727
Total Liabilities	1,828,139	456,855	149,563	741,689	3,176,246
Deferred Inflows of Resources:					
Property Taxes	1,214,374	6,062,989	0	0	7,277,363
Income Taxes	3,537,780	0	442,222	442,222	4,422,224
Grants and Other Taxes	369,344	270,126	20,195	1,625,901	2,285,566
Special Assessments	186,872	0	0	0	186,872
Accounts	96,563	0	0	0	96,563
Investment Earnings	6,876	1,146	2,006	860	10,888
Total Deferred Inflows of Resources	5,411,809	6,334,261	464,423	2,068,983	14,279,476
Fund Balances:					
Restricted	0	4,290,121	9,176,733	16,892,852	30,359,706
Assigned	179,886	0	0	46,998	226,884
Unassigned	23,768,885	0	0	(78,769)	23,690,116
Total Fund Balances	23,948,771	4,290,121	9,176,733	16,861,081	54,276,706
Total Liabilities, Deferred Inflows and Fund Balances	\$31,188,719	\$11,081,237	\$9,790,719	\$19,671,753	\$71,732,428

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2020

Total Governmental Fund Balance	\$54,276,706
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets used in the operation of Governmental Funds	84,360,503
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Income Taxes	4,422,224	
Delinquent Property Taxes	115,163	
Interest	10,888	
Intergovernmental	2,003,864	
Other Receivables	283,435	
		6,835,574

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

Internal Service Net Position	2,481,074
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In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.

(19,842)

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

Compensated Absences	(3,502,143)
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Deferred outflow of resources associated with long-term liabilities are not reported in the funds.

389,569

Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	6,756,864	
Deferred inflows of resources related to pensions	(6,132,159)	
Deferred outflows of resources related to OPEB	4,852,556	
Deferred inflows of resources related to OPEB	(2,956,710)	
		2,520,551

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net Pension Liability	(39,078,795)	
Net OPEB Liability	(13,689,761)	
Other Amounts	(10,264,582)	
		(63,033,138)

Net Position of Governmental Activities	<u>\$84,308,854</u>
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See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2020

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$1,503,407	\$6,167,227	\$0	\$0	\$7,670,634
Income Taxes	26,275,895	0	3,298,644	3,298,644	32,873,183
Charges for Services	1,699,238	1,027,526	0	0	2,726,764
Investment Earnings	213,075	31,038	31,293	36,309	311,715
Intergovernmental	1,400,171	754,296	525,085	6,986,068	9,665,620
Special Assessments	71,188	0	0	0	71,188
Fines, Licenses & Permits	1,408,855	5,500	0	485,177	1,899,532
Revenue in Lieu of Taxes	0	0	0	61,963	61,963
Other Revenues	664,862	5,462	65,959	17,578	753,861
Total Revenues	33,236,691	7,991,049	3,920,981	10,885,739	56,034,460
Expenditures:					
Current:					
General Government	8,408,876	0	0	1,169,895	9,578,771
Public Safety	10,805,841	6,487,133	0	66,979	17,359,953
Community Development	1,463,355	0	0	0	1,463,355
Leisure Time Activities	2,571,978	0	0	56,013	2,627,991
Transportation and Street Repair	0	0	3,127,233	3,191,823	6,319,056
Basic Utility Service	483,211	0	0	0	483,211
Public Health and Welfare	20,408	0	0	3,016,039	3,036,447
Capital Outlay	265,222	7,024	95,733	2,015,415	2,383,394
Debt Service:					
Principal	0	0	0	1,270,000	1,270,000
Interest and Other Charges	0	0	0	341,487	341,487
Bond Issuance Cost	0	0	0	58,858	58,858
Total Expenditures	24,018,891	6,494,157	3,222,966	11,186,509	44,922,523
Excess of Revenues Over (Under) Expenditures	9,217,800	1,496,892	698,015	(300,770)	11,111,937
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	0	0	0	28,027	28,027
Sale of Refunding Bonds	0	0	0	5,345,000	5,345,000
Payments to Refunded Bond Escrow Agent	0	0	0	(5,286,142)	(5,286,142)
Transfers In	0	0	1,353,229	4,924,303	6,277,532
Transfers (Out)	(6,827,532)	0	0	(140,000)	(6,967,532)
Total Other Financing Sources (Uses)	(6,827,532)	0	1,353,229	4,871,188	(603,115)
Net Change in Fund Balance	2,390,268	1,496,892	2,051,244	4,570,418	10,508,822
Fund Balance - Beginning of Year	21,558,503	2,793,229	7,125,489	12,290,663	43,767,884
Fund Balance - End of Year	\$23,948,771	\$4,290,121	\$9,176,733	\$16,861,081	\$54,276,706

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2020

Net Change in Fund Balance - Total Governmental Funds \$10,508,822

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	1,733,309	
Depreciation Expense	(5,696,866)	
		(3,963,557)

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.

(9,584)

Governmental funds report pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions are reported as pension and OPEB expense.

Pension contributions	3,301,862	
Pension Expense	(7,332,303)	
OPEB contributions	48,315	
OPEB Expense	(2,683,211)	
		(6,665,337)

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

Income Taxes	415,487	
Delinquent Property Taxes	(78,347)	
Interest	(31,237)	
Intergovernmental	(397,030)	
Other	(143,575)	
		(234,702)

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

Deferred Amount on Refunding	146,142	
Refunding Bonds	(5,345,000)	
Bonds Refunded	5,140,000	
		(58,858)

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

1,270,000

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

21,636
(Continued)

City of Fairfield, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2020

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	336,178	
Amortization of Bond Premium	61,583	
Amortization of Deferred Charge on Refunding	<u>(64,162)</u>	
		333,599

The internal service fund used by management to charge back costs to individual funds is not reported in the entity-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.

Change in Net Position - Internal Service Funds	<u>(449,630)</u>
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Change in Net Position of Governmental Activities	<u><u>\$752,389</u></u>
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See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2020

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Other Enterprise Funds	Total Business-Type Activities	Internal Service Funds
Current Assets:					
Equity in Pooled Cash and Investments	\$7,456,576	\$9,467,958	\$1,321,637	\$18,246,171	\$3,749,188
Restricted Cash	1,085,053	0	0	1,085,053	0
Receivables (Net):					
Accounts	961,785	1,190,087	313,958	2,465,830	0
Interest	5,062	3,375	0	8,437	1,687
Inventory	307,861	0	12,999	320,860	0
Total Current Assets	9,816,337	10,661,420	1,648,594	22,126,351	3,750,875
Noncurrent Assets:					
Capital Assets:					
Nondepreciable Capital Assets	893,568	1,551,998	507,000	2,952,566	0
Depreciable Capital Assets, Net	17,704,465	19,374,264	2,478,376	39,557,105	0
Total Noncurrent Assets	18,598,033	20,926,262	2,985,376	42,509,671	0
Total Assets	28,414,370	31,587,682	4,633,970	64,636,022	3,750,875
Deferred Outflows of Resources:					
Deferred Charge on Refunding Pension	0	0	4,959	4,959	0
OPEB	260,497	260,688	50,441	571,626	67,765
OPEB	203,026	203,176	39,313	445,515	52,815
Total Deferred Outflows of Resources	463,523	463,864	94,713	1,022,100	120,580
Liabilities:					
Current Liabilities:					
Accounts Payable	176,294	377,549	419,707	973,550	26,739
Accrued Wages and Benefits	117,590	124,435	24,694	266,719	32,296
Compensated Absences	139,600	108,642	29,419	277,661	11,056
Accrued Interest Payable	35,228	45,598	327	81,153	0
Due to Other Governments	0	141,149	0	141,149	0
Claims Payable	2,006	2,121	1,028	5,155	276,116
Other Liabilities	261,762	0	0	261,762	0
General Obligation Notes Payable	4,110,000	1,190,000	0	5,300,000	0
Long-Term Liabilities Due Within One Year	0	0	140,000	140,000	0
Total Current Liabilities	4,842,480	1,989,494	615,175	7,447,149	346,207
Long-Term Liabilities:					
Compensated Absences	312,590	329,694	48,634	690,918	99,453
Bonds, Notes & Loans Payable	0	0	7,360	7,360	0
Net Pension Liability	1,761,175	1,762,470	341,022	3,864,667	458,150
Net OPEB Liability	1,277,631	1,278,570	247,392	2,803,593	332,361
Total Noncurrent Liabilities	3,351,396	3,370,734	644,408	7,366,538	889,964
Total Liabilities	8,193,876	5,360,228	1,259,583	14,813,687	1,236,171
Deferred Inflows of Resources:					
Pension	393,383	393,672	76,172	863,227	102,334
OPEB	199,416	199,562	38,613	437,591	51,876
Total Deferred Inflows of Resources	592,799	593,234	114,785	1,300,818	154,210
Net Position:					
Net Investment in Capital Assets	14,488,033	19,736,262	2,842,975	37,067,270	0
Restricted for:					
Capital Projects	1,085,053	0	0	1,085,053	0
Unrestricted	4,518,132	6,361,822	511,340	11,391,294	2,481,074
Total Net Position	\$20,091,218	\$26,098,084	\$3,354,315	\$49,543,617	\$2,481,074

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2020

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Other Enterprise Funds	Total Business-Type Activities	Internal Service Funds
Operating Revenues:					
Charges for Services	\$7,805,290	\$7,393,112	\$3,736,946	\$18,935,348	\$6,310,615
Other Revenues	117,009	42,146	30,867	190,022	1,014
Total Operating Revenues	7,922,299	7,435,258	3,767,813	19,125,370	6,311,629
Operating Expenses:					
Personal Services	1,765,395	1,752,745	469,975	3,988,115	548,757
Contactual Services	3,184,149	1,648,788	2,711,764	7,544,701	6,098,107
Materials and Supplies	923,709	730,702	133,082	1,787,493	331,118
Depreciation	1,122,487	1,184,258	267,944	2,574,689	0
Total Operating Expenses	6,995,740	5,316,493	3,582,765	15,894,998	6,977,982
Operating Income (Loss)	926,559	2,118,765	185,048	3,230,372	(666,353)
Non-Operating Revenues (Expenses):					
Investment Earnings	36,598	32,853	507	69,958	16,723
Interest (Expense)	(109,654)	(14,826)	(5,673)	(130,153)	0
Gain on Disposal of Capital Assets	0	1,575	0	1,575	0
Total Non-Operating Revenues (Expenses)	(73,056)	19,602	(5,166)	(58,620)	16,723
Income (Loss) Before Contributions and Transfers	853,503	2,138,367	179,882	3,171,752	(649,630)
Transfers In	0	0	490,000	490,000	200,000
Change in Net Position	853,503	2,138,367	669,882	3,661,752	(449,630)
Net Position - Beginning of Year, Restated	19,237,715	23,959,717	2,684,433	45,881,865	2,930,704
Net Position - End of Year	\$20,091,218	\$26,098,084	\$3,354,315	\$49,543,617	\$2,481,074

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2020

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Other Enterprise Funds	Total Business-Type Activities	Internal Service Funds
Cash Flows from Operating Activities:					
Cash Received from Customers	\$7,862,996	\$7,265,062	\$3,751,436	\$18,879,494	\$6,311,629
Cash Payments to Employees	(2,459,159)	(2,637,126)	(690,375)	(5,786,660)	(644,030)
Cash Payments to Suppliers	(4,301,537)	(2,078,019)	(2,628,856)	(9,008,412)	(342,012)
Cash Payments for Claims	0	0	0	0	(6,088,030)
Net Cash Provided (Used) by Operating Activities	1,102,300	2,549,917	432,205	4,084,422	(762,443)
Cash Flows from Noncapital Financing Activities:					
Payments from Other Funds	0	0	490,000	490,000	200,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	490,000	490,000	200,000
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(302,085)	(1,052,590)	(229,389)	(1,584,064)	0
Debt Proceeds	4,110,000	1,190,000	0	5,300,000	0
Debt Principal Payments	(4,640,000)	(1,360,000)	(140,000)	(6,140,000)	0
Debt Interest Payments	(128,106)	(37,548)	(8,400)	(174,054)	0
Gain on the Disposal of Capital Assets	0	1,575	0	1,575	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(960,191)	(1,258,563)	(377,789)	(2,596,543)	0
Cash Flows from Investing Activities:					
Earnings on Investments	36,297	35,964	507	72,768	15,036
Net Cash Provided (Used) by Cash Flows from Investing Activities	36,297	35,964	507	72,768	15,036
Net Increase (Decrease) in Cash and Cash Equivalents	178,406	1,327,318	544,923	2,050,647	(547,407)
Cash and Cash Equivalents - Beginning of Year	8,363,223	8,140,640	776,714	17,280,577	4,296,595
Cash and Cash Equivalents - End of Year	8,541,629	9,467,958	1,321,637	19,331,224	3,749,188
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	926,559	2,118,765	185,048	3,230,372	(666,353)
Adjustments:					
Depreciation	1,122,487	1,184,258	267,944	2,574,689	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	(104,303)	(170,196)	(16,377)	(290,876)	0
(Increase) Decrease in Inventory	(128,941)	0	5,131	(123,810)	0
(Increase) Decrease in Deferred Outflows of Resources	674,392	717,179	150,971	1,542,542	145,471
Increase (Decrease) in Claims Payable	382	327	140	849	(6,188)
Increase (Decrease) in Retainage Payable	(10,680)	0	0	(10,680)	0
Increase (Decrease) in Other Liabilities	(1,125)	0	0	(1,125)	0
Increase (Decrease) in Payables	(7,933)	301,471	210,859	504,397	5,448
Increase (Decrease) in Accrued Liabilities	89,658	46,544	2,029	138,231	4,483
Increase (Decrease) in Deferred Inflows of Resources	477,593	473,662	90,414	1,041,669	127,274
Increase (Decrease) in Net Pension Liability	(1,565,636)	(1,690,428)	(362,760)	(3,618,824)	(319,678)
Increase (Decrease) in Net OPEB Liability	(370,153)	(431,665)	(101,194)	(903,012)	(52,900)
Net Cash Provided (Used) by Operating Activities	\$1,102,300	\$2,549,917	\$432,205	\$4,084,422	(\$762,443)

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2020

	Custodial Funds
Assets:	
Equity in Pooled Cash and Investments	\$321,717
Receivables (Net):	
Accounts	199,484
Total Assets	521,201
Liabilities:	
Accounts Payable	117,494
Total Liabilities	117,494
Net Position:	
Restricted for:	
Individuals, Organizations, and Other Governments	164,292
Economic Development	239,415
Total Net Position	\$403,707

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended December 31, 2020

	Custodial Funds
Additions:	
Investment Earnings	\$6
Municipal Court Receipts	835,918
Joint Economic Development District Receipts	<u>2,347,733</u>
Total Additions	<u>3,183,657</u>
Deductions:	
Municipal Court Disbursements	878,197
Joint Economic Development District Disbursements	<u>2,310,318</u>
Total Deductions	<u>3,188,515</u>
Change in Net Position	(4,858)
Net Position - Beginning of Year	<u>408,565</u>
Net Position - End of Year	<u>\$403,707</u>

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

The City participates in a joint venture called the West Chester Township Joint Economic Development District (JEDD). This joint venture is presented in Note 17.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City’s accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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

Fund Financial Statements

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

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities and deferred outflows/inflows associated with the operation of the City are included on the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources 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, liabilities and deferred outflows/inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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 deferred outflows and liabilities and deferred inflows are 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.

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 0.15% of the City's income tax.

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

Proprietary Funds

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

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

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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

Fiduciary Funds

The Custodial Fiduciary Funds are used to account for the collection and disbursement of monies by the City on behalf of other individuals, organizations or other governmental entities. The following are the City's custodial fiduciary funds, the Municipal Court Fund and the Joint Economic Joint District Fund. The Municipal Court Fund accounts for activity relating to the City's Municipal Court. The West Chester Joint Economic Development District 1 accounts for activity relating to the West Chester Township Joint Economic Development District (JEDD) for the purpose of facilitating economic development to create jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio and in the area of the contracting parties through facilitating economic development.

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 inflows 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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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 Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferral on refunding, pension, and other post employment benefits reported in the government-wide statement of net position and the proprietary statement of net position. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, income taxes, grants and other taxes, special assessments, investment revenue, pension, OPEB, and accounts revenues. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance year 2021 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements, while income taxes, special assessments, interest and accounts are only included on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 12 and 13.)

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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during 2020 amounted to \$213,075 in the general fund, \$31,038 in the fire levy fund, \$31,293 in the street improvement fund and \$36,309 in other governmental funds.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. 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 \$5,000 or more, depending on the Asset Class.

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Fund Balance

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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

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

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

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

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

The City applies restricted resource first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Restricted Assets

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

Net Position

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the City's \$33,255,423 in restricted net position, none was restricted by enabling legislation.

Operating Revenues and Expenses

The City, in its proprietary funds, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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.

Gain/Loss on Refunding

On the government-wide and proprietary financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt (the gain/loss on refunding) is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method.

