



City of Fairfield, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

City of Fairfield, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

Prepared By:
Department of Finance
Mary Hopton, Director

On the Cover

The bronze sculpture “Public Safety Tribute” designed by Andrea Grimsley, produced by Verdin Company, depicts a firefighter, an emergency technician caring for an infant child and a police officer gathered around a flag pole flying an American flag. This tribute is located adjacent to the Fairfield Justice Center.

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Introductory Section

June 30, 2016

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, 2015 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 recreational activities. In addition, water, sanitary sewer, solid waste collection and disposal, and recreation 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 stream, income tax. While many other communities experienced loss of jobs and/or industries, Fairfield has been fortunate to retain and attract desirable businesses and industries in the City.

To offset losses in State funding, the residents approved an income tax reapportionment of the 1.5% income tax in 2012. 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%. This will insure the continuation of the projects funded from the Street Improvement and Capital Improvement funds in the substantial five-year Capital Improvement Program.

Relevant Financial Policies

The State of Ohio legislative branch passed House Bill 5, a municipal tax uniformity bill, in 2015 and the Governor signed it on December 19, 2015. 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 that income tax. Municipal representatives worked closely with the bill's sponsors and proponents to reach a consensus on the bill, which seeks more uniformity amongst Ohio's cities and villages levying an income tax. Most provisions of this bill will become effective in January 2016 for the 2016 tax year.

Legislative changes have been made to Section 181 of the City's Codified Ordinances to comply with the new State law. At this time the City is uncertain of the estimated financial impact these legislative changes will have on income tax receipts.

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 2015:

- 1) The City completed work with outside vendors to add a generator at the Wastewater Plant. This generator will help maintain plant operations in the event of an emergency and is estimated to cost \$2.5 million. This project was financed through a 10 year lease.
- 2) Improvements to US 127 (Pleasant Avenue) at the southern end of Fairfield was completed in 2015. The addition of a center turn lane and lengthening of the southbound lane is expected help with the increased traffic on US 127. This project was estimated to cost \$900,000 with 90% funding from an Ohio Department of Transportation grant.
- 3) Improvements to Nilles Road and Gray Road which included storm sewers, guardrails, shoulder widening and pavement overlay were completed in 2015. These improvements cost approximately \$1.79 million with \$600,000 in outside funding.

Future Projects

Accomplishments and significant capital projects to look forward to in 2016 include the following:

- 1) State Route 4 at South Gilmore-Holden Intersection Improvements at a cost of \$1.86 million with \$1.52 million in outside grant funding. Right-of-way was completed in 2015 and construction will begin this year. This project is considered critical as this location is currently ranked as the City's most dangerous intersection. Construction is scheduled to begin in May of 2016 after the completion of the school year.
- 2) Water System Improvements for Route 4 at a cost of \$3.1 million with \$3 million in outside debt financing. The timing of the replacement of the water line from Nilles Road to By-Pass 4 in 2017 is crucial to the Route 4 Urban Paving project slated to begin in late 2017 into 2018. The Route 4 Urban Paving project is expected to cost \$3.56 million with \$1.8 million in outside state funding.

Internal Accounting and Budgetary Controls

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

Budgetary control is maintained at the department level by the use of encumbrances for purchase order amounts to vendors. Open encumbrances are reported as assignments of the fund balance for the governmental fund types at December 31, 2015.

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:

	2015	2014
General fund 1.2%	\$21,969,263	\$21,225,749
Street Improvement fund 0.15%	2,746,158	2,653,219
Capital Improvement fund 0.15%	<u>2,746,158</u>	<u>2,653,219</u>
Gross Revenues	<u>\$27,461,579</u>	<u>\$26,532,187</u>

Independent Audit

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

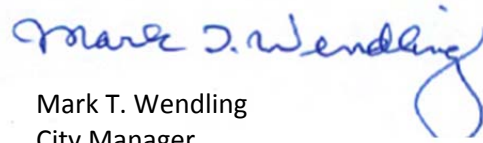
Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fairfield for its Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2014. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

Respectfully submitted,
CITY OF FAIRFIELD



Mark T. Wendling
City Manager



Mary Hopton
Director of Finance

**CITY OF FAIRFIELD
PUBLIC OFFICIALS**

MAYOR

Steve Miller

COUNCIL MEMBERS

Vice Mayor – Debbie Pennington

Chad Oberson
Terry Senger
Mike Synder

Marty Judd
Adam Jones
Bill Woeste

APPOINTED OFFICIALS

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

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

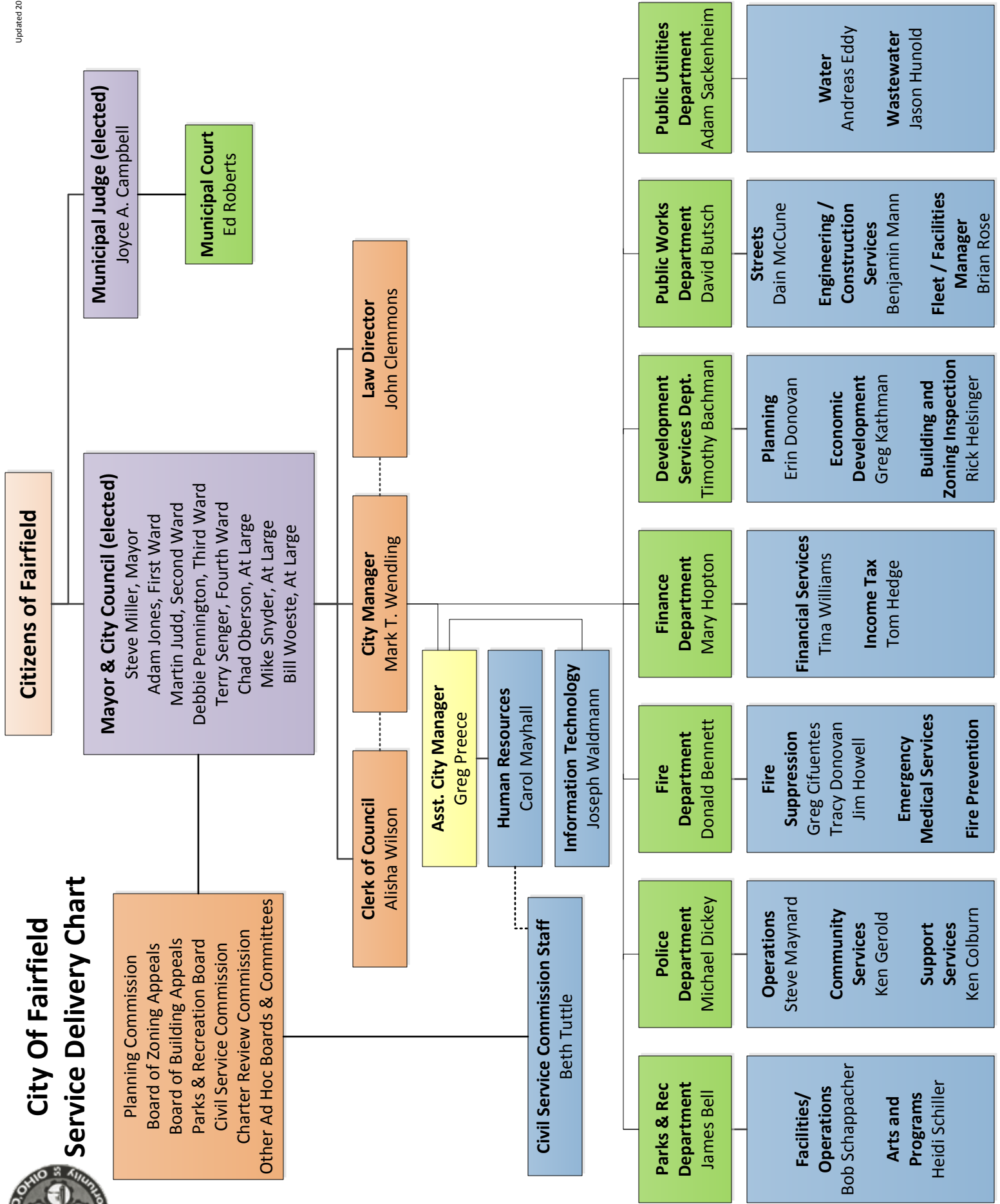
DEPARTMENT OF FINANCE

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

Finance Director
Financial Services Manager
Income Tax Administrator
Payroll Administrator



City Of Fairfield Service Delivery Chart





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, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

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Financial Section



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

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 City of Fairfield, Butler County, Ohio (the City), as of and for the year ended December 31, 2015, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Butler County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, during the year ended December 31, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, *Required budgetary comparison schedules* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.