Estimates

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

Note 3 – Equity in Pooled Cash and Investments

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

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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 (STAROhio).
- (7) Commercial paper and banker's acceptances, which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial 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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2020, \$27,492,218 of the City's bank balance of \$28,492,218 was exposed to custodial credit risk because it was uninsured and collateralized.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Investments

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of December 31, 2020:

Investment Type	Fair Value Measurements Using		Net Asset Value*	Weighted Average Maturity (Years)
	Net Asset Value* / Fair Value	Significant Other Observable Inputs Level 2		
STAR Ohio*	\$24,170,646		\$24,170,646	0.11
Commercial Paper	8,896,514	\$8,896,514		0.42
Federal National Mortgage Association	1,000,098	1,000,098		3.88
Federal Farm Credit Bank	1,699,103	1,699,103		3.28
Negotiable Certificate of Deposit	9,738,120	9,738,120		1.09
Federal Home Loan Mortgage Corporation	2,411,041	2,411,041		3.90
Municipal Bonds	1,595,175	1,595,175		3.34
Money Market Funds	16,372		16,372	0.00
	<u>\$49,527,069</u>	<u>\$25,340,051</u>	<u>\$24,187,018</u>	
Portfolio Weighted Average Maturity				0.83

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

The above table identifies the City's recurring fair value measurements as of December 31, 2020. STAROhio is reported at its share price (Net Asset value per share) and there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 Municipal Bonds, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank were rated AA+ by Standard and Poor's and Aaa by Moody's. Investments in Commercial Paper were rated A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. Investments in STAROhio were rated AAAm by Standard & Poors. Negotiable CDs and Money Market Funds are not rated.

Concentration of Credit Risk – The City's investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 3% in Municipal Bonds, 2% in Federal National Mortgage Association, 5% in Federal Home Loan Mortgage Corporation, 3% in Federal Farm Credit Bank, 18% in Commercial Paper, 20% in Negotiable CDs, 49% in STAR Ohio, and less than 1% in Money Market Funds.

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

Note 4 – Receivables

Receivables at year end, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, accrued interest on investments, and accounts receivable. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Property Taxes

Property taxes include amounts levied against all real estate and public utility. Real property taxes (other than public utility) collected during 2020 were levied after October 1, 2019 on assessed values as of January 1, 2019, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year,

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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

Real Property	\$1,154,528,940
Public Utility	<u>55,581,820</u>
Total Valuation	<u><u>\$1,210,110,760</u></u>

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

The City receives property taxes from Butler County. The County Treasurer collects property taxes on behalf of all taxing districts in the counties. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2020, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2020 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

Income Taxes

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

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

Note 5 – Risk Management

Description

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

Claim Liabilities

Beginning August 1, 2014, the City began to provide employee health insurance benefits through a self-insured program.

The City records an estimated liability for dental, health and worker's compensation claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported on historical experience. All claims payable are expected to be paid off in one year.

Unpaid Claim Liabilities

The following represent the changes in workers compensation, dental, and health claims payable for the City from January 1, 2018 to December 31, 2020:

<u>Claims Payable</u>	<u>Amount</u>
Claims Liability, 1/1/2018	\$358,860
Claims net of changes in estimates	4,012,019
Payments	<u>(4,065,066)</u>
Claims Liability, 12/31/2019	305,813
Claims net of changes in estimates	3,947,632
Payments	<u>(3,948,447)</u>
Claims Liability, 12/31/2020	<u><u>\$304,998</u></u>

Note 6 – Capital Assets

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

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$19,385,340	\$150,000	\$0	\$19,535,340
Construction in Progress	2,195,049	531,371	40,249	2,686,171
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	48,553,527	65,921	15,543	48,603,905
Equipment	16,845,435	1,001,561	375,732	17,471,264
Infrastructure	114,206,711	24,705	24,705	114,206,711
Totals at Historical Cost	<u>201,186,062</u>	<u>1,773,558</u>	<u>456,229</u>	<u>202,503,391</u>
Less Accumulated Depreciation:				
Buildings and Improvements	29,525,693	1,409,136	5,958	30,928,871
Equipment	12,970,524	1,185,356	375,732	13,780,148
Infrastructure	<u>70,356,200</u>	<u>3,102,374</u>	<u>24,705</u>	<u>73,433,869</u>
Total Accumulated Depreciation	<u>112,852,417</u>	<u>5,696,866</u>	<u>406,395</u>	<u>118,142,888</u>
Governmental Activities Capital Assets, Net	<u><u>\$88,333,645</u></u>	<u><u>(\$3,923,308)</u></u>	<u><u>\$49,834</u></u>	<u><u>\$84,360,503</u></u>

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,641,949	\$0	\$0	\$1,641,949
Construction in Progress	1,534,259	1,182,097	1,405,739	1,310,617
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	51,808,919	42,612	0	51,851,531
Equipment	4,853,968	175,042	263,290	4,765,720
Infrastructure	39,190,955	1,635,128	163,300	40,662,783
Totals at Historical Cost	99,030,050	3,034,879	1,832,329	100,232,600
Less Accumulated Depreciation:				
Buildings and Improvements	30,109,835	1,080,433	0	31,190,268
Equipment	3,636,583	253,625	247,675	3,642,533
Infrastructure	21,783,334	1,240,631	133,837	22,890,128
Total Accumulated Depreciation	55,529,752	2,574,689	381,512	57,722,929
Business-Type Activities Capital Assets, Net	<u>\$43,500,298</u>	<u>\$460,190</u>	<u>\$1,450,817</u>	<u>\$42,509,671</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$466,165
Public Safety	1,498,183
Leisure Time Activities	1,072,857
Community Development	7,979
Transportation	2,651,682
Total Depreciation Expense	<u>\$5,696,866</u>

Note 7 – Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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

Fire employees are credited with 130 sick hours at the beginning of each year. Sick leave accumulation may not exceed 1,300 hours. An excess over the 1,300 maximum is paid to the fire employee. In the case of death, termination, or retirement of a fire employee, depending on length of service with the City, is paid for his unused sick leave up to a maximum of 1,300 hours.

Note 8 – Notes Payable

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

		Beginning Balance	Issued	Retired	Ending Balance
Water Utility Fund:					
Various Purpose Series 2019	3.00%	\$2,640,000	\$0	\$2,640,000	\$0
Various Purpose Series 2019	3.00%	2,000,000	0	2,000,000	0
Various Purpose Series 2020	2.25%	0	2,310,000	0	2,310,000
Various Purpose Series 2020	2.25%	0	1,800,000	0	1,800,000
Sewer Utility Fund:					
Various Purpose Series 2019	3.00%	1,360,000	0	1,360,000	0
Various Purpose Series 2020	2.25%	0	1,190,000	0	1,190,000
Total Notes Payable		<u>\$6,000,000</u>	<u>\$5,300,000</u>	<u>\$6,000,000</u>	<u>\$5,300,000</u>

The City issued a combined \$5,300,000 in short-term bond anticipation notes for the purpose of financing the City's cost of construction improvements to the water and sewer systems.

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.

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

Note 9 – Long-Term Debt

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

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
2012 Community Arts Center	4.50%	\$1,865,000	\$0	(\$445,000)	\$1,420,000	\$460,000
Premium/Discount		376,165	0	(61,583)	314,582	0
2010 A Roadway Improvement	4.64%	5,575,000	0	(5,575,000)	0	0
2017 Refunding of 2009 Various Purpose Golf and Justice Center	2.00%	3,575,000	0	(325,000)	3,250,000	325,000
2020 Refunding of A Roadway Improvement Bonds	3.74%	0	5,345,000	(65,000)	5,280,000	500,000
Total General Obligation Bonds		11,391,165	5,345,000	(6,471,583)	10,264,582	1,285,000
Net Pension Liability:						
OPERS		17,720,290	0	(3,510,430)	14,209,860	0
OP&F		31,210,190	0	(5,883,105)	25,327,085	0
		48,930,480	0	(9,393,535)	39,536,945	0
Net OPEB Liability:						
OPERS		8,776,934	1,531,496	0	10,308,430	0
OP&F		3,481,920	231,772	0	3,713,692	0
Total Net Pension/OPEB Liability		12,258,854	1,763,268	0	14,022,122	0
Compensated Absences		4,034,231	1,180,656	(1,327,711)	3,887,176	1,448,617
Total Governmental Activities		\$76,614,730	\$8,288,924	(\$17,192,829)	\$67,710,825	\$2,733,617
Business Type Activities						
<u>General Obligation Bonds</u>						
2012 Various Purpose Recreation - Refunding	3.66%	\$280,000	\$0	(\$140,000)	\$140,000	\$140,000
Premium		14,720	0	(7,360)	7,360	0
Total General Obligation Bonds		294,720	0	(147,360)	147,360	140,000
Net Pension Liability:						
OPERS		7,483,491	0	(3,618,824)	3,864,667	0
Net OPEB Liability:						
OPERS		3,706,605	0	(903,012)	2,803,593	0
Total Net Pension/OPEB Liability		11,190,096	0	(4,521,836)	6,668,260	0
Compensated Absences		804,398	380,321	(216,140)	968,579	277,661
Total Business-Type Activities		\$12,289,214	\$380,321	(\$4,885,336)	\$7,784,199	\$417,661

The City's bonds and loan will be paid from the General Bond Retirement Fund, Water Utility Fund, Sewer Utility Fund and Recreation Facilities Fund. Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund, a Special Revenue Fund, or an Enterprise Fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, the City will pay the net pension liability and the net OPEB liability obligations related to employee compensation from the fund(s) benefitting from their service.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2021	\$1,425,000	\$222,372
2022	1,315,000	184,772
2023	1,350,000	158,830
2024	860,000	132,232
2025	870,000	111,634
2026-2030	4,270,000	265,902
Total	<u>\$10,090,000</u>	<u>\$1,075,742</u>

Note 10 – Debt Refunding

On September 23 2020, the City issued \$5,345,000 in Road Improvement Bonds with an interest rate of 1.32% which was used to refund \$5,140,000 of the outstanding 2010 A Roadway Improvement Bonds with an interest rate between 4.640% and 6.090%. The net proceeds of \$5,345,000 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the bond issues. As a result, \$5,140,000 of the 2010 A Roadway Improvement Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The City refunded 2010 A Roadway Improvement Bonds to reduce its total debt service payments by \$447,517 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$444,188.

Note 11 – Defeasance of Bonds

Special Assessment Bonds

The Special Assessment Fund purchased special assessment sidewalk bonds issued by the City. The value of the bonds at December 31, 2020 was \$208,062. Bonds are issued for the purpose of providing funds to pay the property owners share of the cost of sidewalk repairs in the City. The transaction has been eliminated for the financial statement purposes by removing any proceeds from the issuance of debt from the operating statement and the investment.

Note 12 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

The net pension liability and the net OPEB liability represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees may pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While employees may elect the member-directed plan or the combined plan, substantially all employees are in the traditional plan; therefore, the following disclosure focuses on the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting opers.org/financial/reports.shtml, by

City of Fairfield, Ohio
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For the Fiscal Year Ended December 31, 2020

writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<u>Group A</u>	<u>Group B</u>	<u>Group C</u>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<u>State and Local</u>	<u>State and Local</u>	<u>State and Local</u>
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<u>Public Safety</u>	<u>Public Safety</u>	<u>Public Safety</u>
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Law Enforcement</u>	<u>Law Enforcement</u>	<u>Law Enforcement</u>
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-

City of Fairfield, Ohio
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of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy

The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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	State and Local	Public Safety	Law Enforcement
2020 Statutory Maximum Contribution Rates			
Employer	14.00%	18.10%	18.10%
Employee (a)	10.00%	(b)	(c)
2020 Actual Contribution Rates			
Employer:			
Pension (d)	14.00%	18.10%	18.10%
Post-employment Health Care Benefits (d)	0.00%	0.00%	0.00%
Total Employer	<u>14.00%</u>	<u>18.10%</u>	<u>18.10%</u>
Employee	<u>10.00%</u>	<u>12.00%</u>	<u>13.00%</u>

(a) Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

(b) This rate is determined by OPERS' Board and has no maximum rate established by

(c) This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2% greater than the Public Safety rate.

(d) These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4% for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2020, the City's contractually required contribution was \$1,708,025, of this amount \$138,917 is reported in accrued wages and benefits.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description

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

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

City of Fairfield, Ohio
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For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50 percent for each of the first 20 years of service credit, 2.00 percent for each of the next five years of service credit and 1.50 percent for each year of service credit in excess of 25 years. The maximum pension of 72.00 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Funding Policy

The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2020 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2020 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-Employment Health Care Benefits	0.50%	0.50%
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$2,002,339 for 2020, of this amount \$172,220 is reported as accrued wages and benefits.

City of Fairfield, Ohio
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the City's defined benefit pension plans:

	OPERS Traditional Plan	OPF	Total
Proportionate Share of the:			
Net Pension Liability	\$18,074,527	\$25,327,085	\$43,401,612
Proportion of the Net Pension Liability:			
Current Measurement Date	0.09144400%	0.37596610%	
Prior Measurement Date	0.09202500%	0.38235400%	
Change in Proportionate Share	-0.00058100%	-0.00638790%	
Pension Expense	\$2,884,455	\$3,519,440	\$6,403,895

At December 31 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Plan	OPF	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$0	\$958,712	\$958,712
Changes in assumptions	965,391	621,714	1,587,105
Changes in employer proportionate share of net pension liability	0	1,140,074	1,140,074
Contributions subsequent to the measurement date	1,708,025	2,002,339	3,710,364
Total Deferred Outflows of Resources	\$2,673,416	\$4,722,839	\$7,396,255
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$228,527	\$1,306,220	\$1,534,747
Net difference between projected and actual earnings on pension plan investments	3,605,462	1,223,503	4,828,965
Changes in employer proportionate share of net pension liability	203,205	530,803	734,008
Total Deferred Inflows of Resources	\$4,037,194	\$3,060,526	\$7,097,720

City of Fairfield, Ohio
Notes to the Basic Financial Statements
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\$3,710,364 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OPF	Total
2021	(\$597,740)	\$30,704	(\$567,036)
2022	(1,191,758)	130,817	(1,060,941)
2023	149,301	754,799	904,100
2024	(1,431,606)	(1,114,535)	(2,546,141)
2025	0	(141,811)	(141,811)
Total	<u>(\$3,071,803)</u>	<u>(\$340,026)</u>	<u>(\$3,411,829)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

	OPERS Traditional Plan
Wage Inflation	3.25%
Future Salary Increases	3.25% to 10.75% (includes wage inflation)
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00%, Simple
Post-January 7, 2013 Retirees	1.40%, Simple through 2020, then 2.15%, Simple
Investment Rate of Return	7.20%
Actuarial Cost Method	Individual Entry Age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

City of Fairfield, Ohio
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Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00%	1.83%
Domestic Equities	19.00%	5.75%
Real Estate	10.00%	5.20%
Private Equity	12.00%	10.70%
International Equities	21.00%	7.66%
Other Investments	13.00%	4.98%
Total	<u>100.00%</u>	5.61%

City of Fairfield, Ohio
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Discount Rate

The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension liability	\$29,810,744	\$18,074,527	\$7,524,012

Changes in Assumptions or Benefit Terms Since the Last Measurement Date, and Changes from the Measurement Date to the Report Date

There were no recent significant changes of pension benefit terms, health care plans, investment policies, the size or composition of the population covered by the benefit terms and health care plans impacting the actuarial valuation studies for pension and health care for the measurement date of December 31, 2019.

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2019, are presented below.

City of Fairfield, Ohio
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Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Salary Increases	3.75% to 10.50%
Payroll Growth	3.25% per annum, compounded annually, consisting of Inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of Living Adjustments	3.00% Simple; 2.20% Simple for increases based on the lesser of the increase in CPI and 3.00%

Healthy Mortality

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Disabled Mortality

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016. The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	1.00%
Domestic Equity	16.00%	5.40%
Non-US Equity	16.00%	5.80%
Private Markets	8.00%	8.00%
Core Fixed Income*	23.00%	2.70%
High Yield Fixed Income	7.00%	4.70%
Private Credit	5.00%	5.50%
U.S. Inflation Linked Bonds*	17.00%	2.50%
Master Limited Partnerships	8.00%	6.60%
Real Assets	8.00%	7.40%
Private Real Estate	12.00%	6.40%
Total	120.00%	

Note: Assumptions are geometric

** levered 2x*

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate

Total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 7.00 percent, or one percentage point higher, 9.00 percent, than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability	\$35,102,459	\$25,327,085	\$17,150,953

Changes in Assumptions or Benefit Terms Since the Last Measurement Date, and Changes from the Measurement Date to the Report Date

There have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation studies as of the pension plan for the measurement date.

Note 13 – Postemployment Benefits

See Note 12 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Health Care Plan Description

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

City of Fairfield, Ohio
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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2020.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Health Care Plan Description

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50 percent and 24.00 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

City of Fairfield, Ohio
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The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$48,315 for 2020.

Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS Traditional Plan	OPF	Total
Proportionate Share of the:			
Net OPEB Liability	\$13,112,023	\$3,713,692	\$16,825,715
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.09492800%	0.37596610%	
Prior Measurement Date	0.09575000%	0.38235400%	
Change in Proportionate Share	-0.00082200%	-0.00638790%	
OPEB Expense	\$1,397,526	\$585,136	\$1,982,662

At December 31 2020, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

	OPERS Traditional Plan	OPF	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$352	\$0	\$352
Changes in assumptions	2,075,493	2,171,168	4,246,661
Changes in employer proportionate share of net OPEB liability	7,766	1,047,792	1,055,558
Contributions subsequent to the measurement date	0	48,315	48,315
Total Deferred Outflows of Resources	<u>\$2,083,611</u>	<u>\$3,267,275</u>	<u>\$5,350,886</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$1,199,155	\$399,370	\$1,598,525
Changes in assumptions	0	791,444	791,444
Net difference between projected and actual earnings on OPEB plan investments	667,661	170,891	838,552
Changes in employer proportionate share of net OPEB liability	179,741	37,915	217,656
Total Deferred Inflows of Resources	<u>\$2,046,557</u>	<u>\$1,399,620</u>	<u>\$3,446,177</u>

\$48,315 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OPF	Total
2021	\$193,168	\$351,217	\$544,385
2022	128,653	351,217	479,870
2023	531	386,274	386,805
2024	(285,298)	522,663	237,365
2025	0	128,580	128,580
Thereafter	0	79,389	79,389
Total	<u>\$37,054</u>	<u>\$1,819,340</u>	<u>\$1,856,394</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018,

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary	3.25% to 10.75% (including wage inflation)
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate:	
Current measurement date	10.50% initial, 3.50% ultimate in 2030
Prior Measurement date	10.00% initial, 3.25% ultimate in 2029
Actuarial Cost Method	Individual Entry Age, Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36%	1.53%
Domestic Equities	21%	5.75%
Real Estate Investment Trusts	6%	5.69%
International Equities	23%	7.66%
Other investments	14%	4.90%
Total	100%	4.55%

Discount Rate

A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Proportionate share of the net OPEB liability	\$17,159,185	\$13,112,023	\$9,871,563

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
Proportionate share of the net OPEB liability	\$12,725,098	\$13,112,023	\$13,494,015

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	3.56%
Prior measurement date	4.66%
Cost of Living Adjustments	3.00% Simple; 2.20% Simple for increases based on the lesser of the increase in CPI and 3.00%

Healthy Mortality

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Disabled Mortality

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	1.00%
Domestic Equity	16.00%	5.40%
Non-US Equity	16.00%	5.80%
Private Markets	8.00%	8.00%
Core Fixed Income*	23.00%	2.70%
High Yield Fixed Income	7.00%	4.70%
Private Credit	5.00%	5.50%
U.S. Inflation Linked Bonds*	17.00%	2.50%
Master Limited Partnerships	8.00%	6.60%
Real Assets	8.00%	7.40%
Private Real Estate	12.00%	6.40%
Total	120.00%	

Note: Assumptions are geometric

** levered 2x*

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate

For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2033, and the municipal bond rate was applied to all health care costs after that date.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Proportionate share of the net OPEB liability	\$4,604,738	\$3,713,692	\$2,973,294

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

Changes between Measurement Date and Report Date

There was a decrease in the discount rate from 4.66 percent at prior measurement date to 3.56 percent at the current measurement date. There are no changes to benefit terms.

Note 14 – Construction and Other Commitments

The City had the following outstanding commitments at year end:

Project	Spent-to-date	Commitment Remaining
Rita Mae & Muskopf Storm Sewer Improvements	\$171,505	\$547,654
Boymel & Route 4 Improvements	0	283,060
Automated Meter Reading System	5,480	278,550
UV Disinfection System for Wastewater Plant	0	267,608
Route 4, Michael & Camelot Intersection Improvements	398,910	54,478
Total	<u>\$575,895</u>	<u>\$1,431,350</u>

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance.

At year end, the City's commitments for encumbrances were as follows:

Fund	Amount
General	\$481,860
Fire Levy	24,344
Street Improvement	296,011
Water Utility	569,921
Sewer Utility	724,882
Nonmajor Funds	<u>2,493,845</u>
Total	<u>\$4,590,863</u>

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

Note 15 – Contingent Liabilities

Litigation

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

Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2020, the audits of certain of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Note 16 – Interfund Activity

Transfers in and out for the year ended December 31, 2020, consisted of the following:

	Transfers	
	In	Out
Major Funds:		
General	\$0	\$6,827,532
Street Improvement	1,353,229	0
Internal Service	200,000	0
Other Governmental Funds	4,924,303	140,000
Other Enterprise Funds	490,000	0
Totals	<u>\$6,967,532</u>	<u>\$6,967,532</u>

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

The City made transfers from Capital Improvements to the General Bond Retirement fund for debt payments and the General Bond Retirement to the Recreation Facilities fund for debt payments. These are in compliance with the ORC.

Note 17 – Joint Venture

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

A 1.0% income tax was enacted for the JEDD. Imposition of tax began on September 15, 2010 and terminates December 31, 2049, with three five year extensions.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

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

Distribution of Gross Tax:

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

Net Distribution for the first 120 months of the contract:

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

Net Distribution after the first 120 months of the contract:

90% West Chester Township
10% City of Fairfield

Note 18 – Accountability

Accountability

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

Municipal Garage	\$964,108
State Issue I	78,769

The deficits in fund balances were primarily due to accrual in GAAP. The general fund is liable for any deficit in these funds and will provide transfers when cash is required not when accruals occur.

Note 19 – Fund Balances

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

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

Fund Balances	General	Fire Levy	Street Improvement	Other Governmental Funds	Total
Restricted for:					
Street Improvements	\$0	\$0	\$9,176,733	\$3,304,955	\$12,481,688
County Motor Vehicle Registration	0	0	0	146,786	146,786
Probation Services	0	0	0	2,736,728	2,736,728
Court Computer	0	0	0	938,753	938,753
Special Projects	0	0	0	417,790	417,790
Mediation Services	0	0	0	761,761	761,761
Tax Recreation	0	0	0	29,100	29,100
Law Enforcement	0	0	0	346,359	346,359
Drug and Alcohol Treatment	0	0	0	157,103	157,103
Capital Improvements	0	0	0	4,980,614	4,980,614
TIF Monies	0	0	0	286,283	286,283
Debt Service	0	0	0	1,824,774	1,824,774
Flood Protection	0	0	0	5,217	5,217
Park Development	0	0	0	227,094	227,094
Municipal Motor Vehicle Registration	0	0	0	336,922	336,922
Fire Levy	0	4,290,121	0	0	4,290,121
Indigent Driver Interlock	0	0	0	391,025	391,025
Coronavirus Relief	0	0	0	1,588	1,588
Total Restricted	0	4,290,121	9,176,733	16,892,852	30,359,706
Assigned to:					
Debt Service	0	0	0	4,764	4,764
Downtown Development	0	0	0	42,234	42,234
Purchases on Order	179,886	0	0	0	179,886
Total Assigned	179,886	0	0	46,998	226,884
Unassigned (Deficit)	23,768,885	0	0	(78,769)	23,690,116
Total Fund Balance	<u>\$23,948,771</u>	<u>\$4,290,121</u>	<u>\$9,176,733</u>	<u>\$16,861,081</u>	<u>\$54,276,706</u>

Purchases on order will be used for functions of the general government, safety of residences, recreational activities, economic development projects, and purchases of capital items for the City.

Note 20 – Tax Abatements

As of December 31, 2020, the City provides tax abatements through the Community Reinvestment Area (CRA) and the Ohio Enterprise Zone Areas:

The Ohio Community Reinvestment Area program with is an economic development tool administered by the City that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Under Ohio Revised Code section 3765 to 3735.70, city, village or county can petition the Ohio Department of Development to confirm that investment in a particular geographical area. Once the Department has confirmed the investment in the area, the community may offer real estate tax exemptions to taxpayers who are willing to invest in the area. Up to 12 years may be exempt for commercial and industrial remodeling and up to 15 years may be exempt for new construction. State law requires reimbursement agreements with school districts for tax revenue losses for CRA in place after 1994. It is the City's policy to have reimbursement agreements with school districts for any CRA prior to 1994. Payments in lieu of taxes paid by the property owner directly to the school districts as required by the agreement are not reduced from the total amount of taxes abated.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2020

The Ohio Enterprise Zone Areas are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investments. EZAs are not part of the traditional zoning program, which limits the use of land, instead they allow local officials to negotiate with businesses to encourage new business investment in the zone. The EZA serves as an additional economic development tool for communities attempting to retain and expand their economic base. The EZA is a contract between the City and the company. The zone's geographic area is identified by the local communities involved in the creation of the zone. Once a zone is defined, the local legislative authority participating in the creation must petition the director of the Development Services Agency. The director must then certify the area for it to become an active Enterprise Zone. Tax incentives are negotiated at the local level, and an enterprise zone agreement must be in place before the project begins. Businesses interested in pursuing these incentives should contact the local Enterprise Zone Manager.

<u>Tax Abatement Programs</u>	<u>City's Share of Taxes Abated</u>
Community Reinvestment Area	\$104,496

The abatements will be terminated if the property is deemed delinquent, behind on payments, or the terms and conditions of the CRA or EZA are not adhered to and no recapture provisions noted.

Note 21 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City's investment portfolio has incurred a significant decline in fair value, in 2020, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, the impact of the investments of the pension and other employee benefit plan in which the City participates and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 22 –Restatement of Net Position

For the fiscal year ended December 31, 2020, the City made a restatement to Net Capital Assets due to a change in the capital asset capitalization threshold. The capital asset threshold increased from \$1,000 to \$5,000. The implementation of this restatement had the following effect on net position as reported December 31, 2019:

	<u>Governmental Activities</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Other Enterprise</u>	<u>Business-Type Activities</u>
Net position December 31, 2019	\$84,977,594	\$19,309,792	\$24,059,829	\$2,698,084	\$46,067,705
Adjustments:					
Restatement of Net Capital Assets	(1,421,129)	(72,077)	(100,112)	(13,651)	(185,840)
Restated Net Position December 31, 2019	<u>\$83,556,465</u>	<u>\$19,237,715</u>	<u>\$23,959,717</u>	<u>\$2,684,433</u>	<u>\$45,881,865</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$26,575,025	\$26,152,035	\$27,802,245	\$1,650,210
Licenses & Permits	334,550	334,550	382,001	47,451
Intergovernmental	1,012,440	1,152,440	1,401,080	248,640
Charges for Services	1,114,425	1,114,425	1,017,974	(96,451)
Court Costs & Fines	927,300	927,300	1,026,854	99,554
Special Assessments	27,000	27,000	71,188	44,188
Investment Earnings	200,000	200,000	267,915	67,915
Other Revenues	1,184,500	1,184,500	1,369,862	185,362
Total Revenues	31,375,240	31,092,250	33,339,120	2,246,870
Expenditures:				
Current:				
<u>General Government</u>				
City Council				
Personnel Related	199,569	199,569	191,460	8,109
Other	23,365	23,365	8,461	14,904
Total City Council	222,934	222,934	199,921	23,013
Mayor				
Personnel Related	11,324	11,324	11,156	168
Other	4,500	4,500	97	4,403
Total Mayor	15,824	15,824	11,254	4,570
Administration				
Personnel Related	594,494	561,961	540,211	21,750
Other	62,745	59,395	36,959	22,436
Total Administration	657,239	621,356	577,170	44,186
General Services				
Personnel Related	66,378	61,989	43,604	18,385
Other	3,414,521	3,558,913	2,972,032	586,881
Total General Services	3,480,899	3,620,902	3,015,635	605,267
Law				
Personnel Related	500	500	252	248
Other	563,050	563,050	563,020	30
Total Law	563,550	563,550	563,272	278
Human Resources				
Personnel Related	254,173	252,762	235,756	17,006
Other	102,695	86,247	69,181	17,066
Total Human Resources	356,868	339,009	304,936	34,073
Finance Administration & Accounting				
Personnel Related	646,590	646,590	636,342	10,248
Other	31,872	20,872	18,493	2,379
Total Finance Administration & Accounting	678,462	667,462	654,834	12,628
Income Tax				
Personnel Related	615,198	548,835	509,908	38,927
Other	102,083	92,421	60,182	32,239
Total Income Tax	717,281	641,256	570,090	71,166

Continued

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Information Technology				
Personnel Related	538,965	538,965	503,621	35,344
Other	88,825	62,237	61,231	1,006
Total Information Technology	627,790	601,202	564,852	36,350
Municipal Court				
Personnel Related	1,638,548	1,638,548	1,598,794	39,754
Other	332,112	331,886	232,886	99,000
Total Municipal Court	1,970,660	1,970,434	1,831,680	138,754
Public Works Administration				
Personnel Related	193,255	193,255	181,762	11,493
Other	34,089	34,089	16,893	17,196
Total Public Works Administration	227,344	227,344	198,655	28,689
Construction Services				
Personnel Related	640,754	587,195	533,451	53,744
Other	140,263	117,345	89,323	28,022
Total Construction Services	781,017	704,540	622,775	81,765
Municipal Building				
Personnel Related	329,336	283,318	213,335	69,983
Other	181,597	172,095	150,390	21,705
Total Municipal Building	510,933	455,413	363,725	91,688
Total General Government	10,810,801	10,651,226	9,478,799	1,172,427
<u>Public Safety</u>				
Police				
Personnel Related	11,812,794	11,318,120	9,322,685	1,995,435
Other	944,996	824,265	722,796	101,469
Total Police	12,757,790	12,142,385	10,045,482	2,096,903
Justice Center				
Other	918,908	849,454	819,323	30,131
Total Justice Center	918,908	849,454	819,323	30,131
Total Public Safety	13,676,698	12,991,839	10,864,805	2,127,034
<u>Community Development</u>				
Planning & Economic Development				
Personnel Related	634,638	580,638	572,700	7,938
Other	56,746	44,596	39,106	5,490
Total Planning & Economic Development	691,384	625,234	611,806	13,428
Building & Zoning Inspection				
Personnel Related	778,748	824,594	816,040	8,554
Other	98,819	81,705	54,224	27,481
Total Building & Zoning Inspection	877,567	906,299	870,264	36,035
Total Community Development	1,568,951	1,531,533	1,482,070	49,463

Continued

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Leisure Time Activities</u>				
Parks & Recreation Administration				
Personnel Related	841,276	808,832	739,405	69,427
Other	171,468	153,263	92,424	60,839
Total Parks & Recreation Administration	1,012,744	962,095	831,830	130,265
Parks Maintenance Operations				
Personnel Related	884,501	887,774	865,984	21,790
Other	434,655	424,046	355,754	68,292
Total Parks Maintenance Operations	1,319,156	1,311,820	1,221,737	90,083
Marsh Park Fishing Lake				
Personnel Related	68,411	49,539	30,075	19,464
Other	49,580	37,990	25,497	12,493
Total Marsh Park Fishing Lake	117,991	87,529	55,572	31,957
Community Arts Center				
Personnel Related	264,154	215,794	128,032	87,762
Other	571,166	538,953	388,148	150,805
Total Community Arts Center	835,320	754,747	516,179	238,568
Total Leisure Time Activities	3,285,211	3,116,191	2,625,318	490,873
Capital Outlay	293,741	249,225	234,885	14,340
Total Expenditures	29,635,402	28,540,014	24,685,877	3,854,137
Excess of Revenues Over (Under) Expenditures	1,739,838	2,552,236	8,653,243	6,101,007
Other Financing Sources (uses):				
Transfers (Out)	(1,300,000)	(6,827,532)	(6,827,532)	0
Total Other Financing Sources (Uses)	(1,300,000)	(6,827,532)	(6,827,532)	0
Net Change in Fund Balance	439,838	(4,275,296)	1,825,711	6,101,007
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	20,191,307	20,191,307	20,191,307	0
Fund Balance End of Year	<u>\$20,631,145</u>	<u>\$15,916,011</u>	<u>\$22,017,018</u>	<u>\$6,101,007</u>

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,120,000	\$6,326,397	\$6,167,227	(\$159,170)
Licenses & Permits	5,500	5,500	5,500	0
Intergovernmental	628,000	728,000	797,609	69,609
Charges for Services	1,100,000	1,100,000	1,027,526	(72,474)
Investment Earnings	10,000	10,000	46,480	36,480
Other Revenues	1,000	1,000	5,462	4,462
Total Revenues	<u>7,864,500</u>	<u>8,170,897</u>	<u>8,049,804</u>	<u>(121,093)</u>
Expenditures:				
Public Safety				
Fire Suppression				
Personnel Related	6,615,217	6,615,217	5,639,011	976,206
Other	1,040,584	878,680	860,770	17,910
Total Fire Suppression	<u>7,655,801</u>	<u>7,493,897</u>	<u>6,499,781</u>	<u>994,116</u>
Total Expenditures	<u>7,655,801</u>	<u>7,493,897</u>	<u>6,499,781</u>	<u>994,116</u>
Net Change in Fund Balance	208,699	677,000	1,550,023	873,023
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>3,132,939</u>	<u>3,132,939</u>	<u>3,132,939</u>	<u>0</u>
Fund Balance End of Year	<u>\$3,341,638</u>	<u>\$3,809,939</u>	<u>\$4,682,962</u>	<u>\$873,023</u>

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share
of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.09144400%	0.09202500%	0.09437100%	0.09178900%	0.09411200%	0.09360400%	0.09360400%
City's Proportionate Share of the Net Pension Liability	\$18,074,527	\$25,203,781	\$14,804,980	\$20,843,721	\$16,301,385	\$11,289,688	\$11,034,692
City's Covered Payroll	\$12,865,186	\$12,429,671	\$12,472,869	\$11,859,208	\$14,007,367	\$11,513,875	\$13,291,146
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.49%	202.77%	118.70%	175.76%	116.38%	98.05%	83.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note:

Amounts presented as of the City's measurement date which is the prior fiscal year end.
See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share
of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.37596610%	0.38235400%	0.37500000%	0.34855900%	0.35860500%	0.35010860%	0.35010860%
City's Proportionate Share of the Net Pension Liability	\$25,327,085	\$31,210,190	\$23,015,444	\$22,077,377	\$23,069,311	\$18,137,085	\$17,051,388
City's Covered Payroll	\$8,871,448	\$9,479,421	\$8,719,700	\$8,314,016	\$7,832,215	\$7,196,375	\$8,559,063
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	285.49%	329.24%	263.95%	265.54%	294.54%	252.03%	199.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note:

Amounts presented as of the City's measurement date which is the prior fiscal year end.
See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Required Supplementary Information
Schedule of City's Contributions
for Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$1,708,025	\$1,801,126	\$1,740,154	\$1,621,473	\$1,423,105	\$1,680,884	\$1,381,665
Contributions in Relation to the Contractually Required Contribution	<u>(1,708,025)</u>	<u>(1,801,126)</u>	<u>(1,740,154)</u>	<u>(1,621,473)</u>	<u>(1,423,105)</u>	<u>(1,680,884)</u>	<u>(1,381,665)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$12,200,179	\$12,865,186	\$12,429,671	\$12,472,869	\$11,859,208	\$14,007,367	\$11,513,875
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note:

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Required Supplementary Information
Schedule of City's Contributions
for Net Pension Liability
Ohio Police and Fire Pension Fund
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$2,002,339	\$1,874,537	\$1,801,090	\$1,656,743	\$1,579,663	\$1,573,492	\$1,465,182
Contributions in Relation to the Contractually Required Contribution	<u>(2,002,339)</u>	<u>(1,874,537)</u>	<u>(1,801,090)</u>	<u>(1,656,743)</u>	<u>(1,579,663)</u>	<u>(1,573,492)</u>	<u>(1,465,182)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$9,449,453	\$8,871,448	\$9,479,421	\$8,719,700	\$8,314,016	\$7,832,215	\$7,196,375
Contributions as a Percentage of Covered Payroll	21.19%	21.13%	19.00%	19.00%	19.00%	20.09%	20.36%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note:

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Four Fiscal Years (1)

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.09492800%	0.09575000%	0.09893000%	0.09633508%
City's Proportionate Share of the Net OPEB Liability	\$13,112,023	\$12,483,539	\$10,743,069	\$9,730,170
City's Covered Payroll	\$12,865,186	\$12,429,671	\$12,472,869	\$11,859,208
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	101.92%	100.43%	86.13%	82.05%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available.
Information prior to 2017 is not available.

Note:

Amounts presented as of the City's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
Ohio Police and Fire Pension Fund
Last Four Fiscal Years (1)

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.37596610%	0.38235400%	0.37500000%	0.34855900%
City's Proportionate Share of the Net OPEB Liability	\$3,713,692	\$3,481,920	\$21,246,975	\$16,545,312
City's Covered Payroll	\$8,871,448	\$9,479,421	\$8,719,700	\$8,314,016
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.86%	36.73%	243.67%	199.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	46.57%	14.13%	15.96%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available.
Information prior to 2017 is not available.

Note:

Amounts presented as of the City's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Required Supplementary Information
Schedule of City's Contributions to
Postemployment Benefits Other Than Pension (OPEB)
Ohio Public Employees Retirement System - Traditional Plan
Last Five Fiscal Years (1)

	2020	2019	2018	2017	2016
Contractually Required Contribution to OPEB	\$0	\$0	\$0	\$158,493	\$206,425
Contributions to OPEB in Relation to the Contractually Required Contribution	0	0	0	(158,493)	(206,425)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
City's Covered Payroll	\$12,200,179	\$12,865,186	\$12,429,671	\$12,472,869	\$11,859,208
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	1.27%	1.74%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

Note:

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Required Supplementary Information
Schedule of City's Contributions to
Postemployment Benefits Other Than Pension (OPEB)
Ohio Police and Fire Pension Fund
Last Five Fiscal Years (1)

	2020	2019	2018	2017	2016
Contractually Required Contribution to OPEB	\$48,315	\$45,399	\$43,704	\$41,290	\$38,147
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>(48,315)</u>	<u>(45,399)</u>	<u>(43,704)</u>	<u>(41,290)</u>	<u>(38,147)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$9,449,453	\$8,871,448	\$9,479,421	\$8,719,700	\$8,314,016
Contributions to OPEB as a Percentage of Covered Payroll	0.51%	0.51%	0.46%	0.47%	0.46%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

Note:

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended December 31, 2020

Note 1 – Budgetary Process

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

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

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

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

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

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.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended December 31, 2020

Net Change in Fund Balance

	General	Fire Levy
GAAP Basis	\$2,390,268	\$1,496,892
Revenue Accruals	102,428	58,755
Expenditure Accruals	(185,125)	18,720
Encumbrances	(481,860)	(24,344)
Budget Basis	<u>\$1,825,711</u>	<u>\$1,550,023</u>

Note 2 – Net Pension Liability

Ohio Police and Fire Pension Fund Changes in Assumptions and Benefit Terms

Changes in assumptions:

2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Changes in benefit terms:

2020-2014: There were no changes in benefit terms for the period.

Ohio Public Employees Retirement System Changes in Assumptions and Benefit Terms

Changes in assumptions:

2020-2019: There have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date.

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended December 31, 2020

- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

2017-2014: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Changes in benefit terms:

2020-2014: There were no changes in benefit terms for the period.

Note 3 - Net OPEB Liability

Ohio Police and Fire Pension Fund Changes in Assumptions and Benefit Terms

Changes in assumptions:

2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability. The single discount rate changed from 3.96% to 3.16%, municipal bond rate changed from 3.71% to 2.75% and health care cost trend rate changed from 10.00% to 10.50%.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare-eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time. The single discount rate changed from 3.85% to 3.96%, municipal bond rate changed from 3.31% to 3.71% and health care cost trend rate changed from 7.50% to 10.00%.

2018: The single discount rate changed from 4.23% to 3.85%.

Changes in benefit terms:

2020-2018: There were no changes in benefit terms for the period.

Ohio Public Employees Retirement System Changes in Assumptions and Benefit Terms

Changes in assumptions:

2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 4.66% to 3.56%.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended December 31, 2020

2019: Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%. The single discount rate increased from 3.24% to 4.66% and the municipal bond rate from 3.16% to 4.13%.

2018: The single discount rate changed from 3.79% to 3.24%

Changes in benefit terms:

2020: There were no changes in benefit terms for the period.

2019: See above regarding change to stipend-based model.

2018: There were no changes in benefit terms for the period.

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

MAJOR GOVERNMENTAL FUND

Street Improvement Fund - This capital projects fund accounts for the construction and repair of the City's streets. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are included in the Basic Financial Statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,125,000	\$3,090,250	\$3,287,355	\$197,105
Intergovernmental	0	300,000	303,619	3,619
Investment Earnings	30,000	30,000	41,935	11,935
Other Revenues	125,000	125,000	287,424	162,424
Total Revenues	3,280,000	3,545,250	3,920,333	375,083
Expenditures:				
Capital Outlay	680,944	3,964,582	3,572,294	392,288
Total Expenditures	680,944	3,964,582	3,572,294	392,288
Excess of Revenues Over (Under) Expenditures	2,599,056	(419,332)	348,039	767,371
Other Financing Sources (uses):				
Transfers In	0	2,028,766	2,028,766	0
Transfers (Out)	(747,475)	(821,687)	(675,537)	146,150
Total Other Financing Sources (Uses)	(747,475)	1,207,079	1,353,229	146,150
Net Change in Fund Balance	1,851,581	787,747	1,701,268	913,521
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,999,468	6,999,468	6,999,468	0
Fund Balance End of Year	\$8,851,049	\$7,787,215	\$8,700,736	\$913,521

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$9,814,924	\$1,829,538	\$5,390,181	\$17,034,643
Receivables (Net):				
Taxes	0	0	754,505	754,505
Interest	1,687	0	844	2,531
Intergovernmental	1,485,548	281,702	112,824	1,880,074
Total Assets	11,302,159	2,111,240	6,258,354	19,671,753
Liabilities:				
Accounts Payable	85,245	0	0	85,245
Accrued Wages and Benefits	119,840	0	0	119,840
Compensated Absences	7,885	0	0	7,885
Contracts Payable	0	0	472,192	472,192
Retainage Payable	0	0	54,439	54,439
Claims Payable	2,088	0	0	2,088
Total Liabilities	215,058	0	526,631	741,689
Deferred Inflows of Resources:				
Income Taxes	0	0	442,222	442,222
Grants and Other Taxes	1,231,375	281,702	112,824	1,625,901
Investment Earnings	573	0	287	860
Total Deferred Inflows of Resources	1,231,948	281,702	555,333	2,068,983
Fund Balances:				
Restricted	9,855,153	1,824,774	5,212,925	16,892,852
Assigned	0	4,764	42,234	46,998
Unassigned	0	0	(78,769)	(78,769)
Total Fund Balances	9,855,153	1,829,538	5,176,390	16,861,081
Total Liabilities, Deferred Inflows and Fund Balances	\$11,302,159	\$2,111,240	\$6,258,354	\$19,671,753

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2020

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Income Taxes	\$0	\$0	\$3,298,644	\$3,298,644
Investment Earnings	28,837	5,957	1,515	36,309
Intergovernmental	6,808,744	0	177,324	6,986,068
Fines, Licenses & Permits	485,177	0	0	485,177
Revenue in Lieu of Taxes	61,963	0	0	61,963
Other Revenues	15,029	0	2,549	17,578
Total Revenues	7,399,750	5,957	3,480,032	10,885,739
Expenditures:				
Current:				
General Government	566,676	2,000	601,219	1,169,895
Public Safety	19,112	0	47,867	66,979
Leisure Time Activities	0	0	56,013	56,013
Transportation and Street Repair	3,063,389	0	128,434	3,191,823
Public Health and Welfare	3,016,039	0	0	3,016,039
Capital Outlay	195,489	0	1,819,926	2,015,415
Debt Service:				
Principal	0	1,270,000	0	1,270,000
Interest and Other Charges	0	341,487	0	341,487
Bond Issuance Cost	0	58,858	0	58,858
Total Expenditures	6,860,705	1,672,345	2,653,459	11,186,509
Excess of Revenues Over (Under) Expenditures	539,045	(1,666,388)	826,573	(300,770)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	28,027	28,027
Sale of Refunding Bonds	0	5,345,000	0	5,345,000
Payments to Refunded Bond Escrow Agent	0	(5,286,142)	0	(5,286,142)
Transfers In	720,000	1,752,237	2,452,066	4,924,303
Transfers (Out)	0	(140,000)	0	(140,000)
Total Other Financing Sources (Uses)	720,000	1,671,095	2,480,093	4,871,188
Net Change in Fund Balance	1,259,045	4,707	3,306,666	4,570,418
Fund Balance - Beginning of Year	8,596,108	1,824,831	1,869,724	12,290,663
Fund Balance - End of Year	\$9,855,153	\$1,829,538	\$5,176,390	\$16,861,081

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Coronavirus Relief - A fund used to provide emergency relief grants to Cities related to the COVID-19 pandemic.

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2020

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Assets:					
Equity in Pooled Cash and Investments	\$3,032,992	\$193,607	\$156,776	\$29,100	\$245,784
Receivables (Net):					
Interest	1,687	0	0	0	0
Intergovernmental	1,242,906	100,776	0	0	0
Total Assets	<u>4,277,585</u>	<u>294,383</u>	<u>156,776</u>	<u>29,100</u>	<u>245,784</u>
Liabilities:					
Accounts Payable	63,899	0	9,990	0	6,399
Accrued Wages and Benefits	67,678	10,479	0	0	0
Compensated Absences	7,885	0	0	0	0
Claims Payable	1,769	0	0	0	0
Total Liabilities	<u>141,231</u>	<u>10,479</u>	<u>9,990</u>	<u>0</u>	<u>6,399</u>
Deferred Inflows of Resources:					
Grants and Other Taxes	1,031,125	83,605	0	0	0
Investment Earnings	573	0	0	0	0
Total Deferred Inflows of Resources	<u>1,031,698</u>	<u>83,605</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Restricted	<u>3,104,656</u>	<u>200,299</u>	<u>146,786</u>	<u>29,100</u>	<u>239,385</u>
Total Fund Balances	<u>3,104,656</u>	<u>200,299</u>	<u>146,786</u>	<u>29,100</u>	<u>239,385</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$4,277,585</u>	<u>\$294,383</u>	<u>\$156,776</u>	<u>\$29,100</u>	<u>\$245,784</u>

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$328,917	\$58,154	\$159,013	\$48,820	\$2,761,980	\$938,753	\$420,213
0	0	0	0	0	0	0
141,866	0	0	0	0	0	0
<u>470,783</u>	<u>58,154</u>	<u>159,013</u>	<u>48,820</u>	<u>2,761,980</u>	<u>938,753</u>	<u>420,213</u>
0	0	1,910	0	2,889	0	0
17,216	0	0	0	22,093	0	2,374
0	0	0	0	0	0	0
0	0	0	0	270	0	49
<u>17,216</u>	<u>0</u>	<u>1,910</u>	<u>0</u>	<u>25,252</u>	<u>0</u>	<u>2,423</u>
116,645	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>116,645</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>336,922</u>	<u>58,154</u>	<u>157,103</u>	<u>48,820</u>	<u>2,736,728</u>	<u>938,753</u>	<u>417,790</u>
<u>336,922</u>	<u>58,154</u>	<u>157,103</u>	<u>48,820</u>	<u>2,736,728</u>	<u>938,753</u>	<u>417,790</u>
<u>\$470,783</u>	<u>\$58,154</u>	<u>\$159,013</u>	<u>\$48,820</u>	<u>\$2,761,980</u>	<u>\$938,753</u>	<u>\$420,213</u>

Continued

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2020

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Coronavirus Relief	Total Nonmajor Special Revenue Funds
Assets:					
Equity in Pooled Cash and Investments	\$761,761	\$286,283	\$391,183	\$1,588	\$9,814,924
Receivables (Net):					
Interest	0	0	0	0	1,687
Intergovernmental	0	0	0	0	1,485,548
Total Assets	<u>761,761</u>	<u>286,283</u>	<u>391,183</u>	<u>1,588</u>	<u>11,302,159</u>
Liabilities:					
Accounts Payable	0	0	158	0	85,245
Accrued Wages and Benefits	0	0	0	0	119,840
Compensated Absences	0	0	0	0	7,885
Claims Payable	0	0	0	0	2,088
Total Liabilities	<u>0</u>	<u>0</u>	<u>158</u>	<u>0</u>	<u>215,058</u>
Deferred Inflows of Resources:					
Grants and Other Taxes	0	0	0	0	1,231,375
Investment Earnings	0	0	0	0	573
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,231,948</u>
Fund Balances:					
Restricted	<u>761,761</u>	<u>286,283</u>	<u>391,025</u>	<u>1,588</u>	<u>9,855,153</u>
Total Fund Balances	<u>761,761</u>	<u>286,283</u>	<u>391,025</u>	<u>1,588</u>	<u>9,855,153</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$761,761</u>	<u>\$286,283</u>	<u>\$391,183</u>	<u>\$1,588</u>	<u>\$11,302,159</u>

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City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2020

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Revenues:					
Investment Earnings	\$13,352	\$0	\$0	\$356	\$0
Intergovernmental	2,751,738	213,113	474,089	0	0
Fines, Licenses & Permits	0	0	0	1,200	15,177
Revenue in Lieu of Taxes	0	0	0	0	0
Other Revenues	15,008	0	0	0	0
Total Revenues	2,780,098	213,113	474,089	1,556	15,177
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	19,112
Transportation and Street Repair	2,574,331	150,289	12,379	0	0
Public Health and Welfare	0	0	0	0	0
Capital Outlay	32,491	0	7,988	79,996	4,649
Total Expenditures	2,606,822	150,289	20,367	79,996	23,761
Excess of Revenues Over (Under) Expenditures	173,276	62,824	453,722	(78,440)	(8,584)
Other Financing Sources (Uses):					
Transfers In	720,000	0	0	0	0
Total Other Financing Sources (Uses)	720,000	0	0	0	0
Net Change in Fund Balance	893,276	62,824	453,722	(78,440)	(8,584)
Fund Balance - Beginning of Year	2,211,380	137,475	(306,936)	107,540	247,969
Fund Balance - End of Year	\$3,104,656	\$200,299	\$146,786	\$29,100	\$239,385

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	\$178	\$711	\$0	\$9,618	\$2,489	\$1,422
335,259	0	0	2,000	0	14,918	0
0	5,114	11,887	0	251,745	76,801	46,076
0	0	0	0	0	0	0
0	0	0	0	18	0	3
335,259	5,292	12,598	2,000	261,381	94,208	47,501
0	0	6,339	0	391,757	88,920	78,399
0	0	0	0	0	0	0
326,390	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	70,365	0
326,390	0	6,339	0	391,757	159,285	78,399
8,869	5,292	6,259	2,000	(130,376)	(65,077)	(30,898)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
8,869	5,292	6,259	2,000	(130,376)	(65,077)	(30,898)
328,053	52,862	150,844	46,820	2,867,104	1,003,830	448,688
\$336,922	\$58,154	\$157,103	\$48,820	\$2,736,728	\$938,753	\$417,790
Continued						

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2020

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Coronavirus Relief	Total Nonmajor Special Revenue Funds
Revenues:					
Investment Earnings	\$711	\$0	\$0	\$0	\$28,837
Intergovernmental	0	0	0	3,017,627	6,808,744
Fines, Licenses & Permits	37,520	0	39,657	0	485,177
Revenue in Lieu of Taxes	0	61,963	0	0	61,963
Other Revenues	0	0	0	0	15,029
Total Revenues	38,231	61,963	39,657	3,017,627	7,399,750
Expenditures:					
Current:					
General Government	0	0	1,261	0	566,676
Public Safety	0	0	0	0	19,112
Transportation and Street Repair	0	0	0	0	3,063,389
Public Health and Welfare	0	0	0	3,016,039	3,016,039
Capital Outlay	0	0	0	0	195,489
Total Expenditures	0	0	1,261	3,016,039	6,860,705
Excess of Revenues Over (Under) Expenditures	38,231	61,963	38,396	1,588	539,045
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	720,000
Total Other Financing Sources (Uses)	0	0	0	0	720,000
Net Change in Fund Balance	38,231	61,963	38,396	1,588	1,259,045
Fund Balance - Beginning of Year	723,530	224,320	352,629	0	8,596,108
Fund Balance - End of Year	\$761,761	\$286,283	\$391,025	\$1,588	\$9,855,153