A handwritten signature in black ink, reading "Dave Yost". The signature is written in a cursive, flowing style. The "D" is large and loops around the "ave". The "Yost" is written in a similar cursive style, with the "Y" being particularly prominent.

Dave Yost
Auditor of State

Columbus, Ohio

June 30, 2016

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2015
(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, 2015. 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 \$355,982. Net position of governmental activities decreased \$34,750, net position of business-type activities increased by \$390,732.
- The general fund reported a fund balance of \$14,948,281.
- Business-type operations reflected operating income of \$208,229.
- The City had \$40,726,667 in expenses relating to governmental activities; program revenues offset \$8,306,256 of these expenses. General revenues of \$32,700,661 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, 2015
(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, Sewer Utility, Solid Waste Management and Recreation Facilities.

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

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

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

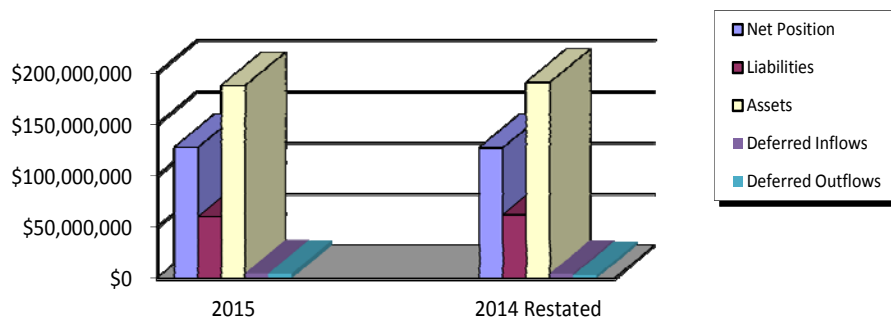
City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2015
(Unaudited)

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 2015 compared to 2014.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
Assets:						
Current and Other Assets	\$44,453,596	\$44,668,148	\$11,657,490	\$11,995,222	56,111,086	\$56,663,370
Capital Assets	87,921,816	89,646,148	43,600,605	44,330,097	131,522,421	133,976,245
Total Assets	132,375,412	134,314,296	55,258,095	56,325,319	187,633,507	190,639,615
Deferred Outflows of Resources:						
Deferred Charge on Refunding Pension	230,057	260,860	29,754	34,712	259,811	295,572
	3,925,769	2,374,179	712,680	472,667	4,638,449	2,846,846
Total Deferred Outflows of Resources	4,155,826	2,635,039	742,434	507,379	4,898,260	3,142,418
Liabilities:						
Long-Term Liabilities	47,600,048	48,103,891	7,320,380	8,629,689	54,920,428	56,733,580
Other Liabilities	3,030,039	2,959,864	2,101,200	2,076,699	5,131,239	5,036,563
Total Liabilities	50,630,087	51,063,755	9,421,580	10,706,388	60,051,667	61,770,143
Deferred Inflows of Resources:						
Property Taxes	4,662,000	4,657,500	0	0	4,662,000	4,657,500
Grants and Other Taxes	181,458	272,067	0	0	181,458	272,067
Pension	136,430	0	61,907	0	198,337	0
Total Deferred Inflows of Resources	4,979,888	4,929,567	61,907	0	5,041,795	4,929,567
Net Position:						
Net Investment In Capital Assets	70,871,957	70,400,669	39,709,765	38,873,969	110,581,722	109,274,638
Restricted	15,892,445	16,288,586	1,023,003	1,022,736	16,915,448	17,311,322
Unrestricted	(5,843,139)	(5,733,242)	5,784,274	6,229,605	(58,865)	496,363
Total Net Position	\$80,921,263	\$80,956,013	\$46,517,042	\$46,126,310	\$127,438,305	\$127,082,323



During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2015
(Unaudited)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

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(Unaudited)

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$103,182,231 to \$80,956,013 for governmental activities and from \$49,139,326 to \$46,126,310 for business-type activities.

Total net position of the City as a whole increased \$355,982. Net position of the City's governmental activities decreased \$34,750, while the net position of the City's business-type activities increased \$390,732 from 2014. 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 that may be used to meet the government's ongoing obligations to citizens and creditors. Capital Assets decreased mainly due to current year depreciation expense being greater than additions. Total Long-Term Liabilities decreased mainly due to the decrease in net pension liability.

Table 2 shows the changes in net position at year-end and revenue and expense comparisons to 2015.

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City of Fairfield, Ohio
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(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for Services	\$4,331,380	\$4,346,776	\$15,015,358	\$14,791,370	\$19,346,738	\$19,138,146
Operating Grants and Contributions	3,077,018	2,944,428	0	88,048	3,077,018	3,032,476
Capital Grants and Contributions	897,858	14,506	12,090	900	909,948	15,406
Total Program Revenues	8,306,256	7,305,710	15,027,448	14,880,318	23,333,704	22,186,028
General Revenues:						
Income Taxes	25,318,834	23,586,464	0	0	25,318,834	23,586,464
Property Taxes	5,279,330	5,575,168	0	0	5,279,330	5,575,168
Grants and Entitlements	1,194,667	1,580,380	0	0	1,194,667	1,580,380
Investment Earnings	185,456	140,964	11,405	24,544	196,861	165,508
Other Revenues	722,374	1,253,901	244,583	204,500	966,957	1,458,401
Total General Revenues	32,700,661	32,136,877	255,988	229,044	32,956,649	32,365,921
Total Revenues	41,006,917	39,442,587	15,283,436	15,109,362	56,290,353	54,551,949
Program Expenses:						
General Government	11,016,813	8,179,792	0	0	11,016,813	8,179,792
Public Safety	15,683,673	17,231,019	0	0	15,683,673	17,231,019
Community Development	1,094,499	1,483,394	0	0	1,094,499	1,483,394
Liesure Time Activities	3,020,368	3,294,693	0	0	3,020,368	3,294,693
Transportation and Street Repair	8,667,858	8,004,851	0	0	8,667,858	8,004,851
Basic Utility Service	441,845	442,800	0	0	441,845	442,800
Public Health and Welfare	21,248	21,581	0	0	21,248	21,581
Interest and Other Charges	780,363	815,863	0	0	780,363	815,863
Water Utility	0	0	5,225,446	5,044,656	5,225,446	5,044,656
Sewer Utility	0	0	5,591,952	5,272,460	5,591,952	5,272,460
Solid Waste	0	0	2,216,074	2,173,408	2,216,074	2,173,408
Recreation	0	0	2,174,232	2,280,222	2,174,232	2,280,222
Total Program Expenses	40,726,667	39,473,993	15,207,704	14,770,746	55,934,371	54,244,739
Increase (Decrease) in Net Positon before Transfers	280,250	(31,406)	75,732	338,616	355,982	307,210
Transfers - Internal Activities	(315,000)	(295,000)	315,000	295,000	0	0
Change in Net Position	(34,750)	(326,406)	390,732	633,616	355,982	307,210
Net Position - Beginning of Year	80,956,013	N/A	46,126,310	N/A	127,082,323	N/A
Net Position - End of Year	\$80,921,263	\$80,956,013	\$46,517,042	\$46,126,310	\$127,438,305	\$127,082,323

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include pension expense of \$2,846,846 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expenses of \$3,001,804. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

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	Governmental Activities	Business-Type Activities	Total
Total 2015 program expenses under GASB 68	\$40,726,667	\$15,207,704	\$55,934,371
Pension expense under GASB 68	(2,580,127)	(421,677)	(3,001,804)
2015 contractually required contributions	2,679,345	575,030	3,254,375
Adjusted 2015 program expenses	40,825,885	15,361,057	56,186,942
Total 2014 program expenses under GASB 27	39,473,993	14,770,746	54,244,739
Increase in program expenses not related to pension	\$1,351,892	\$590,311	\$1,942,203

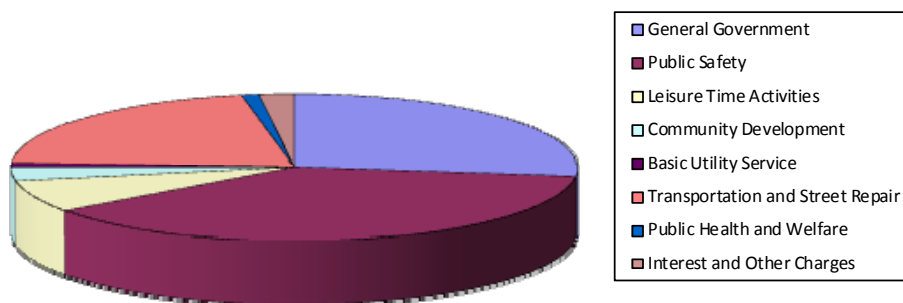
Governmental Activities

The City had a decrease in revenues mainly due to a decrease in Capital Grants and Contributions that the City received in 2015. Total expenses increased mainly due to the City's general government services, that they provide, increased from 2014.