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$2,810,000	\$2,610,000	\$2,775,457	\$165,457
Investment Earnings	5,000	5,000	17,301	12,301
Other Revenues	25,000	25,000	15,008	(9,992)
Total Revenues	2,840,000	2,640,000	2,807,766	167,766
Expenditures:				
Transportation and Street Repair				
Personnel Related	1,848,093	1,716,469	1,713,222	3,247
Other	1,870,534	1,221,773	1,048,934	172,839
Total Expenditures	3,718,627	2,938,242	2,762,156	176,086
Excess of Revenues Over (Under) Expenditures	(878,627)	(298,242)	45,610	343,852
Other Financing Sources (uses):				
Transfers In	750,000	750,000	720,000	(30,000)
Total Other Financing Sources (Uses)	750,000	750,000	720,000	(30,000)
Net Change in Fund Balance	(128,627)	451,758	765,610	313,852
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,150,024	2,150,024	2,150,024	0
Fund Balance End of Year	\$2,021,398	\$2,601,782	\$2,915,634	\$313,852

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$157,000	\$157,000	\$215,037	\$58,037
Total Revenues	157,000	157,000	215,037	58,037
Expenditures:				
Transportation and Street Repair Personnel Related	152,175	152,175	151,824	351
Total Expenditures	152,175	152,175	151,824	351
Net Change in Fund Balance	4,825	4,825	63,213	58,388
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	130,394	130,394	130,394	0
Fund Balance End of Year	\$135,219	\$135,219	\$193,607	\$58,388

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	County Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$100,000	\$625,500	\$474,089	(\$151,411)
Total Revenues	100,000	625,500	474,089	(151,411)
Expenditures:				
Capital Outlay	13,409	48,990	38,430	10,560
Total Expenditures	13,409	48,990	38,430	10,560
Net Change in Fund Balance	86,591	576,510	435,659	(140,851)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(301,636)	(301,636)	(301,636)	0
Fund Balance End of Year	(\$215,045)	\$274,874	\$134,023	(\$140,851)

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Tax Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Licenses & Permits	\$2,000	\$2,000	\$1,200	(\$800)
Investment Earnings	200	200	356	156
Total Revenues	2,200	2,200	1,556	(644)
Expenditures:				
Capital Outlay	0	80,000	79,995	5
Total Expenditures	0	80,000	79,995	5
Net Change in Fund Balance	2,200	(77,800)	(78,439)	(639)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	107,540	107,540	107,540	0
Fund Balance End of Year	\$109,740	\$29,740	\$29,101	(\$639)

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$10,500	\$27,000	\$15,177	(\$11,823)
Total Revenues	10,500	27,000	15,177	(11,823)
Expenditures:				
Public Safety				
Other	42,000	0	0	0
Capital Outlay	0	104,839	81,952	22,887
Total Expenditures	42,000	104,839	81,952	22,887
Net Change in Fund Balance	(31,500)	(77,839)	(66,775)	11,064
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	247,970	247,970	247,970	0
Fund Balance End of Year	\$216,470	\$170,131	\$181,195	\$11,064

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Municipal Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$350,000	\$350,000	\$338,295	(\$11,705)
Total Revenues	350,000	350,000	338,295	(11,705)
Expenditures:				
Transportation and Street Repair Personnel Related	329,713	329,713	328,911	802
Total Expenditures	329,713	329,713	328,911	802
Net Change in Fund Balance	20,287	20,287	9,384	(10,903)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	319,533	319,533	319,533	0
Fund Balance End of Year	\$339,820	\$339,820	\$328,917	(\$10,903)

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$5,000	\$35,000	\$5,114	(\$29,887)
Investment Earnings	0	0	178	178
Total Revenues	5,000	35,000	5,291	(29,709)
Expenditures:				
Public Safety				
Other	35,000	35,000	0	35,000
Total Expenditures	35,000	35,000	0	35,000
Net Change in Fund Balance	(30,000)	0	5,291	5,291
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	52,862	52,862	52,862	0
Fund Balance End of Year	\$22,862	\$52,862	\$58,153	\$5,291

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Drug and Alcohol Treatment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$12,000	\$11,500	\$11,887	\$387
Investment Earnings	1,000	1,000	711	(289)
Total Revenues	13,000	12,500	12,598	98
Expenditures:				
General Government				
Other	12,000	12,000	7,239	4,761
Total Expenditures	12,000	12,000	7,239	4,761
Net Change in Fund Balance	1,000	500	5,359	4,859
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	151,744	151,744	151,744	0
Fund Balance End of Year	\$152,744	\$152,244	\$157,103	\$4,859

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Local Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$15,000	\$15,400	\$2,000	(\$13,400)
Total Revenues	\$15,000	\$15,400	\$2,000	(\$13,400)
Expenditures:				
Public Safety				
Other	5,000	5,000	0	5,000
Total Expenditures	5,000	5,000	0	5,000
Net Change in Fund Balance	10,000	10,400	2,000	(8,400)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,820	46,820	46,820	0
Fund Balance End of Year	\$56,820	\$57,220	\$48,820	(\$8,400)

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$350,000	\$341,500	\$251,745	(\$89,755)
Investment Earnings	15,000	15,000	18,842	3,842
Other Revenues	0	0	18	18
Total Revenues	365,000	356,500	270,605	(85,895)
Expenditures:				
General Government				
Personnel Related	372,772	372,772	360,617	12,155
Other	60,000	60,000	35,727	24,273
Total Expenditures	432,772	432,772	396,344	36,428
Net Change in Fund Balance	(67,772)	(76,272)	(125,739)	(49,467)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,880,379	2,880,379	2,880,379	0
Fund Balance End of Year	\$2,812,607	\$2,804,107	\$2,754,639	(\$49,467)

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Court Computer Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$14,500	\$14,918	\$418
Court Costs & Fines	85,000	85,000	76,801	(8,199)
Investment Earnings	2,000	2,000	2,489	489
Total Revenues	87,000	101,500	94,208	(7,292)
Expenditures:				
General Government				
Other	123,593	185,593	159,285	26,308
Total Expenditures	123,593	185,593	159,285	26,308
Net Change in Fund Balance	(36,593)	(84,093)	(65,077)	19,016
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,003,829	1,003,829	1,003,829	0
Fund Balance End of Year	\$967,236	\$919,736	\$938,752	\$19,016

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$50,000	\$48,500	\$46,076	(\$2,424)
Investment Earnings	2,000	2,000	1,422	(578)
Other Revenues	0	0	3	3
Total Revenues	52,000	50,500	47,501	(2,999)
Expenditures:				
General Government				
Personnel Related	69,835	69,835	67,004	2,831
Other	42,000	42,000	11,648	30,352
Total Expenditures	111,835	111,835	78,652	33,183
Net Change in Fund Balance	(59,835)	(61,335)	(31,151)	30,184
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	451,365	451,365	451,365	0
Fund Balance End of Year	\$391,530	\$390,030	\$420,214	\$30,184

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Mediation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$35,000	\$34,500	\$37,520	\$3,020
Investment Earnings	1,000	1,000	711	(289)
Total Revenues	36,000	35,500	38,231	2,731
Expenditures:				
General Government				
Other	5,000	5,000	0	5,000
Total Expenditures	5,000	5,000	0	5,000
Net Change in Fund Balance	31,000	30,500	38,231	7,731
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	723,529	723,529	723,529	0
Fund Balance End of Year	\$754,529	\$754,029	\$761,760	\$7,731

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Tax Increment Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$30,000	\$60,000	\$61,963	\$1,963
Total Revenues	30,000	60,000	61,963	1,963
Expenditures:				
General Government				
Other	1,000	1,000	0	1,000
Total Expenditures	1,000	1,000	0	1,000
Net Change in Fund Balance	29,000	59,000	61,963	2,963
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	224,320	224,320	224,320	0
Fund Balance End of Year	\$253,320	\$283,320	\$286,284	\$2,963

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Indigent Driver Interlock Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$25,000	\$25,000	\$39,657	\$14,657
Total Revenues	25,000	25,000	39,657	14,657
Expenditures:				
General Government				
Other	8,000	8,000	1,103	6,897
Total Expenditures	8,000	8,000	1,103	6,897
Net Change in Fund Balance	17,000	17,000	38,554	21,554
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	352,628	352,628	352,628	0
Fund Balance End of Year	\$369,628	\$369,628	\$391,183	\$21,554

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Coronavirus Relief Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$3,017,627	\$3,017,627	\$0
Total Revenues	0	3,017,627	3,017,627	0
Expenditures:				
General Government				
Personnel Related	0	2,250,877	2,250,877	0
Other	0	766,750	766,750	0
Total Expenditures	0	3,017,627	3,017,627	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

NONMAJOR DEBT SERVICE FUNDS

Fund Descriptions

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

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

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2020

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$4,764	\$1,824,774	\$1,829,538
Receivables (Net):			
Intergovernmental	0	281,702	281,702
Total Assets	<u>4,764</u>	<u>2,106,476</u>	<u>2,111,240</u>
Deferred Inflows of Resources:			
Grants and Other Taxes	0	281,702	281,702
Total Deferred Inflows of Resources	<u>0</u>	<u>281,702</u>	<u>281,702</u>
Fund Balances:			
Restricted	0	1,824,774	1,824,774
Assigned	4,764	0	4,764
Total Fund Balances	<u>4,764</u>	<u>1,824,774</u>	<u>1,829,538</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$4,764</u>	<u>\$2,106,476</u>	<u>\$2,111,240</u>

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Fiscal Year Ended December 31, 2020

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$0	\$5,957	\$5,957
Total Revenues	0	5,957	5,957
Expenditures:			
Current:			
General Government	1,000	1,000	2,000
Debt Service:			
Principal	1,270,000	0	1,270,000
Interest and Other Charges	340,031	1,456	341,487
Bond Issuance Cost	58,858	0	58,858
Total Expenditures	1,669,889	2,456	1,672,345
Excess of Revenues Over (Under) Expenditures	(1,669,889)	3,501	(1,666,388)
Other Financing Sources (Uses):			
Sale of Refunding Bonds	5,345,000	0	5,345,000
Payments to Refunded Bond Escrow Agent	(5,286,142)	0	(5,286,142)
Transfers In	1,752,237	0	1,752,237
Transfers (Out)	(140,000)	0	(140,000)
Total Other Financing Sources (Uses)	1,671,095	0	1,671,095
Net Change in Fund Balance	1,206	3,501	4,707
Fund Balance - Beginning of Year	3,558	1,821,273	1,824,831
Fund Balance - End of Year	\$4,764	\$1,824,774	\$1,829,538

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	General Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
General Government				
Other	10,500	10,500	1,000	9,500
Debt Service:				
Principal Retirement	1,345,000	1,410,000	1,410,000	0
Interest and Fiscal Charges	481,420	490,632	340,031	150,601
Total Expenditures	1,836,920	1,911,132	1,751,031	160,101
Excess of Revenues Over (Under) Expenditures	(1,836,920)	(1,911,132)	(1,751,031)	160,101
Other Financing Sources (uses):				
Transfers In	1,824,170	1,820,000	1,752,237	(67,763)
Total Other Financing Sources (Uses)	1,824,170	1,820,000	1,752,237	(67,763)
Net Change in Fund Balance	(12,750)	(91,132)	1,206	92,338
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,556	3,556	3,556	0
Fund Balance End of Year	(\$9,194)	(\$87,576)	\$4,762	\$92,338

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$350,000	\$450,000	\$269,216	(\$180,784)
Investment Earnings	0	0	51,744	51,744
Total Revenues	350,000	450,000	320,960	(129,040)
Expenditures:				
Current:				
General Government				
Other	2,100	1,000	1,000	0
Debt Service:				
Principal Retirement	308,140	310,688	310,687	1
Interest and Fiscal Charges	2,907	1,459	1,456	3
Total Expenditures	313,147	313,147	313,143	4
Net Change in Fund Balance	36,853	136,853	7,817	(129,036)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,813,516	1,813,516	1,813,516	0
Fund Balance End of Year	\$1,850,369	\$1,950,369	\$1,821,333	(\$129,036)

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NONMAJOR CAPITAL PROJECTS FUNDS

Fund Descriptions

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

Flood Protection – This capital project fund accounts for the construction of a flood protection project, which provides protection from stormwater runoff. Financing is derived from grants from the federal government, the state government and the issuance of notes.

State Issue I - This capital project fund accounts projects financed through the State of Ohio Public Works Commission. Financing is derived from grants from the stat government and local share participation.

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

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

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2020

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development	Total Nonmajor Capital Projects Funds
Assets:						
Equity in Pooled Cash and Investments	\$5,058,920	\$5,217	\$46,591	\$52,359	\$227,094	\$5,390,181
Receivables (Net):						
Taxes	754,505	0	0	0	0	754,505
Interest	844	0	0	0	0	844
Intergovernmental	0	0	112,824	0	0	112,824
Total Assets	<u>5,814,269</u>	<u>5,217</u>	<u>159,415</u>	<u>52,359</u>	<u>227,094</u>	<u>6,258,354</u>
Liabilities:						
Contracts Payable	349,243	0	112,824	10,125	0	472,192
Retainage Payable	41,903	0	12,536	0	0	54,439
Total Liabilities	<u>391,146</u>	<u>0</u>	<u>125,360</u>	<u>10,125</u>	<u>0</u>	<u>526,631</u>
Deferred Inflows of Resources:						
Income Taxes	442,222	0	0	0	0	442,222
Grants and Other Taxes	0	0	112,824	0	0	112,824
Investment Earnings	287	0	0	0	0	287
Total Deferred Inflows of Resources	<u>442,509</u>	<u>0</u>	<u>112,824</u>	<u>0</u>	<u>0</u>	<u>555,333</u>
Fund Balances:						
Restricted	4,980,614	5,217	0	0	227,094	5,212,925
Assigned	0	0	0	42,234	0	42,234
Unassigned	0	0	(78,769)	0	0	(78,769)
Total Fund Balances	<u>4,980,614</u>	<u>5,217</u>	<u>(78,769)</u>	<u>42,234</u>	<u>227,094</u>	<u>5,176,390</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$5,814,269</u>	<u>\$5,217</u>	<u>\$159,415</u>	<u>\$52,359</u>	<u>\$227,094</u>	<u>\$6,258,354</u>

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2020

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development	Total Nonmajor Capital Projects Funds
Revenues:						
Income Taxes	\$3,298,644	\$0	\$0	\$0	\$0	\$3,298,644
Investment Earnings	1,515	0	0	0	0	1,515
Intergovernmental	156,000	0	21,324	0	0	177,324
Other Revenues	2,250	299	0	0	0	2,549
Total Revenues	3,458,409	299	21,324	0	0	3,480,032
Expenditures:						
Current:						
General Government	601,219	0	0	0	0	601,219
Public Safety	47,867	0	0	0	0	47,867
Leisure Time Activities	56,013	0	0	0	0	56,013
Transportation and Street Repair	128,434	0	0	0	0	128,434
Capital Outlay	1,689,167	0	116,434	10,125	4,200	1,819,926
Total Expenditures	2,522,700	0	116,434	10,125	4,200	2,653,459
Excess of Revenues Over (Under) Expenditures	935,709	299	(95,110)	(10,125)	(4,200)	826,573
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	28,027	0	0	0	0	28,027
Transfers In	2,452,066	0	0	0	0	2,452,066
Total Other Financing Sources (Uses)	2,480,093	0	0	0	0	2,480,093
Net Change in Fund Balance	3,415,802	299	(95,110)	(10,125)	(4,200)	3,306,666
Fund Balance - Beginning of Year	1,564,812	4,918	16,341	52,359	231,294	1,869,724
Fund Balance - End of Year	\$4,980,614	\$5,217	(\$78,769)	\$42,234	\$227,094	\$5,176,390

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,125,000	\$3,173,250	\$3,287,355	\$114,105
Intergovernmental	0	160,000	156,000	(4,000)
Investment Earnings	10,000	10,000	12,734	2,734
Other Revenues	1,000	1,000	2,250	1,250
Total Revenues	3,136,000	3,344,250	3,458,338	114,088
Expenditures:				
Capital Outlay	1,580,603	4,729,567	4,237,926	491,641
Total Expenditures	1,580,603	4,729,567	4,237,926	491,641
Excess of Revenues Over (Under) Expenditures	1,555,397	(1,385,317)	(779,588)	605,729
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	0	0	28,027	28,027
Transfers In	0	3,528,766	3,528,766	0
Transfers (Out)	(1,085,100)	(1,085,100)	(1,076,700)	8,400
Total Other Financing Sources (Uses)	(1,085,100)	2,443,666	2,480,093	36,427
Net Change in Fund Balance	470,297	1,058,349	1,700,505	642,156
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,562,363	1,562,363	1,562,363	0
Fund Balance End of Year	\$2,032,660	\$2,620,712	\$3,262,868	\$642,156

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Flood Protection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$0	\$0	\$299	\$299
Total Revenues	0	0	299	299
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	299	299
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,918	4,918	4,918	0
Fund Balance End of Year	\$4,918	\$4,918	\$5,217	\$299

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	State Issue I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50,000	\$50,000	\$21,324	(\$28,676)
Total Revenues	50,000	50,000	21,324	(28,676)
Expenditures:				
Capital Outlay	17,925	173,608	149,455	24,153
Total Expenditures	17,925	173,608	149,455	24,153
Net Change in Fund Balance	32,075	(123,608)	(128,131)	(4,523)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	33,192	33,192	33,192	0
Fund Balance End of Year	\$65,267	(\$90,416)	(\$94,939)	(\$4,523)

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Downtown Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	0	19,995	19,995	0
Total Expenditures	0	19,995	19,995	0
Net Change in Fund Balance	0	(19,995)	(19,995)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	52,361	52,361	52,361	0
Fund Balance End of Year	<u>\$52,361</u>	<u>\$32,366</u>	<u>\$32,366</u>	<u>\$0</u>

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Park Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Capital Outlay	36,440	36,440	36,440	0
Total Expenditures	36,440	36,440	36,440	0
Net Change in Fund Balance	(36,440)	(36,440)	(36,440)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	235,495	235,495	235,495	0
Fund Balance End of Year	\$199,055	\$199,055	\$199,055	\$0

OTHER GENERAL FUND

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

Fund Description

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

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2020

	Compensated Leave Fund (1)			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$2,000	\$1,500	\$3,907	\$2,407
Total Revenues	2,000	1,500	3,907	2,407
Expenditures:				
Personnel	0	111,502	111,502	0
Total Expenditures	0	111,502	111,502	0
Net Change in Fund Balance	2,000	(110,002)	(107,595)	2,407
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	698,485	698,485	698,485	0
Fund Balance End of Year	<u>\$700,485</u>	<u>\$588,483</u>	<u>\$590,890</u>	<u>\$2,407</u>

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

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds: The Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the expense (including depreciation) of provide goods or services primarily or solely to the general public to be financed or recovered primarily through user charges.