Revenues generated by the earnings tax represent approximately 78% of the City's governmental activities general revenues. During 2015, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2015 earnings tax revenues increased approximately 7.3% when compared to 2014 earnings tax revenues.

Governmental Activities
Program Expenses for 2015

	Percentage
General Government	27%
Public Safety	38%
Leisure Time Activities	7%
Community Development	3%
Basic Utility Service	1%
Transportation and Street Repair	21%
Public Health and Welfare	1%
Interest and Other Charges	2%
Total	100%



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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 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 Police 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 \$208,229 for 2015. The operating revenues for business-type activities were \$15,259,941, while operating

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expenses were \$15,051,712 for 2015. The increase in operating income for 2015 was mainly due to an increase in the City's charges for services revenue, which was mainly due to an increase in water and sewer utilities collections in 2015 as compared to 2014.

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.

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.

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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 2012, 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 2014 rate was \$11.45 per month for curbside service and \$6.50 per month for dumpster service. The rates increased in September, 2014 to \$11.65 per month for curbside service and \$6.65 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 \$12.25 and the dumpster rate to be \$7.10 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 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.

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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 \$29,751,625 (70%) of the total governmental fund assets.

General Fund: Fund balance at December 31, 2015 was \$14,948,281, an increase in fund balance of \$564,462 from 2014. The general fund had an increase in fund balance mainly due to an increase in taxes revenue mainly due to an increase in income tax collections.

Fire Levy Fund: Fund deficit at December 31, 2015 was \$284,368, an increase in fund deficit of \$60,909 from 2014. The increase in fund deficit was mainly due to an increase in public safety expenditures.

Street Improvement Fund: Fund balance at December 31, 2015 was \$4,250,919, an increase in fund balance of \$5,922 from 2014. The Street Improvement Fund remained constant with the prior year.

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 \$31,212,067 and the final actual expenditures were \$29,049,648. The difference was \$2,162,419. 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 2015. As the City completed the year, its General Fund balance reported an actual fund balance of \$13,300,334, on a Non-GAAP Budgetary Basis.

Capital Assets and Debt Administration

Capital Assets

At year end, the City had \$131,522,421 invested in land, construction in progress, buildings and improvements, equipment and infrastructure. Table 3 shows 2015 balances compared to 2014:

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City of Fairfield, Ohio
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Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$18,687,540	\$18,565,119	\$1,641,949	\$1,641,949	\$20,329,489	\$20,207,068
Construction in Progress	2,088,896	2,216,809	326,603	1,835,320	2,415,499	4,052,129
Buildings and Improvements	48,117,921	47,891,107	49,909,982	47,781,838	98,027,903	95,672,945
Equipment	17,205,299	16,867,352	4,727,516	4,682,395	21,932,815	21,549,747
Infrastructure	99,262,671	97,243,481	34,655,206	33,880,236	133,917,877	131,123,717
Accumulated Depreciation	(97,440,511)	(93,137,720)	(47,660,651)	(45,491,641)	(145,101,162)	(138,629,361)
Total Net Capital Assets	<u>\$87,921,816</u>	<u>\$89,646,148</u>	<u>\$43,600,605</u>	<u>\$44,330,097</u>	<u>\$131,522,421</u>	<u>\$133,976,245</u>

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

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

Debt

The City had \$17,029,916 in Governmental Activities long-term debt and \$3,220,594 in Business-Type Activities long-term debt.

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City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2015
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Table 4
Outstanding Debt at Year End

		2015	2014
Governmental Activities:			
<u>Bonds and Notes:</u>			
Various Purpose Golf and Justice Center - 2009	3.56%	\$4,675,000	\$4,920,000
Various Purpose Refunding - 2009	3.23%	925,000	1,210,000
Roadway Improvement Bonds - 2010A	4.64-6.09%	6,000,000	6,000,000
Roadway Improvement Bonds - 2010B	3.74-4.44%	1,230,000	1,230,000
Roadway Improvement Bonds - 2010C	2.00-2.25%	0	395,000
Various Purpose Refunding - 2012	3.66%	390,000	760,000
Community Arts Center Refunding 2012	4.50%	3,525,000	3,910,000
Premium/(Discount)	n/a	284,916	331,339
Total Bonds and Notes:		<u>\$17,029,916</u>	<u>\$18,756,339</u>
Business Type Activities:			
OWDA Wastewater Improvement Loan	3.79-4.12%	\$1,766,809	\$2,665,171
Water Refunding Mortgage Revenue Bond - 2009	3.15%	590,000	875,000
Premium on Various Purpose Water Refunding - 2009	n/a	9,623	14,434
Various Purpose Refunding - 2012	3.66%	810,000	950,000
Premium on Various Purpose Water Refunding - 2012	n/a	44,162	51,523
Total Business Type Activities		<u>\$3,220,594</u>	<u>\$4,556,128</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 has worked through the economic conditions over the past several years through good budgeting and internal controls. The City's main revenue source, income tax, has stabilized primarily due to the employers base in the City. As the economy has stabilized, those employers are either holding employment levels consistent or growing their employment levels which has contributed to the steady increase in withholding tax to the City.

Back in 2012 and 2013, the State operating budget cut local funding and eliminated the estate tax, the City lost approximately \$1,500,000 in revenue. At that time the City apportioned the income tax to the General, Street Improvement and Capital funds. Due to the loss of revenue, the City residents approved a reapportionment to replace the lost revenue in the General fund in 2013. 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

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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%. This will insure the continuation of the projects funded from the Street Improvement and Capital Improvement funds in the substantial five-year Capital Improvement Program.

Contacting the City's Finance Department

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

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City of Fairfield, Ohio
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$31,218,471	\$8,916,548	\$40,135,019
Restricted Cash	0	1,023,003	1,023,003
Receivables (Net):			
Taxes	10,881,905	0	10,881,905
Accounts	445,308	1,487,516	1,932,824
Interest	31,267	8,035	39,302
Intergovernmental	1,876,645	0	1,876,645
Inventory	0	222,388	222,388
Nondepreciable Capital Assets	20,776,436	1,968,552	22,744,988
Depreciable Capital Assets, Net	67,145,380	41,632,053	108,777,433
Total Assets	132,375,412	55,258,095	187,633,507
Deferred Outflows of Resources:			
Deferred Charge on Refunding Pension	230,057	29,754	259,811
	3,925,769	712,680	4,638,449
Total Deferred Outflows of Resources	4,155,826	742,434	4,898,260
Liabilities:			
Accounts Payable	799,404	773,553	1,572,957
Accrued Wages and Benefits	1,303,328	243,294	1,546,622
Retainage Payable	155,324	30,486	185,810
Accrued Interest Payable	59,646	6,490	66,136
Due to Other Governments	27,613	70,723	98,336
Claims Payable	434,724	17,163	451,887
Other Liabilities	0	259,491	259,491
General Obligation Notes Payable	250,000	700,000	950,000
Long-Term Liabilities:			
Due Within One Year	2,820,907	1,537,976	4,358,883
Due In More Than One Year			
Net Pension Liability	25,902,905	3,523,869	29,426,774
Other Amounts	18,876,236	2,258,535	21,134,771
Total Liabilities	50,630,087	9,421,580	60,051,667
Deferred Inflows of Resources:			
Property Taxes	4,662,000	0	4,662,000
Grants and Other Taxes	181,458	0	181,458
Pension	136,430	61,907	198,337
Total Deferred Inflows of Resources	4,979,888	61,907	5,041,795
Net Position:			
Net Investment in Capital Assets	70,871,957	39,709,765	110,581,722
Restricted for:			
Debt Service	1,829,128	0	1,829,128
Capital Projects	6,710,408	1,023,003	7,733,411
Street Construction and Maintenance	1,480,246	0	1,480,246
Court Services	4,776,587	0	4,776,587
Public Safety	250,290	0	250,290
Other Purposes	845,786	0	845,786
Unrestricted	(5,843,139)	5,784,274	(58,865)
Total Net Position	\$80,921,263	\$46,517,042	\$127,438,305

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2015

		Program Revenues		
		Charges for	Operating Grants	Capital Grants
	Expenses	Services and Sales	and Contributions	and Contributions
Governmental Activities:				
General Government	\$11,016,813	\$1,795,353	\$53,642	\$0
Public Safety	15,683,673	1,144,227	612,653	0
Community Development	1,094,499	223,544	0	0
Leisure Time Activities	3,020,368	497,097	0	2,568
Transportation and Street Repair	8,667,858	593,242	2,410,723	0
Basic Utility Service	441,845	77,917	0	895,290
Public Health and Welfare	21,248	0	0	0
Interest and Other Charges	780,363	0	0	0
Total Governmental Activities	40,726,667	4,331,380	3,077,018	897,858
Business-Type Activities:				
Water Utility	5,225,446	4,944,528	0	12,090
Sewer Utility	5,591,952	5,992,562	0	0
Solid Waste	2,216,074	2,218,507	0	0
Recreation	2,174,232	1,859,761	0	0
Total Business-Type Activities	15,207,704	15,015,358	0	12,090
Totals	\$55,934,371	\$19,346,738	\$3,077,018	\$909,948

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
(\$9,167,818)	\$0	(\$9,167,818)
(13,926,793)	0	(13,926,793)
(870,955)	0	(870,955)
(2,520,703)	0	(2,520,703)
(5,663,893)	0	(5,663,893)
531,362	0	531,362
(21,248)	0	(21,248)
(780,363)	0	(780,363)
(32,420,411)	0	(32,420,411)
0	(268,828)	(268,828)
0	400,610	400,610
0	2,433	2,433
0	(314,471)	(314,471)
0	(180,256)	(180,256)
(32,420,411)	(180,256)	(32,600,667)
25,318,834	0	25,318,834
1,636,590	0	1,636,590
3,642,740	0	3,642,740
1,194,667	0	1,194,667
162,927	0	162,927
185,456	11,405	196,861
559,447	244,583	804,030
(315,000)	315,000	0
32,385,661	570,988	32,956,649
(34,750)	390,732	355,982
80,956,013	46,126,310	127,082,323
\$80,921,263	\$46,517,042	\$127,438,305

City of Fairfield, Ohio
Balance Sheet
Governmental Funds
December 31, 2015

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$13,890,426	\$17,800	\$4,564,489	\$10,283,513	\$28,756,228
Receivables (Net):					
Taxes	5,981,774	3,675,965	612,083	612,083	10,881,905
Accounts	445,308	0	0	0	445,308
Interest	16,485	0	8,414	2,396	27,295
Intergovernmental	112,668	187,044	0	1,576,933	1,876,645
Interfund	239,169	0	0	0	239,169
Total Assets	20,685,830	3,880,809	5,184,986	12,474,925	42,226,550
Liabilities:					
Accounts Payable	275,891	17,482	207,124	287,389	787,886
Accrued Wages and Benefits	904,205	272,040	0	101,173	1,277,418
Retainage Payable	0	0	104,067	51,257	155,324
Accrued Interest Payable	0	0	1,090	0	1,090
Due to Other Governments	27,613	0	0	0	27,613
Interfund Payable	0	0	0	239,169	239,169
Claims Payable	53,296	12,646	0	7,593	73,535
General Obligation Notes Payable	0	0	250,000	0	250,000
Total Liabilities	1,261,005	302,168	562,281	686,581	2,812,035
Deferred Inflows of Resources:					
Property Taxes	1,085,110	3,675,965	0	0	4,761,075
Income Taxes	2,906,976	0	363,372	363,372	3,633,720
Grants and Other Taxes	107,013	187,044	0	1,150,235	1,444,292
Special Assessments	221,138	0	0	0	221,138
Accounts	141,732	0	0	0	141,732
Investment Earnings	14,575	0	8,414	1,136	24,125
Total Deferred Inflows of Resources	4,476,544	3,863,009	371,786	1,514,743	10,226,082
Fund Balances:					
Restricted	0	0	4,250,919	10,256,422	14,507,341
Assigned	673,678	0	0	164,254	837,932
Unassigned	14,274,603	(284,368)	0	(147,075)	13,843,160
Total Fund Balances	14,948,281	(284,368)	4,250,919	10,273,601	29,188,433
Total Liabilities, Deferred Inflows and Fund Balances	\$20,685,830	\$3,880,809	\$5,184,986	\$12,474,925	\$42,226,550

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, 2015

Total Governmental Fund Balance	\$29,188,433
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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	87,921,816
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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	3,633,720	
Delinquent Property Taxes	99,075	
Interest	24,125	
Intergovernmental	1,099,907	
Other Receivables	389,367	
Pension	136,430	
		5,382,624

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	1,686,003
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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.

(58,556)

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

Compensated Absences	(4,561,482)
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Deferred outflow of resources associated with long-term liabilities are not reported in the funds.

230,057

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

Deferred outflows of resources related to pensions	3,857,344	
Deferred inflows of resources related to pensions	(130,486)	
		3,726,858

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

Net Pension Liability	(25,564,574)	
Other Amounts	(17,029,916)	
		(42,594,490)

Net Position of Governmental Activities	\$80,921,263
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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, 2015

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$1,629,405	\$3,623,948	\$0	\$0	\$5,253,353
Income Taxes	20,685,276	0	2,623,998	2,623,998	25,933,272
Charges for Services	1,617,871	1,130,044	0	0	2,747,915
Investment Earnings	89,059	26	16,825	69,858	175,768
Intergovernmental	1,744,851	378,599	336,704	2,986,789	5,446,943
Special Assessments	113,111	0	0	137,187	250,298
Fines, Licenses & Permits	1,249,287	6,450	0	528,685	1,784,422
Other Revenues	402,734	6,128	0	53,359	462,221
Total Revenues	27,531,594	5,145,195	2,977,527	6,399,876	42,054,192
Expenditures:					
Current:					
General Government	7,854,248	0	0	484,484	8,338,732
Public Safety	10,769,127	6,050,866	0	9,979	16,829,972
Community Development	1,457,640	0	0	0	1,457,640
Leisure Time Activities	2,588,912	0	0	0	2,588,912
Transportation and Street Repair	0	0	0	3,351,636	3,351,636
Basic Utility Service	441,845	0	0	0	441,845
Public Health and Welfare	21,248	0	0	0	21,248
Capital Outlay	63,611	5,238	2,527,393	3,143,406	5,739,648
Debt Service:					
Principal	0	0	0	1,680,000	1,680,000
Interest and Other Charges	0	0	1,090	798,912	800,002
Total Expenditures	23,196,631	6,056,104	2,528,483	9,468,417	41,249,635
Excess of Revenues Over (Under) Expenditures	4,334,963	(910,909)	449,044	(3,068,541)	804,557
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	29,499	0	8,025	30,895	68,419
Transfers In	0	850,000	1,250,000	4,276,507	6,376,507
Transfers (Out)	(3,800,000)	0	(1,701,147)	(1,415,360)	(6,916,507)
Total Other Financing Sources (Uses)	(3,770,501)	850,000	(443,122)	2,892,042	(471,581)
Net Change in Fund Balance	564,462	(60,909)	5,922	(176,499)	332,976
Fund Balance - Beginning of Year	14,383,819	(223,459)	4,244,997	10,450,100	28,855,457
Fund Balance - End of Year	\$14,948,281	(\$284,368)	\$4,250,919	\$10,273,601	\$29,188,433

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, 2015

Net Change in Fund Balance - Total Governmental Funds \$332,976

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	3,223,393	
Depreciation Expense	<u>(4,770,243)</u>	(1,546,850)

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.