Solid Waste Management – This fund accounts for the provision of waste collection services for all residents in the City.

Recreation Facilities – 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.

City of Fairfield, Ohio
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2020

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Assets:			
Equity in Pooled Cash and Investments	\$559,796	\$761,841	\$1,321,637
Receivables (Net):			
Accounts	313,958	0	313,958
Inventory	0	12,999	12,999
Total Current Assets	873,754	774,840	1,648,594
Noncurrent Assets:			
Capital Assets:			
Nondepreciable Capital Assets	0	507,000	507,000
Depreciable Capital Assets, Net	0	2,478,376	2,478,376
Total Noncurrent Assets	0	2,985,376	2,985,376
Total Assets	873,754	3,760,216	4,633,970
Deferred Outflows of Resources:			
Deferred Charge on Refunding	0	4,959	4,959
Pension	0	50,441	50,441
OPEB	0	39,313	39,313
Total Deferred Outflows of Resources	0	94,713	94,713
Liabilities:			
Current Liabilities:			
Accounts Payable	409,360	10,347	419,707
Accrued Wages and Benefits	0	24,694	24,694
Compensated Absences	0	29,419	29,419
Accrued Interest Payable	0	327	327
Claims Payable	0	1,028	1,028
Long-Term Liabilities Due Within One Year	0	140,000	140,000
Total Current Liabilities	409,360	205,815	615,175
Long-Term Liabilities:			
Compensated Absences	0	48,634	48,634
Bonds, Notes & Loans Payable	0	7,360	7,360
Net Pension Liability	0	341,022	341,022
Net OPEB Liability	0	247,392	247,392
Total Liabilities	409,360	850,223	1,259,583
Deferred Inflows of Resources:			
Pension	0	76,172	76,172
OPEB	0	38,613	38,613
Total Deferred Inflows of Resources	0	114,785	114,785
Net Position:			
Net Investment in Capital Assets	0	2,842,975	2,842,975
Unrestricted	464,394	46,946	511,340
Total Net Position	\$464,394	\$2,889,921	\$3,354,315

City of Fairfield, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2020

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for Services	\$2,451,999	\$1,284,947	\$3,736,946
Other Revenues	0	30,867	30,867
Total Operating Revenues	2,451,999	1,315,814	3,767,813
Operating Expenses:			
Personal Services	0	469,975	469,975
Contactual Services	2,436,344	275,420	2,711,764
Materials and Supplies	0	133,082	133,082
Depreciation	0	267,944	267,944
Total Operating Expenses	2,436,344	1,146,421	3,582,765
Operating Income (Loss)	15,655	169,393	185,048
Non-Operating Revenues (Expenses):			
Investment Earnings	0	507	507
Interest (Expense)	0	(5,673)	(5,673)
Total Non-Operating Revenues (Expenses)	0	(5,166)	(5,166)
Income (Loss) Before Contributions and Transfers	15,655	164,227	179,882
Transfers In	0	490,000	490,000
Change in Net Position	15,655	654,227	669,882
Net Position - Beginning of Year	448,739	2,235,694	2,684,433
Net Position - End of Year	\$464,394	\$2,889,921	\$3,354,315

City of Fairfield, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2020

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$2,435,622	\$1,315,814	\$3,751,436
Cash Payments to Employees	0	(690,375)	(690,375)
Cash Payments to Suppliers	(2,227,057)	(401,799)	(2,628,856)
Net Cash Provided (Used) by Operating Activities	208,565	223,640	432,205
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	490,000	490,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	490,000	490,000
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	0	(229,389)	(229,389)
Debt Principal Payments	0	(140,000)	(140,000)
Debt Interest Payments	0	(8,400)	(8,400)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(377,789)	(377,789)
Cash Flows from Investing Activities:			
Earnings on Investments	0	507	507
Net Cash Provided (Used) by Cash Flows from Investing Activities	0	507	507
Net Increase (Decrease) in Cash and Cash Equivalents	208,565	336,358	544,923
Cash and Cash Equivalents - Beginning of Year	351,231	425,483	776,714
Cash and Cash Equivalents - End of Year	559,796	761,841	1,321,637
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	15,655	169,393	185,048
Adjustments:			
Depreciation	0	267,944	267,944
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	(16,377)	0	(16,377)
(Increase) Decrease in Inventory	0	5,131	5,131
(Increase) Decrease in Deferred Outflows of Resources	0	150,971	150,971
Increase (Decrease) in Claims Payable	0	140	140
Increase (Decrease) in Payables	209,287	1,572	210,859
Increase (Decrease) in Accrued Liabilities	0	2,029	2,029
Increase (Decrease) in Deferred Inflows of Resources	0	90,414	90,414
Increase (Decrease) in Net Pension Liability	0	(362,760)	(362,760)
Increase (Decrease) in OPEB Liability	0	(101,194)	(101,194)
Net Cash Provided (Used) by Operating Activities	\$208,565	\$223,640	\$432,205

NONMAJOR FUNDS

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

Fund Descriptions

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

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

Custodial Funds: Custodial Funds are used to account for assets held by the City for individuals, private organizations, other governmental units.

Fund Descriptions

Municipal Court - 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.

West Chester Joint Economic Development District 1 - To account for various economic development projects between West Chester Township, the City of Springdale and the City of Fairfield.

City of Fairfield, Ohio
Combining Statement of Net Position
Internal Service Funds
December 31, 2020

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$3,721,541	\$27,647	\$3,749,188
Receivables (Net):			
Interest	1,687	0	1,687
Total Current Assets	3,723,228	27,647	3,750,875
Deferred Outflows of Resources:			
Pension	0	67,765	67,765
OPEB	0	52,815	52,815
Total Deferred Outflows of Resources	0	120,580	120,580
Liabilities:			
Current Liabilities:			
Accounts Payable	2,422	24,317	26,739
Accrued Wages and Benefits	0	32,296	32,296
Compensated Absences	0	11,056	11,056
Claims Payable	275,624	492	276,116
Total Current Liabilities	278,046	68,161	346,207
Long-Term Liabilities:			
Compensated Absences	0	99,453	99,453
Net Pension Liability	0	458,150	458,150
Net OPEB Liability	0	332,361	332,361
Total Long-Term Liabilities	0	889,964	889,964
Total Liabilities	278,046	958,125	1,236,171
Deferred Inflows of Resources:			
Pension	0	102,334	102,334
OPEB	0	51,876	51,876
Total Deferred Inflows of Resources	0	154,210	154,210
Net Position:			
Unrestricted	3,445,182	(964,108)	2,481,074
Total Net Position	\$3,445,182	(\$964,108)	\$2,481,074

City of Fairfield, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended December 31, 2020

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$5,592,684	\$717,931	\$6,310,615
Other Revenues	845	169	1,014
Total Operating Revenues	5,593,529	718,100	6,311,629
Operating Expenses:			
Personal Services	0	548,757	548,757
Contactual Services	6,082,655	15,452	6,098,107
Materials and Supplies	0	331,118	331,118
Total Operating Expenses	6,082,655	895,327	6,977,982
Operating Income (Loss)	(489,126)	(177,227)	(666,353)
Non-Operating Revenues (Expenses):			
Investment Earnings	16,723	0	16,723
Total Non-Operating Revenues (Expenses)	16,723	0	16,723
Income (Loss) Before Contributions and Transfers	(472,403)	(177,227)	(649,630)
Transfers In	0	200,000	200,000
Change in Net Position	(472,403)	22,773	(449,630)
Net Position - Beginning of Year	3,917,585	(986,881)	2,930,704
Net Position - End of Year	\$3,445,182	(\$964,108)	\$2,481,074

City of Fairfield, Ohio
Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2020

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$5,593,529	\$718,100	\$6,311,629
Cash Payments to Employees	0	(644,030)	(644,030)
Cash Payments to Suppliers	0	(342,012)	(342,012)
Cash Payments for Claims	(6,088,030)	0	(6,088,030)
Net Cash Provided (Used) by Operating Activities	(494,501)	(267,942)	(762,443)
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	200,000	200,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	200,000	200,000
Cash Flows from Investing Activities:			
Earnings on Investments	15,036	0	15,036
Net Cash Provided (Used) by Cash Flows from Investing Activities	15,036	0	15,036
Net Increase (Decrease) in Cash and Cash Equivalents	(479,465)	(67,942)	(547,407)
Cash and Cash Equivalents - Beginning of Year	4,201,006	95,589	4,296,595
Cash and Cash Equivalents - End of Year	3,721,541	27,647	3,749,188
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(489,126)	(177,227)	(666,353)
Changes in Assets & Liabilities:			
(Increase) Decrease in Deferred Outflows of Resources	0	145,471	145,471
Increase (Decrease) in Claims Payable	(6,265)	77	(6,188)
Increase (Decrease) in Payables	890	4,558	5,448
Increase (Decrease) in Accrued Liabilities	0	4,483	4,483
Increase (Decrease) in Deferred Inflows of Resources	0	127,274	127,274
Increase (Decrease) in Net Pension Liability	0	(319,678)	(319,678)
Increase (Decrease) in Net OPEB Liability	0	(52,900)	(52,900)
Net Cash Provided (Used) by Operating Activities	(\$494,501)	(\$267,942)	(\$762,443)

City of Fairfield, Ohio
Combining Statement of Net Position
Custodial Funds
December 31, 2020

	Municipal Court	West Chester Joint Economic Development District 1	Totals
Assets:			
Equity in Pooled Cash and Investments	\$164,292	\$157,425	\$321,717
Receivables (Net):			
Accounts	0	199,484	199,484
Total Assets	164,292	356,909	521,201
Liabilities:			
Accounts Payable	0	117,494	117,494
Total Liabilities	0	117,494	117,494
Net Position:			
Restricted for:			
Individuals, Organizations, and Other Governments	164,292	0	164,292
Economic Development	0	239,415	239,415
Total Net Position	\$164,292	\$239,415	\$403,707

City of Fairfield, Ohio
Combining Statement of Changes in Net Position
Custodial Funds
For the Fiscal Year Ended December 31, 2020

	Municipal Court	West Chester Joint Economic Development District 1	Totals
Additions:			
Investment Earnings	\$0	\$6	\$6
Municipal Court Receipts	835,918	0	835,918
Joint Economic Development District Receipts	0	2,347,733	2,347,733
Total Additions	835,918	2,347,739	3,183,657
Deductions:			
Municipal Court Disbursements	878,197	0	878,197
Joint Economic Development District Disbursements	0	2,310,318	2,310,318
Total Deductions	878,197	2,310,318	3,188,515
Change in Net Position	(42,279)	37,421	(4,858)
Net Position - Beginning of Year	206,571	201,994	408,565
Net Position - End of Year	\$164,292	\$239,415	\$403,707



STATISTICAL SECTION

City of Fairfield, Ohio

STATISTICAL SECTION

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

Contents

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

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

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

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

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

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

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

	2011	2012	2013	2014	2015	2016	2017 (1)	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$64,296,950	\$67,275,297	\$69,235,249	\$70,400,669	\$70,871,957	\$72,702,624	\$73,664,366	\$77,707,285	\$78,671,198	\$74,485,490
Restricted	15,986,150	16,117,641	17,137,210	16,288,586	15,892,445	18,160,599	20,743,247	22,525,145	24,601,200	32,170,370
Unrestricted	12,370,308	13,959,061	17,136,178	16,492,976	(5,843,139)	(5,913,774)	(30,084,299)	(32,132,889)	(18,294,804)	(22,347,006)
Total Governmental Activities Net Position	<u>\$92,653,408</u>	<u>\$97,351,999</u>	<u>\$103,508,637</u>	<u>\$103,182,231</u>	<u>\$80,921,263</u>	<u>\$84,949,449</u>	<u>\$64,323,314</u>	<u>\$68,099,541</u>	<u>\$84,977,594</u>	<u>\$84,308,854</u>
Business-type activities										
Net Investment in Capital Assets	\$37,488,020	\$37,444,547	\$37,900,975	\$38,873,969	\$39,709,765	\$40,221,046	\$39,221,993	\$38,133,776	\$37,401,334	\$37,067,270
Restricted	1,018,291	1,018,832	1,021,404	1,022,736	1,023,003	1,024,340	1,027,000	1,031,796	1,083,318	1,085,053
Unrestricted	8,968,926	9,140,411	9,583,331	9,242,621	5,784,274	4,814,362	2,516,460	5,581,039	7,583,053	11,391,294
Total Business-Type Activities Net Position	<u>\$47,475,237</u>	<u>\$47,603,790</u>	<u>\$48,505,710</u>	<u>\$49,139,326</u>	<u>\$46,517,042</u>	<u>\$46,059,748</u>	<u>\$42,765,453</u>	<u>\$44,746,611</u>	<u>\$46,067,705</u>	<u>\$49,543,617</u>
Total Primary Government										
Net Investment in Capital Assets	\$101,784,970	\$104,719,844	\$107,136,224	\$109,274,638	\$110,581,722	\$112,923,670	\$112,886,359	\$115,841,061	\$116,072,532	\$111,552,760
Restricted	17,004,441	17,136,473	18,158,614	17,311,322	16,915,448	19,184,939	21,770,247	23,556,941	\$25,684,518	33,255,423
Unrestricted	21,339,234	23,099,472	26,719,509	25,735,597	(58,865)	(1,099,412)	(27,567,839)	(26,551,850)	(\$10,711,751)	(10,955,712)
Total Primary Government Net Position	<u>\$140,128,645</u>	<u>\$144,955,789</u>	<u>\$152,014,347</u>	<u>\$152,321,557</u>	<u>\$127,438,305</u>	<u>\$131,009,197</u>	<u>\$107,088,767</u>	<u>\$112,846,152</u>	<u>\$131,045,299</u>	<u>\$133,852,471</u>

(1) - Restated for GASB Statement No. 75 Implementation

Source: City Records

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities:										
General Government	\$8,375,019	\$8,451,042	\$7,631,141	\$8,179,792	\$8,240,596	\$7,968,208	\$9,420,931	\$9,476,038	\$8,302,443	\$12,617,792
Public Safety	16,309,564	16,249,928	16,268,499	17,231,019	18,459,890	18,841,094	19,659,072	22,968,209	13,416,020	22,689,176
Leisure Time Activities	3,394,755	3,412,316	3,466,481	3,294,693	3,020,368	3,746,235	3,523,300	3,643,483	3,083,191	3,957,029
Community Development	1,366,224	1,359,819	1,341,884	1,483,394	1,094,499	1,950,158	2,088,857	2,117,719	968,163	1,644,000
Basic Utility Service	479,877	412,238	451,823	442,800	441,845	458,368	464,115	502,866	444,198	483,211
Transportation and Street Repair	7,610,384	7,447,779	6,045,380	8,004,851	8,667,858	8,097,174	8,471,472	9,083,304	10,668,855	9,766,869
Public Health and Welfare	21,998	21,784	21,476	21,581	21,248	21,125	20,962	20,582	20,791	3,036,447
Interest and Fiscal Charges	1,034,139	808,963	851,250	815,863	780,363	732,471	696,672	562,058	514,315	381,288
Total Governmental Activities Expenses	38,591,960	38,163,869	36,077,934	39,473,993	40,726,667	41,814,833	44,345,381	48,374,259	37,417,976	54,575,812
Business-Type Activities:										
Water Utility	4,622,668	4,510,147	4,626,165	5,044,656	5,225,446	6,407,038	6,733,916	5,703,566	7,311,842	7,105,394
Sewer Utility	4,951,150	5,100,875	5,139,515	5,272,460	5,591,952	5,735,840	5,950,929	6,835,855	6,517,745	5,329,744
Solid Waste Management	2,581,355	2,444,874	2,140,007	2,173,408	2,216,074	2,259,529	2,295,473	2,328,509	2,378,343	2,436,344
Recreation Facilities	2,066,756	2,142,869	2,177,176	2,280,222	2,174,232	1,873,055	1,962,035	1,832,164	2,194,858	1,152,094
Total Business-Type Activities Expenses	14,221,929	14,198,765	14,082,863	14,770,746	15,207,704	16,275,462	16,942,353	16,700,094	18,402,788	16,023,576
Total Primary Government Expenses	\$52,813,889	\$52,362,634	\$50,160,797	\$54,244,739	\$55,934,371	\$58,090,295	\$61,287,734	\$65,074,353	\$55,820,764	\$70,599,388
Program Revenues										
Governmental Activities:										
Charges for Services and Sales:										
General Government	\$2,333,954	\$1,881,872	\$1,734,805	\$1,802,079	\$1,795,353	\$1,422,096	\$1,930,245	\$1,899,530	\$2,120,563	\$1,884,468
Public Safety	1,224,775	1,183,079	1,189,223	1,162,252	1,144,227	1,130,784	1,101,654	1,187,677	1,251,438	1,053,317
Leisure Time Activities	252,125	272,605	281,499	248,952	497,097	958,658	244,100	261,393	265,147	64,622
Community Development	79,800	281,964	354,464	529,106	223,544	1,194,603	1,137,106	1,337,230	1,274,609	1,120,383
Basic Utility Service	384,635	670,950	565,538	566,935	77,917	0	0	0	0	0
Transportation and Street Repair	26,561	38,233	38,389	37,452	593,242	1,705,115	39,889	35,065	39,230	0
Operating Grants and Contributions	3,614,620	3,338,989	2,933,524	2,944,428	3,077,018	3,243,396	3,301,379	3,403,213	6,073,045	7,280,416
Capital Grants and Contributions	3,115,434	3,880,495	1,707,738	14,506	897,858	185,742	1,257,952	3,472,908	1,578,511	546,409
Total Governmental Activities Program Revenues	\$11,031,904	\$11,548,187	\$8,805,180	\$7,305,710	\$8,306,256	\$9,840,394	\$9,012,325	\$11,597,016	\$12,602,543	\$11,949,615