(177,482)

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

City pension contributions	2,679,344	
Cost of benefits earned net of employee contributions	<u>(2,580,125)</u>	99,219

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

Income Taxes	(614,438)	
Delinquent Property Taxes	23,958	
Interest	9,688	
Intergovernmental	(150,731)	
Other	<u>(452,182)</u>	(1,183,705)

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

1,680,000

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

4,019

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	(77,631)	
Amortization of Bond Premium	46,423	
Amortization of Deferred Charge on Refunding	(30,803)	
Pension	<u>136,430</u>	74,419

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>682,654</u>	
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Change in Net Position of Governmental Activities	<u><u>(\$34,750)</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, 2015

	Business-Type Activities -Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Recreation Facilities	Other Enterprise Funds	Total Business-Type Activities	
Current Assets:						
Equity in Pooled Cash and Investments	\$4,754,821	\$3,373,411	\$509,292	\$279,024	\$8,916,548	\$2,462,243
Restricted Cash	1,023,003	0	0	0	1,023,003	0
Receivables (Net):						
Accounts	494,112	715,937	0	277,467	1,487,516	0
Interest	4,707	3,328	0	0	8,035	3,972
Inventory	212,261	0	10,127	0	222,388	0
Total Current Assets	6,488,904	4,092,676	519,419	556,491	11,657,490	2,466,215
Noncurrent Assets:						
Capital Assets:						
Nondepreciable Capital Assets	1,065,507	396,045	507,000	0	1,968,552	0
Depreciable Capital Assets, Net	15,626,820	23,199,500	2,805,733	0	41,632,053	0
Total Noncurrent Assets	16,692,327	23,595,545	3,312,733	0	43,600,605	0
Total Assets	23,181,231	27,688,221	3,832,152	556,491	55,258,095	2,466,215
Deferred Outflows of Resources:						
Deferred Charge on Refunding Pension	0	0	29,754	0	29,754	0
	257,530	288,540	166,610	0	712,680	68,425
Total Deferred Outflows of Resources	257,530	288,540	196,364	0	742,434	68,425
Liabilities:						
Current Liabilities:						
Accounts Payable	280,958	286,313	19,940	186,342	773,553	11,518
Accrued Wages and Benefits	102,590	107,288	33,416	0	243,294	25,910
Compensated Absences	65,690	56,231	51,058	0	172,979	45,030
Retainage Payable	22,749	7,737	0	0	30,486	0
Accrued Interest Payable	1,547	3,053	1,890	0	6,490	0
Due to Other Governments	0	70,723	0	0	70,723	0
Claims Payable	6,293	7,294	3,576	0	17,163	361,189
Other Liabilities	259,491	0	0	0	259,491	0
General Obligation Notes Payable	0	700,000	0	0	700,000	0
Long-Term Liabilities Due Within One Year	290,000	934,997	140,000	0	1,364,997	0
Total Current Liabilities	1,029,318	2,173,636	249,880	186,342	3,639,176	443,647
Long-Term Liabilities:						
Compensated Absences	120,170	218,792	63,976	0	402,938	60,715
Bonds, Notes & Loans Payable	309,623	831,812	714,162	0	1,855,597	0
Net Pension Liability	1,273,365	1,426,696	823,808	0	3,523,869	338,331
Total Noncurrent Liabilities	1,703,158	2,477,300	1,601,946	0	5,782,404	399,046
Total Liabilities	2,732,476	4,650,936	1,851,826	186,342	9,421,580	842,693
Deferred Inflows of Resources:						
Pension	22,370	25,064	14,473	0	61,907	5,944
Total Deferred Inflows of Resources	22,370	25,064	14,473	0	61,907	5,944
Net Position:						
Net Investment in Capital Assets	16,092,704	21,128,736	2,488,325	0	39,709,765	0
Restricted for:						
Capital Projects	1,023,003	0	0	0	1,023,003	0
Unrestricted	3,568,208	2,172,025	(326,108)	370,149	5,784,274	1,686,003
Total Net Position	\$20,683,915	\$23,300,761	\$2,162,217	\$370,149	\$46,517,042	\$1,686,003

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, 2015

	Business-Type Activities -Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Recreation Facilities	Other Enterprise Funds	Total Business-Type Activities	
Operating Revenues:						
Charges for Services	\$4,944,528	\$5,992,562	\$1,859,761	\$2,218,507	\$15,015,358	\$6,095,834
Other Revenues	147,189	30,772	40,559	26,063	244,583	1,587
Total Operating Revenues	5,091,717	6,023,334	1,900,320	2,244,570	15,259,941	6,097,421
Operating Expenses:						
Personal Services	2,120,042	2,386,658	1,192,728	0	5,699,428	584,305
Contactual Services	1,242,943	1,107,206	489,411	2,216,074	5,055,634	4,714,674
Materials and Supplies	864,321	801,892	313,288	0	1,979,501	351,606
Depreciation	970,060	1,179,636	167,453	0	2,317,149	0
Total Operating Expenses	5,197,366	5,475,392	2,162,880	2,216,074	15,051,712	5,650,585
Operating Income (Loss)	(105,649)	547,942	(262,560)	28,496	208,229	446,836
Non-Operating Revenues (Expenses):						
Investment Earnings	5,725	5,984	(304)	0	11,405	10,818
Interest (Expense)	(25,555)	(105,406)	(11,352)	0	(142,313)	0
(Loss) on Disposal of Capital Assets	(2,525)	(11,154)	0	0	(13,679)	0
Total Non-Operating Revenues (Expenses)	(22,355)	(110,576)	(11,656)	0	(144,587)	10,818
Income (Loss) Before Contributions and Transfers	(128,004)	437,366	(274,216)	28,496	63,642	457,654
Capital Grants and Contributions	12,090	0	0	0	12,090	0
Transfers In	0	0	315,000	0	315,000	225,000
Change in Net Position	(115,914)	437,366	40,784	28,496	390,732	682,654
Net Position - Beginning of Year, Restated	20,799,829	22,863,395	2,121,433	341,653	46,126,310	1,003,349
Net Position - End of Year	\$20,683,915	\$23,300,761	\$2,162,217	\$370,149	\$46,517,042	\$1,686,003

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, 2015

	Business-Type Activities -Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Recreation Facilities	Other Enterprise Funds	Total Business-Type Activities	
Cash Flows from Operating Activities:						
Cash Received from Customers	\$5,116,959	\$6,051,683	\$1,900,320	\$2,251,381	\$15,320,343	\$6,097,421
Cash Payments to Employees	(2,151,619)	(2,441,358)	(1,213,841)	0	(5,806,818)	(591,027)
Cash Payments to Suppliers	(2,146,595)	(1,732,136)	(792,781)	(2,212,470)	(6,883,982)	(4,863,168)
Net Cash Provided (Used) by Operating Activities	818,745	1,878,189	(106,302)	38,911	2,629,543	643,226
Cash Flows from Noncapital Financing Activities:						
Payments from Other Funds	0	0	175,000	0	175,000	225,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	175,000	0	175,000	225,000
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(870,788)	(669,307)	(67,005)	0	(1,607,100)	0
Debt Proceeds	0	700,000	0	0	700,000	0
Debt Principal Payments	(285,000)	(1,798,362)	0	0	(2,083,362)	0
Debt Interest Payments	(31,115)	(106,403)	(14,082)	0	(151,600)	0
Proceeds on the Disposal of Capital Assets	5,765	0	0	0	5,765	0
Capital Contributions Received	74,798	0	0	0	74,798	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,106,340)	(1,874,072)	(81,087)	0	(3,061,499)	0
Cash Flows from Investing Activities:						
Earnings on Investments	2,480	3,304	(304)	0	5,480	6,846
Net Cash Provided (Used) by Cash Flows from Investing Activities	2,480	3,304	(304)	0	5,480	6,846
Net Increase (Decrease) in Cash and Cash Equivalents	(285,115)	7,421	(12,693)	38,911	(251,476)	875,072
Cash and Cash Equivalents - Beginning of Year	6,062,939	3,365,990	521,985	240,113	10,191,027	1,587,171
Cash and Cash Equivalents - End of Year	5,777,824	3,373,411	509,292	279,024	9,939,551	2,462,243
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	(105,649)	547,942	(262,560)	28,496	208,229	446,836
Adjustments:						
Depreciation	970,060	1,179,636	167,453	0	2,317,149	0
Changes in Assets & Liabilities:						
(Increase) Decrease in Receivables	25,240	28,349	3,402	6,811	63,802	0
(Increase) Decrease in Inventory	(34,329)	0	0	0	(34,329)	0
(Increase) Decrease in Deferred Outflows of Resources	(101,692)	(113,937)	(65,790)	0	(281,419)	(27,379)
Increase (Decrease) in Claims Payable	1,627	2,049	642	0	4,318	213,658
Increase (Decrease) in Retainage Payable	22,749	7,737	0	0	30,486	0
Increase (Decrease) in Other Liabilities	6,475	0	0	0	6,475	0
Increase (Decrease) in Payables	(34,225)	169,225	6,516	3,604	145,120	(10,061)
Increase (Decrease) in Accrued Liabilities	17,357	(100)	10,955	0	28,212	6,586
Increase (Decrease) in Deferred Inflows of Resources	22,370	25,064	14,473	0	61,907	7,642
Increase (Decrease) in Net Pension Liability	28,762	32,224	18,607	0	79,593	5,944
Net Cash Provided (Used) by Operating Activities	\$818,745	\$1,878,189	(\$106,302)	\$38,911	\$2,629,543	\$643,226

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2015

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$309,889
Receivables (Net):	
Accounts	<u>178,851</u>
Total Assets	<u><u>488,740</u></u>
Liabilities:	
Accounts Payable	135,917
Undistributed Monies	<u>352,823</u>
Total Liabilities	<u><u>\$488,740</u></u>

See accompanying notes to the basic financial statements.