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-Type Activities:										
Charges for Services and Sales:										
Water Utility	\$3,749,292	\$4,025,197	\$4,666,222	\$4,825,443	\$4,944,528	\$5,121,220	\$5,686,777	\$6,885,777	\$7,305,160	\$7,805,290
Sewer Utility	5,229,115	5,492,327	5,733,338	5,968,424	5,992,562	6,145,668	6,306,111	7,047,636	7,134,527	7,393,112
Solid Waste Management	2,294,545	2,373,948	2,119,641	2,165,612	2,218,507	2,261,648	2,273,206	2,346,009	2,359,581	2,451,999
Recreation Facilities	1,953,697	2,097,727	1,871,477	1,831,891	1,859,761	1,769,065	1,791,263	1,615,420	1,704,784	1,284,947
Operating Grants and Contributions	25,919	3,999	31,597	88,048	0	0	0	0	0	0
Capital Grants and Contributions	0	0	145,770	900	12,090	0	0	0	64,868	0
Total Business-Type Activities Program Revenues	13,252,568	13,993,198	14,568,045	14,880,318	15,027,448	15,297,601	16,057,357	17,894,842	18,568,920	18,935,348
Total Primary Government Program Revenues	<u>\$24,284,472</u>	<u>\$25,541,385</u>	<u>\$23,373,225</u>	<u>\$22,186,028</u>	<u>\$23,333,704</u>	<u>\$25,137,995</u>	<u>\$25,069,682</u>	<u>\$29,491,858</u>	<u>\$31,171,463</u>	<u>\$30,884,963</u>
Net (Expense)/Revenue										
Governmental Activities	(\$27,560,056)	(\$26,615,682)	(\$27,272,754)	(\$32,168,283)	(\$32,420,411)	(\$31,974,439)	(\$35,333,056)	(\$36,777,243)	(\$24,815,433)	(\$42,626,197)
Business-type activities	(969,361)	(205,567)	485,182	109,572	(180,256)	(977,861)	(884,996)	1,194,748	166,132	2,911,772
Total Primary Government Net Expenses	<u>(\$28,529,417)</u>	<u>(\$26,821,249)</u>	<u>(\$26,787,572)</u>	<u>(\$32,058,711)</u>	<u>(\$32,600,667)</u>	<u>(\$32,952,300)</u>	<u>(\$36,218,052)</u>	<u>(\$35,582,495)</u>	<u>(\$24,649,301)</u>	<u>(\$39,714,425)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$23,652,942	\$23,709,192	\$25,606,839	\$23,586,464	\$25,318,834	\$28,822,572	\$28,041,922	\$30,739,815	\$30,773,706	\$33,288,670
Property Taxes Levied for:										
General Purposes	1,474,934	1,385,870	1,476,744	1,987,282	1,636,590	1,439,432	1,677,991	1,540,349	1,722,680	1,490,543
Special Revenue Purposes	3,595,787	3,551,089	3,538,952	3,587,886	3,642,740	3,722,358	6,017,623	5,915,444	6,116,111	6,101,744
Grants and Entitlements not Restricted	2,412,622	1,725,889	1,404,103	1,580,380	1,194,667	1,413,792	1,092,049	1,194,021	1,417,520	1,440,893
Investment Earnings	177,580	241,232	126,654	140,964	185,456	147,846	423,476	663,060	1,120,183	280,478
Other Revenues	642,837	851,001	1,693,821	1,253,901	722,374	671,625	774,223	855,781	1,078,286	1,266,258
Transfers-Internal Activities	(440,000)	(150,000)	(145,000)	(295,000)	(315,000)	(215,000)	(175,000)	(355,000)	(535,000)	(490,000)
Total Governmental Activities	31,516,702	31,314,273	33,702,113	31,841,877	32,385,661	36,002,625	37,852,284	40,553,470	41,693,486	43,378,586
Business-Type Activities:										
Investment Earnings	61,252	(17,798)	9,546	24,544	11,405	28,592	81,541	179,666	411,729	69,958
Other Revenues	145,376	201,918	295,954	204,500	244,583	276,975	264,497	251,744	208,233	190,022
Transfers-Internal Activities	440,000	150,000	145,000	295,000	315,000	215,000	175,000	355,000	535,000	490,000
Total Business-Type Activities	646,628	334,120	450,500	524,044	570,988	520,567	521,038	786,410	1,154,962	749,980
Total Primary Government	<u>\$32,163,330</u>	<u>\$31,648,393</u>	<u>\$34,152,613</u>	<u>\$32,365,921</u>	<u>\$32,956,649</u>	<u>\$36,523,192</u>	<u>\$38,373,322</u>	<u>\$41,339,880</u>	<u>\$42,848,448</u>	<u>\$44,128,566</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Change in Net Position										
Governmental Activities	\$3,956,646	\$4,698,591	\$6,429,359	(\$326,406)	(\$34,750)	\$4,028,186	\$2,519,228	\$3,776,227	\$16,878,053	\$752,389
Business-Type Activities	(322,733)	128,553	935,682	633,616	390,732	(457,294)	(363,958)	1,981,158	1,321,094	3,661,752
Total Primary Government	<u>\$3,633,913</u>	<u>\$4,827,144</u>	<u>\$7,365,041</u>	<u>\$307,210</u>	<u>\$355,982</u>	<u>\$3,570,892</u>	<u>\$2,155,270</u>	<u>\$5,757,385</u>	<u>\$18,199,147</u>	<u>\$4,414,141</u>

Source: City Records

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

	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Assigned	\$251,377	\$92,799	\$358,413	\$1,276,408	\$673,678	\$1,779,678	\$370,256	\$298,960	\$313,800	\$179,886
Unassigned	10,161,500	12,352,032	15,236,166	13,107,411	14,274,603	14,034,551	15,599,686	19,292,199	21,244,703	23,768,885
Total General Fund	<u>10,412,877</u>	<u>12,444,831</u>	<u>15,594,579</u>	<u>14,383,819</u>	<u>14,948,281</u>	<u>15,814,229</u>	<u>15,969,942</u>	<u>19,591,159</u>	<u>21,558,503</u>	<u>23,948,771</u>
All Other Governmental Funds										
Restricted	17,004,137	14,821,559	15,154,484	14,631,812	14,507,341	16,656,232	20,684,196	20,847,065	22,460,400	30,359,706
Assigned	212,497	209,911	193,969	186,814	164,254	148,835	118,002	57,567	55,917	46,998
Unassigned	<u>(907,538)</u>	<u>(1,043,316)</u>	<u>(437,769)</u>	<u>(346,988)</u>	<u>(431,443)</u>	<u>(69,540)</u>	<u>(657,721)</u>	<u>(818,708)</u>	<u>(306,936)</u>	<u>(78,769)</u>
Total all Other Governmental Funds	<u>\$16,309,096</u>	<u>\$13,988,154</u>	<u>\$14,910,684</u>	<u>\$14,471,638</u>	<u>\$14,240,152</u>	<u>\$16,735,527</u>	<u>\$20,144,477</u>	<u>\$20,085,924</u>	<u>\$22,209,381</u>	<u>\$30,327,935</u>

Source: City Records

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$28,583,571	\$28,664,812	\$30,423,136	\$28,234,609	\$31,186,625	\$33,784,963	\$36,031,807	\$37,867,327	\$38,378,455	\$40,543,817
Fines, Licenses & Permits	2,182,221	2,005,002	1,886,788	1,859,215	1,784,422	1,975,184	2,140,372	2,093,158	2,303,782	1,899,532
Charges for Services	2,370,058	2,561,018	2,619,848	2,675,730	2,747,915	2,598,343	2,698,535	2,796,234	2,929,600	2,726,764
Investment Earnings	211,364	245,561	135,821	142,171	175,768	135,229	431,784	675,646	1,093,906	311,715
Intergovernmental	7,382,476	8,716,682	6,548,135	5,461,873	5,446,943	5,934,448	5,191,496	8,417,569	8,210,034	9,665,620
Special Assessments	19,026	28,940	276,143	40,587	250,298	223,868	17,367	56,636	58,556	71,188
Other Revenues	1,193,989	420,692	671,902	441,998	462,221	1,032,869	514,038	482,702	515,173	815,824
Total Revenues	<u>\$41,942,705</u>	<u>\$42,642,707</u>	<u>\$42,561,773</u>	<u>\$38,856,183</u>	<u>\$42,054,192</u>	<u>\$45,684,904</u>	<u>\$47,025,399</u>	<u>\$52,389,272</u>	<u>\$53,489,506</u>	<u>\$56,034,460</u>
Expenditures:										
Current:										
General Government	\$7,868,338	\$7,492,947	\$7,297,563	\$8,062,959	\$8,338,732	\$7,926,097	\$8,341,413	\$8,581,493	\$9,241,331	\$9,578,771
Public Safety	15,276,912	14,999,429	15,441,781	16,157,770	16,829,972	17,148,478	17,784,469	19,027,936	19,586,285	17,359,953
Leisure Time Activities	2,527,523	2,279,421	2,416,016	2,526,615	2,588,912	2,565,624	2,598,885	2,665,024	2,808,303	2,627,991
Community Development	1,326,096	1,304,371	1,326,648	1,434,544	1,457,640	1,555,296	1,465,974	1,412,325	1,431,198	1,463,355
Basic Utility Service	479,877	412,238	451,823	442,800	441,845	458,368	464,115	502,866	444,198	483,211
Transportation and Street Repair	5,315,056	4,388,564	3,063,645	5,314,576	3,351,636	3,211,071	3,239,569	3,454,387	6,886,517	6,319,056
Public Health and Welfare	21,998	21,784	21,476	21,581	21,248	21,125	20,962	20,582	20,791	3,036,447
Capital Outlay	7,697,920	9,258,968	5,277,220	3,633,918	5,739,648	6,690,901	7,192,216	10,586,483	6,735,184	2,383,394
Debt Service:										
Principal Retirement	1,577,547	1,716,763	1,686,207	1,654,765	1,680,000	1,740,000	1,425,000	1,440,000	1,145,000	1,270,000
Interest and Fiscal Charges	1,024,387	839,474	876,493	835,371	800,002	747,541	630,909	581,485	528,942	341,487
Bond Issuance Cost	0	0	0	0	0	0	85,090	0	0	58,858
Total Expenditures	<u>\$43,115,654</u>	<u>\$42,713,959</u>	<u>\$37,858,872</u>	<u>\$40,084,899</u>	<u>\$41,249,635</u>	<u>\$42,064,501</u>	<u>\$43,248,602</u>	<u>\$48,272,581</u>	<u>\$48,827,749</u>	<u>\$44,922,523</u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess (Deficiency) of Revenues Over Expenditures	(\$1,172,949)	(\$71,252)	\$4,702,901	(\$1,228,716)	\$804,557	\$3,620,403	\$3,776,797	\$4,116,691	\$4,661,757	\$11,111,937
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	\$25,929	\$122,264	\$54,377	\$73,910	\$68,419	\$155,920	\$77,776	\$973	\$164,044	\$28,027
Sale of Refunding Bonds	0	6,540,000	0	0	0	0	3,615,000	0	0	5,345,000
Payments to Refunded Bond Escrow Agent	0	(6,852,466)	0	0	0	0	(3,855,969)	0	0	(5,286,142)
Premium/(Discount) on Sale of Refunded Bonds	0	422,277	0	0	0	0	326,059	0	0	0
Transfers In	3,591,239	4,721,472	5,515,626	6,531,244	3,900,000	8,074,458	4,950,000	2,376,763	3,465,127	6,277,532
Transfers (Out)	(4,197,239)	(5,061,472)	(6,200,626)	(7,026,244)	(4,440,000)	(8,489,458)	(5,325,000)	(2,931,763)	(4,200,127)	(6,967,532)
Total Other Financing Sources (Uses)	(580,071)	(107,925)	(630,623)	(421,090)	(471,581)	(259,080)	(212,134)	(554,027)	(570,956)	(603,115)
Net Change in Fund Balances	(\$1,753,020)	(\$179,177)	\$4,072,278	(\$1,649,806)	\$332,976	\$3,361,323	\$3,564,663	\$3,562,664	\$4,090,801	\$10,508,822
Debt service as a percentage of noncapital expenditures (1)	5.5%	7.3%	7.7%	6.9%	6.5%	6.7%	5.6%	5.0%	3.9%	3.7%

Source: City Records

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

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

Calendar Year (1)	Assessed Value			Estimated Actual Value	Direct Rate
	Real Property	Public Utilities Personal	Total	Total	Total
2011	\$977,696,820	\$28,055,930	\$1,005,752,750	\$2,794,779,582	5.94
2012	923,744,720	30,787,720	954,532,440	2,652,448,898	5.94
2013	916,662,950	32,024,670	948,687,620	2,636,207,348	5.94
2014	914,754,880	34,544,460	949,299,340	2,637,907,192	5.94
2015	903,236,750	38,373,230	941,609,980	2,616,540,045	5.94
2016	903,187,030	41,633,890	944,820,920	2,625,462,586	8.44
2017	956,212,820	43,078,190	999,291,010	2,776,823,738	8.44
2018	1,000,644,150	47,648,580	1,048,292,730	2,912,989,418	8.44
2019	984,802,100	49,484,530	1,034,286,630	2,874,069,353	8.44
2020	1,154,528,940	55,581,820	1,210,110,760	3,362,648,368	8.44

Source: County Auditor

(1) - Tangible Personal Property was eliminated by calendar year 2008. Between 2010 through 2017, the State has and will continue to reimburse 100% of this lost revenue.