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

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, 2015

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

Fund Financial Statements

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

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, 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
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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
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Recreation Facilities Fund – This fund accounts for operations of the City’s golf course, swimming pool and other recreational facilities, revenues from which come from customers, based on a rate authorized by the Parks Commission.

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

Fiduciary Funds

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

Basis of Accounting

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

City of Fairfield, Ohio
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For the Fiscal Year Ended December 31, 2015

have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred 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 and pension 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 are explained in Note 11.

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, 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, 2015, but which were levied to finance year 2016 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11.)

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.

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

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

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

Following the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during 2015 amounted to \$89,059 in the general fund, \$26 in the fire levy fund, \$16,825 in the street improvement fund and \$69,858 in other governmental funds.

Inventory

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

Capital Assets

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

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

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems 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
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Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

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

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

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

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

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

Restricted Assets

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

Net Position

Net position represents the difference between assets, and 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 \$16,915,448 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 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.

City of Fairfield, Ohio
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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.

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.

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAROhio).
- (7) Commercial paper and banker's acceptances, which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be 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, 2015

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2015, \$8,514,283 of the City's bank balance of \$9,269,744 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

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

Investments

As of December 31, 2015, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$4,972,595	1.93
Federal Home Loan Mortgage Corporation	4,482,690	2.23
Federal Farm Credit Bank	993,010	1.91
Federal National Mortgage Association	6,412,747	2.25
Negotiable CDs	3,743,445	1.27
STAROhio	12,000,000	0.14
Total Fair Value	<u>\$32,604,487</u>	
Portfolio Weighted Average Maturity		1.30

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

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

Concentration of Credit Risk – The City's investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 15% in Federal Home Loan Bank, 14% in Federal National Mortgage Association, 20% in Federal Home Loan Mortgage Corporation, 3% in Federal Farm Credit Bank, 12% in Negotiable CDs and 36% in STAROhio.

City of Fairfield, Ohio
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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, interfund, 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 2015 were levied after October 1, 2014 on assessed values as of January 1, 2014, 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, 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	\$903,236,750
Public Utility	38,373,230
Total Valuation	<u>\$941,609,980</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, 2015, 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 2015 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent

City of Fairfield, Ohio
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For the Fiscal Year Ended December 31, 2015

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.

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 figures represent the changes in dental, health and worker's compensation claims liabilities for the City from January 1, 2014 to December 31, 2015:

City of Fairfield, Ohio
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<u>Dental</u>	
Claims Liability, 1/1/2014	\$12,971
Claims net of changes in estimates	259,951
Payments	<u>(259,090)</u>
Claims Liability, 12/31/2014	13,832
Claims net of changes in estimates	284,538
Payments	<u>(287,316)</u>
Claims Liability, 12/31/2015	<u><u>\$11,054</u></u>

<u>Health</u>	
Claims Liability, 12/31/2014	\$132,429
Claims net of changes in estimates	2,969,594
Payments	<u>(2,753,643)</u>
Claims Liability, 12/31/2015	<u><u>\$348,380</u></u>

<u>Worker's Compensation</u>	
Claims Liability, 1/1/2014	\$93,201
Claims net of changes in estimates	269,985
Payments	<u>(295,215)</u>
Claims Liability, 12/31/2014	\$67,971
Claims net of changes in estimates	198,439
Payments	<u>(173,957)</u>
Claims Liability, 12/31/2015	<u><u>\$92,453</u></u>

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

Note 6 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$18,565,119	\$122,421	\$0	\$18,687,540
Construction in Progress	2,216,809	1,894,169	2,022,082	2,088,896
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	47,891,107	226,814	0	48,117,921
Equipment	16,867,352	982,881	644,934	17,205,299
Infrastructure	97,243,481	2,019,190	0	99,262,671
Totals at Historical Cost	182,783,868	5,245,475	2,667,016	185,362,327
Less Accumulated Depreciation:				
Buildings and Improvements	22,440,352	1,422,217	0	23,862,569
Equipment	13,140,103	926,506	467,452	13,599,157
Infrastructure	57,557,265	2,421,520	0	59,978,785
Total Accumulated Depreciation	93,137,720	4,770,243	467,452	97,440,511
Governmental Activities Capital Assets, Net	\$89,646,148	\$475,232	\$2,199,564	\$87,921,816

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

	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	1,835,320	1,277,141	2,785,858	326,603
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	47,781,838	2,128,144	0	49,909,982
Equipment	4,682,395	212,704	167,583	4,727,516
Infrastructure	33,880,236	774,970	0	34,655,206
Totals at Historical Cost	89,821,738	4,392,959	2,953,441	91,261,256
Less Accumulated Depreciation:				
Buildings and Improvements	24,952,243	997,072	0	25,949,315
Equipment	3,173,129	444,355	148,139	3,469,345
Infrastructure	17,366,269	875,722	0	18,241,991
Total Accumulated Depreciation	45,491,641	2,317,149	148,139	47,660,651
Business-Type Activities Capital Assets, Net	<u>\$44,330,097</u>	<u>\$2,075,810</u>	<u>\$2,805,302</u>	<u>\$43,600,605</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$365,731
Public Safety	845,120
Leisure Time Activities	712,131
Community Development	7,086
Transportation	2,840,175
Total Depreciation Expense	<u>\$4,770,243</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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

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.

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
Street Improvement Fund:					
Exit 39 Winton / Gilmore	1.00%	\$750,000	\$0	(\$750,000)	\$0
Various Purpose Series	1.00%	0	250,000	0	250,000
Sewer Utility Fund:					
Sewer Expansion	1.00%	900,000	0	(900,000)	0
Various Purpose Series	1.00%	0	700,000	0	700,000
Total Notes Payable		<u>\$1,650,000</u>	<u>\$950,000</u>	<u>(\$1,650,000)</u>	<u>\$950,000</u>

In 2015 the City issued a combined \$950,000 in short-term bond anticipation notes for the purpose of financing the City's cost of construction improvements to the Winton Road Interchange Project, \$250,000, and for improvements to the City's wastewater system, \$700,000. The City's intent is to issue this bond anticipation note for a term of one year, which is the maximum allowed for short-term debt.

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, 2015

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 Various Purpose Refunding	3.66%	760,000	0	(370,000)	390,000	390,000
2012 Community Arts Center	4.50%	3,910,000	0	(385,000)	3,525,000	395,000
2009 Various Purpose Refunding	3.23%	1,210,000	0	(285,000)	925,000	295,000
Premium/Discount		331,339	0	(46,423)	284,916	0
2009 Various Purpose Golf and Justice Center	3.56%	4,920,000	0	(245,000)	4,675,000	260,000
2010 A Roadway Improvement	4.64%	6,000,000	0	0	6,000,000	0
2010 B Roadway Improvement	3.74%	1,230,000	0	0	1,230,000	400,000
2010 C Roadway Improvement	2.00%	395,000	0	(395,000)	0	0
Total General Obligation Bonds		18,756,339	0	(1,726,423)	17,029,916	1,740,000
Net Pension Liability:						
OPERS		7,590,417	1,125,806	(950,403)	7,765,820	0
OP&F		17,051,387	2,550,880	(1,465,182)	18,137,085	0
Total Net Pension Liability		24,641,804	3,676,686	(2,415,585)	25,902,905	0
Compensated Absences		4,747,155	1,159,627	(1,239,556)	4,667,226	1,080,907
Total Governmental Activities		\$48,145,298	\$4,836,313	(\$5,381,564)	\$47,600,047	\$2,820,907
Business Type Activities						
<u>Loans</u>						
OWDA Wastewater Improvement Bond	3.79-4.12%	\$2,665,173	\$0	(\$898,364)	\$1,766,809	\$934,997
<u>General Obligation Bonds</u>						
2012 Various Purpose Recreation - Refunding	3.66%	950,000	0	(140,000)	810,000	140,000
Premium on 2012 Refunding Bonds		51,523	0	(7,361)	44,162	0
2009 Various Purpose Water - Refunding	3.15%	875,000	0	(285,000)	590,000	290,000
Premium on Refunding Bonds		14,434	0	(4,811)	9,623	0
Total General Obligation Bonds		1,890,957	0	(437,172)	1,453,785	430,000
Net Pension Liability:						
Water Utility		1,244,604	184,599	(155,838)	1,273,365	0
Sewer Utility		1,394,472	206,827	(174,603)	1,426,696	0
Recreation Facilities		805,201	119,427	(100,820)	823,808	0
Total Net Pension Liability		3,444,277	510,853	(431,261)	3,523,869	0
Compensated Absences		587,878	221,870	(233,831)	575,917	172,979
Total Business-Type Activities		\$8,588,285	\$732,723	(\$2,000,628)	\$7,320,380	\$1,537,976