Note:

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

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

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

Calendar Year	Direct Rate				Overlapping Rates		
	General Fund	Police Levy	Fire/EMS Levy	Total	County Levy	School Levy	Vocational School Levy
2011	0.99	0.30	4.65	5.94	9.72	56.60	1.93
2012	0.99	0.30	4.65	5.94	9.72	63.10	1.93
2013	0.99	0.30	4.65	5.94	9.72	62.80	1.93
2014	0.99	0.30	4.65	5.94	9.72	65.80	1.93
2015	0.99	0.30	4.65	5.94	9.72	65.80	1.93
2016	0.99	0.30	7.15	8.44	9.72	64.30	1.93
2017	0.99	0.30	7.15	8.44	9.72	64.30	1.93
2018	0.99	0.30	7.15	8.44	9.72	64.30	1.93
2019	0.99	0.30	7.15	8.44	9.72	64.30	1.93
2020	0.99	0.30	7.15	8.44	9.22	63.30	1.93

Source: County Auditor

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

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

2020 (1)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio	\$53,707,170	4.44%
LIT Industrial Partnership	9,492,600	0.78%
Boymel Family LLC	9,076,050	0.75%
Duke Realty Ohio	9,035,840	0.75%
NP Seward RD LLC	8,377,800	0.69%
Cincinnati Financial Corp	8,195,680	0.68%
Villages of Wildwood Owner LLC	7,885,530	0.65%
Faith Village Park Apartments	7,601,910	0.63%
VP Woodridge LLC	7,557,160	0.62%
Sisters of Mercy	7,401,470	0.61%
	<u>\$128,331,210</u>	<u>10.60%</u>
2011 (2)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy	\$29,145,660	2.90%
Sam Boymel Trustee	10,145,040	1.01%
Ohio Casualty Insurance Co.	6,243,640	0.62%
Cincinnati Financial Corp	6,067,160	0.60%
Faith-Village Park Apartments	5,642,110	0.56%
Timber Hollow Apartments	5,125,150	0.51%
Rajole LLC	4,890,590	0.49%
TGM Camelot, Inc.	4,791,740	0.48%
Penn Gardens Capital Partners	4,242,050	0.42%
Meijer Stores, Ltd.	4,126,360	0.41%
	<u>\$80,419,500</u>	<u>8.00%</u>

Source: County Auditor

(1) - Calendar Year 2020

(2) - Collection Year 2011

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

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Delinquent Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$5,225,619	\$4,993,958	95.57%	\$175,800	\$5,169,758	98.93%
2012	5,153,091	4,977,999	96.60%	172,024	5,150,023	99.94%
2013	5,120,551	5,048,532	98.59%	72,019	5,120,551	100.00%
2014	5,245,233	5,081,457	96.88%	163,776	5,245,233	100.00%
2015	5,163,152	5,099,800	98.77%	63,352	5,163,152	100.00%
2016	5,200,000	5,162,354	99.28%	37,646	5,200,000	100.00%
2017	3,450,963	3,295,748	95.50%	115,784	3,411,532	98.86%
2018	4,362,689	3,877,743	88.88%	420,253	4,297,996	98.52%
2019	5,022,670	4,613,713	91.86%	342,147	4,955,860	98.67%
2020	5,557,878	5,144,863	92.57%	340,558	5,485,421	98.70%

Source: County Auditor

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

Calendar Year	Income Tax Rate	Percentage of Total							
		Withholding	Business	Individuals	Total	Withholding	Business	Individuals	Total
2011	1.50%	\$17,706,498	\$3,315,767	\$2,951,183	\$23,973,448	73.9%	13.8%	12.3%	100.0%
2012	1.50%	18,548,641	2,974,498	3,045,095	24,568,234	75.5%	12.1%	12.4%	100.0%
2013	1.50%	19,206,364	3,668,794	3,073,729	25,948,887	74.0%	14.1%	11.9%	100.0%
2014	1.50%	20,354,912	3,117,922	3,059,354	26,532,188	76.7%	11.8%	11.5%	100.0%
2015	1.50%	21,408,938	2,967,608	3,085,033	27,461,579	78.0%	10.8%	11.2%	100.0%
2016	1.50%	22,319,907	3,364,012	3,435,563	29,119,482	76.6%	11.6%	11.8%	100.0%
2017	1.50%	23,873,512	3,482,717	3,364,962	30,721,191	77.7%	11.3%	11.0%	100.0%
2018	1.50%	24,672,582	3,008,899	3,431,538	31,113,019	79.3%	9.7%	11.0%	100.0%
2019	1.50%	25,053,223	3,853,758	3,364,071	32,271,052	77.6%	11.9%	10.4%	100.0%
2020	1.50%	25,601,868	4,101,810	3,169,869	32,873,547	77.8%	12.5%	9.7%	100.0%

Source: City Finance Department

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

	2020
Name	Amount
Cincinnati Insurance Corporation	\$4,759,090
Mercy Health Cincinnati LLC	1,415,544
Liberty Mutual Group Inc	544,145
Fairfield Board of Education	827,484
Koch Meat Co Inc	926,059
Express Scripts Services Company	493,822
Pacific Manufacturing Ohio Inc	448,991
City of Fairfield	361,610
Takumi Stamping Inc	180,355
Martin Brower Co LLC	337,085
Total Collections - Principal Taxpayers	<u>\$10,294,185</u>
Total Collections	\$32,873,547
Combined percentage of total income taxes	31.3%
	2011
Name	Amount
Cincinnati Insurance	\$2,666,320
Liberty Mutual Group	1,159,700
Mercy Regional Health Solutions	993,104
Fairfield Board of Education	645,954
Medco Health Solutions	615,607
City of Fairfield	307,524
Koch Meat Co Inc	263,798
Pacific Mfg Ohio Inc	223,162
Devco Holdings	149,011
FedEx Freight East Inc.	144,696
Total Collections - Principal Taxpayers	<u>\$7,168,876</u>
Total Collections	\$23,973,448
Combined percentage of total income taxes	29.9%

Source: City Finance Department

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

Calendar Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Loans	General Obligation Bonds			
2011	\$23,323,331	\$197,735	\$5,154,545	\$3,113,867	\$31,789,478	0.23%	\$748
2012	22,074,185	115,972	4,357,688	2,755,301	29,303,146	0.20%	689
2013	20,427,762	29,765	3,528,338	2,328,129	26,313,994	0.18%	619
2014	18,756,339	0	2,665,171	1,890,957	23,312,467	0.15%	548
2015	17,029,916	0	1,766,809	1,453,785	20,250,510	0.13%	476
2016	15,248,896	0	831,812	1,011,613	17,092,321	0.10%	402
2017	14,103,851	0	219,082	574,440	14,897,373	0.09%	350
2018	12,597,749	0	43,111	437,080	13,077,940	0.07%	308
2019	11,391,165	0	0	294,720	11,685,885	0.06%	275
2020	10,264,582	0	0	147,360	10,411,942	N/A	245

Source: City Finance Department

Notes:

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

N/A - Information not available

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

Calendar Year	General Bonded Debt Outstanding Total General Obligation Bonds	Less: Restricted for Debt Service (1)	General Bonded Debt Outstanding Net General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2011	\$26,437,198	\$1,646,970	\$24,790,228	0.89%	\$583
2012	24,829,486	1,674,118	23,155,368	0.87%	545
2013	22,755,891	2,503,239	20,252,652	0.77%	476
2014	20,647,296	1,929,153	18,718,143	0.71%	440
2015	18,483,701	1,829,128	16,654,573	0.64%	392
2016	16,260,509	1,743,468	14,517,041	0.55%	341
2017	14,678,291	1,763,686	12,914,605	0.47%	304
2018	13,034,829	1,781,236	11,253,593	0.39%	265
2019	11,685,885	1,821,273	9,864,612	0.34%	232
2020	10,411,942	1,824,774	8,587,168	0.26%	202

Source: City Finance Department

(1) - Amount from Statement of Net Assets/Net Position

Notes:

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

City of Fairfield, Ohio
Direct and Overlapping Governmental Activities Debt
As of December 31, 2020
Schedule 13

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Fairfield
Butler County	\$20,767,870	12.42%	\$2,579,369
Hamilton County	112,935,000	0.00%	0
Fairfield Township	3,240,000	0.00%	0
Fairfield City School District	61,404,000	68.83%	42,264,373
Lakota Local School District	100,652,804	0.35%	352,285
Northwest L School District	74,275,000	0.00%	0
Butler Tech and Career Center Jt. Voc. School District	7,255,000	10.50%	761,775
Subtotal Overlapping Debt	380,529,674		45,957,802
City of Fairfield - Direct Debt	10,264,582	100.00%	10,264,582
Total Direct and Overlapping Debt	\$390,794,256		\$56,222,384

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, Ohio
Legal Debt Margin Information
Last Ten Calendar Years
Schedule 14

Legal Debt Margin Calculation for Current Calendar Year										
Assessed Value								\$1,210,110,760	\$1,210,110,760	
Statutory Legal Debt Limitation (1)								10.5%	5.5%	
Total Debt Limitation								127,061,630	66,556,092	
Debt Applicable to Limit:										
Gross Indebtedness								10,264,582	10,264,582	
Less: Restricted for Debt Service (2)								1,824,774	1,824,774	
Total Net Debt Applicable to Limit								8,439,808	8,439,808	
Legal Debt Margin								\$118,621,822	\$58,116,284	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Debt Limit (1)										
Debt Limit (10.5%)	\$100,225,906	\$100,225,906	\$99,612,200	\$99,676,431	\$98,869,048	\$99,206,197	\$104,925,556	\$110,070,737	\$108,600,096	\$127,061,630
Total Net Debt Applicable to Limit	26,437,198	24,462,392	22,755,891	20,647,296	18,483,701	16,260,509	14,678,291	11,253,593	9,864,612	8,439,808
Legal Debt Margin	\$73,788,708	\$75,763,514	\$76,856,309	\$79,029,135	\$80,385,347	\$82,945,688	\$90,247,265	\$98,817,144	\$98,735,484	\$118,621,822
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	26.4%	24.4%	22.8%	20.7%	18.7%	16.4%	14.0%	10.2%	9.1%	6.6%
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$52,499,284	\$52,499,284	\$52,177,819	\$52,211,464	\$51,788,549	\$51,965,151	\$54,961,006	\$57,656,100	\$56,885,765	\$66,556,092
Total Net Debt Applicable to Limit	26,437,198	24,462,392	22,755,891	20,647,296	18,483,701	16,260,509	14,678,291	11,253,593	9,864,612	8,439,808
Legal Debt Margin	\$26,062,086	\$28,036,892	\$29,421,928	\$31,564,168	\$33,304,848	\$35,704,642	\$40,282,715	\$46,402,507	\$47,021,153	\$58,116,284
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	50.4%	46.6%	43.6%	39.5%	35.7%	31.3%	26.7%	19.5%	17.3%	12.7%

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.

(2) - Amount from Statement of Net Assets/Net Position

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

Calendar Year	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2011	\$274,721	\$0	\$0	N/A
2012	506,161	0	0	N/A
2013	369,777	0	0	N/A
2014	676,237	0	0	N/A
2015	447,881	0	0	N/A
2016	383,176	0	0	N/A
2017	353,787	0	0	N/A
2018	298,208	0	0	N/A
2019	329,318	0	0	N/A
2020	325,955	0	0	N/A

Source: County Auditor

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

N/A - Information not available

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

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2011	42,510	\$13,538,158	\$36,590	7.90%
2012	42,510	14,398,043	38,852	6.00%
2013	42,510	14,592,549	39,304	7.10%
2014	42,510	15,294,977	40,878	4.50%
2015	42,510	15,631,343	41,534	4.50%
2016	42,510	16,411,074	43,423	4.10%
2017	42,510	17,089,200	44,900	4.70%
2018	42,510	18,127,599	47,408	4.20%
2019	42,510	18,829,414	49,146	4.10%
2020	42,510	N/A	N/A	0.00%

Sources:

(1) - Population estimates provided by U.S. Census Bureau (2000 Census for years 2002 - 2009 and 2010 Census for years 2010 - 2011)

(2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts

(3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts

(4) - Ohio Bureau of Employment Services

N/A - Information not available

City of Fairfield, Ohio
Major Employers (1)
Current Year and Nine Years Ago
Schedule 17

2020			
Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Employment
AK Steel Holding Corp	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Fairfield City Schools	Govt	(3)	(4)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
GE Aviation	Mfg	(3)	(4)
Hamilton City Schools	Govt	(3)	(4)
Koch Foods	Serv	(3)	(4)
Lakota Local Schools	Govt	(3)	(4)
Liberty Mutual/Ohio Casualty Corp	Ins	(3)	(4)
Mercy Regional Hospital	Serv	(3)	(4)
Miami University	Govt	(3)	(4)
Pierre Foods	Mfg	(3)	(4)

2011			
Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Population
AK Steel Holding Corp	Mfg	(3)	(4)
Amylin Pharmaceuticals Inc	Mfg	(3)	(4)
Armor Holdings Inc	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Fairfield City Schools	Govt	(3)	(4)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
Hamilton City Schools	Govt	(3)	(4)
Lakota Local Schools	Govt	(3)	(4)
Liberty Mutual/Ohio Casualty Corp	Ins	(3)	(4)
Mercy Regional Hospital	Serv	(3)	(4)
Miami University	Govt	(3)	(4)
Middletown Regional Health System	Serv	(3)	(4)

Source: Ohio Department of Development

(1) - For all of Butler County

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

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

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

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

Function/Program	Full-Time Equivalent Employees as of December 31									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
City Administration	5	5	5	5	10	10	12	12	11	9
City Council	2	2	2	1	1	1	1	1	1	1
Engineering	6	6	6	6	6	6	6	6	6	6
Facility/Janitors	2	2	2	1	1	1	1	1	2	1
Municipal Court	21	20	19	20	20	20	20	20	20	19
Finance	21	21	21	21	16	18	17	18	17	15
Public Safety										
Police										
Officers	59	58	58	57	57	58	58	60	60	61
Non-Sworn	20	20	20	20	20	20	18	19	19	20
Fire	30	29	29	28	27	28	31	34	34	34
Leisure Time Activities										
Parks and recreation	20	20	20	20	20	19	18	18	19	20
Community Development										
Planning and Zoning	4	4	4	4	4	3	4	4	4	3
Building Inspection	8	8	8	8	8	8	8	8	9	8
Economic Development	1	1	1	1	1	1	1	1	1	1
Basic Utility Service										
Water	21	21	19	18	20	21	21	21	31	20
Wastewater	22	21	21	22	22	21	21	22	31	20
Transportation and Street Repair	28	27	27	27	28	27	28	28	29	27
Total	270	265	262	259	261	262	265	273	294	265

Source: City Finance Department

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Community Environment										
Planning and Development										
Building permits issued	1,787	2,068	1,771	1,720	1,712	1,834	1,838	1,882	1,657	1,975
Building inspections conducted	2,665	2,904	2,820	2,542	2,554	3,229	3,477	2,858	2,502	2,454
Economic Development										
Value of Residential Construction	\$6,581,580	\$8,020,432	\$6,689,302	\$5,589,157	\$7,516,667	\$9,058,653	\$9,667,134	\$8,551,521	\$8,600,413	\$11,677,983
Value of Commercial Construction	\$16,158,312	\$22,505,453	\$27,617,808	\$25,374,335	\$35,644,173	\$122,371,102	\$56,811,744	\$49,150,566	\$39,144,492	\$38,068,302
General Government										
Finance Department - Income Tax										
Income Tax Refunds	948	1,063	928	959	1,022	847	819	985	1,417	800
Dollar Amount of Refunds	\$488,939	\$493,998	\$475,670	\$3,322,818	\$1,538,826	\$564,945	\$1,477,354	\$623,538	\$1,403,977	\$621,047
Average Refund Amount	\$516	\$465	\$513	\$3,465	\$1,506	\$667	\$1,804	\$633	\$991	\$776.31
Court										
Number of Criminal Cases	4,334	3,359	3,215	3,590	2,869	3,303	3,464	4,065	3,682	2,988
Number of Civil Cases	1,667	1,459	1,223	1,185	1,152	1,188	1,306	1,438	1,833	1,086
Construction Services										
Square Footage of Sidewalk Repairs	31,350	13,951	24,976	17,460	19,036	25,700	13,800	10,906	24,019	11,588
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	3,476	2,802	2,732	2,485	2,430	2,851	3,509	3,461	3,979	3,395
Juvenile	26	222	258	295	255	265	286	279	49	139
Citations	2,555	2,310	3,043	2,842	2,980	3,048	3,450	3,609	3,948	1,718
Accidents	1,232	1,237	1,144	1,322	1,440	1,358	1,386	1,447	2,039	1,626
Fire										
Emergency responses	5,378	5,465	5,437	5,870	4,972	5,593	6,089	5,453	5,956	5,323
Fire Calls	869	906	866	944	915	806	873	1,002	971	930
Inspections	2,136	1,526	1,855	1,934	1,846	1,460	1,441	1,752	1,427	938
Transportation										
Public Works										
Number of Street Miles Resurfaced	5	4	13	15	12	11	14	32	24	26
Tons of Street Salt Used	3,671	1,177	4,686	4,315	4,368	2,213	1,197	4,286	3,815	852
Cubic Yards of Leaves Picked-up	2,929	3,952	3,959	4,152	5,346	5,676	4,150	6,081	5,040	4,404

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Leisure										
Parks and Recreation										
Number of Theater Patrons	14,395	14,345	12,195	14,120	14,158	15,336	13,562	12,630	13,615	2,213
Number of Pool Admissions	46,505	34,838	24,090	24,641	26,511	26,062	24,893	29,621	38,984	0
Program Attendance:										
Youth/Preschool	18,861	21,796	20,073	20,805	19,418	20,570	20,946	22,647	19,079	4,198
Fitness	12,254	12,479	9,636	8,976	5,659	5,838	6,600	8,502	6,656	2,207
Senior Activities	13,559	16,323	18,047	17,898	19,160	19,896	20,500	20,540	20,258	4,458
Water										
Water main breaks	60	57	64	81	56	71	59	72	59	55
Average daily consumption (millions of gallons)	5.200	5.149	5.068	4.998	4.597	5.219	5.430	5.340	5.650	5.650
Peak daily consumption (millions of gallons)	7.407	8.282	7.746	6.978	6.884	7.256	7.319	8.280	8.050	7.820
Wastewater										
Average daily sewage treatment (millions of gallons)	4.934	4.955	5.323	5.182	5.216	4.779	5.133	5.791	5.870	5.230

Source: Various City Departments

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Municipal Building (square footage)	19,284	19,284	19,284	19,281	19,284	19,284	19,284	19,284	19,284	19,284
Municipal Building Annex (square footage)	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033
Police Cruisers	27	24	24	21	25	28	24	24	24	24
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	5	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)	160.6	160.7	166.3	166.3	180.0	180.0	180.0	180.0	180.0	180.0
Highways (miles)	7.27	7.27	7.27	7.27	7.27	7.27	7.27	7.27	7.27	7.27
Streetlights	2,962	2,962	2,962	2,983	2,983	2,986	2,986	2,986	2,995	3,005
Traffic signals	60	61	61	63	61	61	61	61	61	61
Parks and Recreation										
Number of Parks	25	26	29	29	37	35	35	36	37	37
Area of Parks (acreage)	469	577	676	538	665	659	827	827	839	839
Playgrounds	12	15	14	21	14	14	14	14	15	15
Baseball/softball diamonds	16	16	18	21	20	20	20	20	20	20
Soccer/football fields	11	11	12	17	15	15	15	15	15	15
Aquatic Center /Swimming pools	1	1	1	1	1	1	1	1	1	1
Community Arts centers	1	1	1	1	1	1	1	1	1	1
Golf Courses	2	2	2	2	2	2	2	2	2	2
Municipal Water										
Storage Capacity (millions of gallons)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water Mains (miles)	172.00	172.00	172.00	169.00	169.00	169.00	170.00	170.00	189.00	189.00
Fire hydrants	1,965	1,965	1,966	2,000	2,000	2,000	2,000	2,000	1,981	1,981
Sewers										
Treatment Capacity (millions of gallons)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Sanitary Sewers (miles)	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00

Source: Various City Departments