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

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.

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

Year Ending December 31	General Obligation Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest
2016	\$2,170,000	\$774,038	\$934,997	\$61,722
2017	1,820,000	704,271	612,730	23,596
2018	1,565,000	634,727	175,970	5,923
2019	1,275,000	578,067	43,112	817
2020	1,320,000	527,246	0	0
2021-2025	5,610,000	1,872,409	0	0
2026-2030	4,385,000	693,873	0	0
Total	<u>\$18,145,000</u>	<u>\$5,784,631</u>	<u>\$1,766,809</u>	<u>\$92,058</u>

Note 10 – Defeasance of Bonds

Special Assessment Bonds

The Special Assessment Fund purchased special assessment sidewalk bonds issued by the City. The value of the bonds at December 31, 2015 was \$128,543. Bonds are issued for the purpose of providing funds to pay the property owners share of the cost of sidewalk repairs in the City. The transaction has been eliminated for the financial statement purposes by removing any proceeds from the issuance of debt from the operating statement and the investment.

Note 11 – Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions 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. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension 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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

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 are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 <https://www.opers.org/financial/reports.shtml>, by 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 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 CAFR referenced above for additional information):

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
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
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	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	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
Public Safety	Public Safety	Public Safety
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
Law Enforcement	Law Enforcement	Law Enforcement
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
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
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	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	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.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

	State and Local	Public Safety	Law Enforcement
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

The City's contractually required contribution was \$1,680,884 for 2015. Of this amount, \$59,688 is reported as an accrued wage and benefits.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF 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.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

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 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF 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 and statutory survivors.

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 (CPI) over the 12-month period ending on September 30 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 three 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:

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u><u>19.50 %</u></u>	<u><u>24.00 %</u></u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$1,573,492 for 2015. Of this amount \$65,066 is reported as an accrued wage and benefits.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2015, the specific liability of the City was \$0 payable in semi-annual payments through the year 2035.

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability 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 and pension expense:

	<u>OPERS-308200</u>	<u>OPERS-308208</u>	<u>OP&F - Police</u>	<u>OP&F - Fire</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,502,454	\$9,787,235	\$11,358,271	\$6,778,814	\$29,426,774
Proportion of the Net Pension Liability	0.001246%	0.081147%	0.2192540%	0.1308546%	
Pension Expense	\$164,039	\$1,068,576	\$1,107,947	\$661,242	\$3,001,804

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS-308200</u>	<u>OPERS-308208</u>	<u>OP&F - Police</u>	<u>OP&F - Fire</u>	<u>Total</u>
Deferred Outflows of Resources					
Net difference between projected and actual earnings on pension plan investments	\$80,164	\$522,217	\$489,531	\$292,161	\$1,384,073
City contributions subsequent to the measurement date	<u>223,726</u>	<u>1,457,158</u>	<u>980,663</u>	<u>592,829</u>	<u>3,254,376</u>
Total Deferred Outflows of Resources	<u>\$303,890</u>	<u>\$1,979,375</u>	<u>\$1,470,194</u>	<u>\$884,990</u>	<u>\$4,638,449</u>
Deferred Inflows of Resources					
Differences between expected and actual experience	<u>\$26,395</u>	<u>\$171,942</u>	<u>\$0</u>	<u>\$0</u>	<u>\$198,337</u>

\$3,254,375 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2016	\$101,011	\$195,423	\$296,434
2017	101,011	195,423	296,434
2018	101,011	195,423	296,434
2019	<u>101,011</u>	<u>195,423</u>	<u>296,434</u>
Total	<u>\$404,044</u>	<u>\$781,692</u>	<u>\$1,185,736</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 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 in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term 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.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

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 table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. 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 statutorily required rates. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's 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 calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability-308200	\$21,764,084	\$1,502,453	\$439,857
City's proportionate share of the net pension liability-308208	18,005,708	9,787,235	2,865,301

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

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 expectation. 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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

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 OPF's target asset allocation as of December 31, 2014 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF'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 their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments 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 City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 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 (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability - police	\$15,710,208	\$11,358,271	\$7,673,505
City's proportionate share of the net pension liability - fire	9,376,125	6,778,814	4,579,681

Note 12 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

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

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

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

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

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

Funding Policy

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 1.0% during calendar year 2015. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2015. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from City's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$240,030 for 2015, \$260,176 for 2014 and \$122,944 for 2013. The full amount has been contributed for 2013 and 2014 and 96% has been contributed for 2015.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2015. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description

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

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

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

Funding Policy

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employee contributions allocated to health care was 4.69% of covered payroll for January 1, 2015 through May 31, 2015, and 2.85% of covered payroll from June 1, 2015 through December 31, 2015. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2015 were \$25,497 (police) and \$12,449 (fire), for the year ending December 31, 2014 were \$25,320 (police) and \$12,176 (fire) and for the year ending December 31, 2013 were \$210,422 (police) and \$100,155 (fire); and were allocated to the healthcare plan. The actual contributions for 2014 and 2015 were 100% and 96% were actual contributions for 2015.

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

Note 13 – Construction Commitments

The City had the following outstanding commitments at year end:

Project	Spent-to-date	Commitment Remaining
Nilles & Gray Rd. Improvements	\$1,101,886	\$517,097
Pleasant Ave. Water Main	76,481	268,719
Relining of Sanitary Sewers	0	155,756
Drainage Improvements	0	78,084
South Trace Irrigation Upgrade	0	70,479
Rt. 4/S. Gilmore/Holden Intersection	165,127	40,727
Total	<u>\$1,343,494</u>	<u>\$1,130,862</u>

Note 14 – 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, 2015, 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 15 – Interfund Activity

Interfund receivable and payables and transfers in and out for the year ended December 31, 2015, consisted of the following:

	Interfund		Transfers	
	Receivable	Payable	In	Out
Major Funds:				
General	\$239,169	\$0	\$0	\$3,800,000
Street Improvement	0	0	1,250,000	1,701,147
Fire Levy	0	0	850,000	0
Recreation Facilities	0	0	315,000	0
Internal Service	0	0	225,000	0
Other Governmental Funds	0	239,169	4,276,507	1,415,360
Totals	<u>\$239,169</u>	<u>\$239,169</u>	<u>\$6,916,507</u>	<u>\$6,916,507</u>

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

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

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

The City made various GAAP transfers from the Other Governmental Funds (Capital Improvement Fund and Debt Service Fund) and the Street Improvement Fund to the Debt Service Fund, the Street Improvement Fund and Recreational Facilities Fund to pay for debt service transactions.

Note 16 – Joint Venture

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

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

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

Distribution of Gross Tax:

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

Net Distribution:

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

Note 17 – Compliance and Accountability

Compliance

Noncompliance – Appropriations in Excess of Estimated Resources.

Ohio Revised Code Section 5705.39 requires appropriations to be limited by estimated resources. Upon review of appropriations and estimated resources, it was noted that appropriations exceeded estimated resources during the year for the Fire Levy Fund at December 31, 2015.

Accountability

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

Fire Levy	\$284,368
State Issue I	147,075
Municipal Garage	188,303

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.

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

Note 18 – 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:

Fund Balances	General	Fire Levy	Street Improvement	Other Governmental Funds	Total
Restricted for:					
Street Improvements	\$0	\$0	\$4,250,919	\$953,030	\$5,203,949
Probation Services	0	0	0	2,776,822	2,776,822
Court Computer	0	0	0	909,119	909,119
Special Projects	0	0	0	501,620	501,620
Mediation Services	0	0	0	535,598	535,598
Tax Recreation	0	0	0	164,845	164,845
Law Enforcement	0	0	0	250,290	250,290
Drug and Alcohol Treatment	0	0	0	138,909	138,909
Capital Improvements	0	0	0	1,716,565	1,716,565
TIF Monies	0	0	0	53,428	53,428
Debt Service	0	0	0	1,666,201	1,666,201
Flood Protection	0	0	0	2,311	2,311
Park Development	0	0	0	4,319	4,319
Motor Vehicle Registration	0	0	0	369,292	369,292
Indigent Driver Interlock	0	0	0	214,073	214,073
Total Restricted	0	0	4,250,919	10,256,422	14,507,341
Assigned to:					
Debt Service	0	0	0	26,162	26,162
Downtown Development	0	0	0	138,092	138,092
Purchases on Order	103,013	0	0	0	103,013
Budgetary Resources	570,665	0	0	0	570,665
Total Assigned	673,678	0	0	164,254	837,932
Unassigned (Deficit)	14,274,603	(284,368)	0	(147,075)	13,843,160
Total Fund Balance	<u>\$14,948,281</u>	<u>(\$284,368)</u>	<u>\$4,250,919</u>	<u>\$10,273,601</u>	<u>\$29,188,433</u>

Note 19 – Change in Accounting Principle and Restatement of Net Position

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2015

of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business -Type Activities
Net position December 31, 2014	\$103,182,231	\$49,139,326
Adjustments:		
Net Pension Liability	(24,641,803)	(3,444,277)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>2,415,585</u>	<u>431,261</u>
Restated Net Position December 31, 2014	<u>\$80,956,013</u>	<u>\$46,126,310</u>

	Water Fund	Sewer Fund	Recreation Facilities Fund	Internal Service Fund
Net position December 31, 2014	\$21,888,595	\$24,083,264	\$2,825,814	\$1,292,632
Adjustments:				
Net Pension Liability	(1,244,603)	(1,394,472)	(805,201)	(330,689)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>155,838</u>	<u>174,603</u>	<u>100,820</u>	<u>41,406</u>
Restated Net Position December 31, 2014	<u>\$20,799,830</u>	<u>\$22,863,395</u>	<u>\$2,121,433</u>	<u>\$1,003,349</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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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, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$20,957,329	\$20,957,329	\$23,598,669	\$2,641,340
Licenses & Permits	247,350	247,350	335,849	88,499
Intergovernmental	1,356,468	1,356,468	1,767,310	410,842
Charges for Services	1,028,200	1,028,200	1,133,361	105,161
Court Costs & Fines	1,119,800	1,119,800	913,437	(206,363)
Special Assessments	27,000	27,000	30,673	3,673
Investment Earnings	60,000	60,000	110,762	50,762
Other Revenues	1,510,000	1,510,000	942,384	(567,616)
Total Revenues	26,306,147	26,306,147	28,832,445	2,526,298
Expenditures:				
Current:				
<u>General Government</u>				
City Council				
Personnel Related	185,972	191,172	188,380	2,792
Other	23,330	23,330	7,490	15,840
Total City Council	209,302	214,502	195,870	18,632
Mayor				
Personnel Related	11,324	11,324	11,209	115
Other	4,390	4,390	1,195	3,195
Total Mayor	15,714	15,714	12,404	3,310
Administration				
Personnel Related	516,022	578,022	577,064	958
Other	21,432	21,432	21,121	311
Total Administration	537,454	599,454	598,186	1,268
General Services				
Personnel Related	33,989	40,739	40,652	87
Other	5,117,169	4,280,185	3,862,365	417,820
Total General Services	5,151,158	4,320,924	3,903,017	417,907
Law				
Personnel Related	500	500	327	173
Other	514,050	514,050	513,904	146
Total Law	514,550	514,550	514,231	319
Human Resources				
Personnel Related	221,504	224,204	223,707	497
Other	68,570	66,556	54,684	11,872
Total Human Resources	290,074	290,760	278,391	12,369
Finance Administration & Accounting				
Personnel Related	666,648	667,648	667,508	140
Other	34,414	34,414	32,046	2,368
Total Finance Administration & Accounting	701,062	702,062	699,554	2,508
Income Tax				
Personnel Related	608,203	608,203	571,269	36,934
Other	86,248	81,635	58,022	23,613
Total Income Tax	694,451	689,838	629,291	60,547

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, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Information Technology				
Personnel Related	531,795	533,295	533,083	212
Other	60,525	60,525	51,849	8,676
Total Information Technology	592,320	593,820	584,931	8,889
Municipal Court				
Personnel Related	1,507,668	1,507,668	1,364,230	143,438
Other	277,565	276,787	187,464	89,323
Total Municipal Court	1,785,233	1,784,455	1,551,694	232,761
Public Works Administration				
Personnel Related	172,032	173,032	172,607	425
Other	29,375	29,375	15,187	14,188
Total Public Works Administration	201,407	202,407	187,794	14,613
Construction Services				
Personnel Related	570,112	570,112	542,993	27,119
Other	160,762	152,287	125,496	26,791
Total Construction Services	730,874	722,399	668,488	53,911
Municipal Building				
Personnel Related	181,648	181,648	79,999	101,649
Other	186,376	186,176	150,127	36,049
Total Municipal Building	368,024	367,824	230,126	137,698
Total General Government	11,791,622	11,018,709	10,053,978	964,731
<u>Public Safety</u>				
Police				
Personnel Related	10,019,790	10,057,153	9,319,386	737,767
Other	780,814	828,468	659,843	168,625
Total Police	10,800,604	10,885,621	9,979,229	906,392
Justice Center				
Personnel Related	0	0	0	0
Other	899,440	899,440	869,492	29,948
Total Justice Center	899,440	899,440	869,492	29,948
Total Public Safety	11,700,044	11,785,061	10,848,721	936,340
<u>Community Development</u>				
Planning & Economic Development				
Personnel Related	636,228	638,697	624,732	13,965
Other	41,100	41,100	27,298	13,802
Total Planning & Economic Development	677,328	679,797	652,030	27,767
Building & Zoning Inspection				
Personnel Related	773,412	775,881	743,810	32,071
Other	92,071	95,421	76,701	18,720
Total Building & Zoning Inspection	865,483	871,302	820,511	50,791
Total Community Development	1,542,811	1,551,099	1,472,542	78,557

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, 2015

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Leisure Time Activities</u>				
Parks & Recreation Administration				
Personnel Related	808,301	811,321	790,913	20,408
Other	138,762	138,762	117,326	21,436
Total Parks & Recreation Administration	947,063	950,083	908,239	41,844
Parks Maintenance Operations				
Personnel Related	649,906	652,926	625,448	27,478
Other	389,590	389,590	346,880	42,710
Total Parks Maintenance Operations	1,039,496	1,042,516	972,328	70,188
Marsh Park Fishing Lake				
Personnel Related	54,671	56,171	51,220	4,951
Other	59,600	59,600	37,030	22,570
Total Marsh Park Fishing Lake	114,271	115,771	88,249	27,522
Community Arts Center				
Personnel Related	238,266	238,266	234,549	3,717
Other	508,249	510,562	471,043	39,519
Total Community Arts Center	746,515	748,828	705,591	43,237
Total Leisure Time Activities	2,847,345	2,857,198	2,674,408	182,790
Total Expenditures	27,881,822	27,212,067	25,049,648	2,162,419
Excess of Revenues Over (Under) Expenditures	(1,575,675)	(905,920)	3,782,798	4,688,718
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	10,000	10,000	29,499	19,499
Transfers (Out)	(2,050,000)	(4,000,000)	(4,000,000)	0
Total Other Financing Sources (Uses)	(2,040,000)	(3,990,000)	(3,970,501)	19,499
Net Change in Fund Balance	(3,615,675)	(4,895,920)	(187,703)	4,708,217
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,488,037	13,488,037	13,488,037	0
Fund Balance End of Year	<u>\$9,872,362</u>	<u>\$8,592,117</u>	<u>\$13,300,334</u>	<u>\$4,708,217</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, 2015

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,489,850	\$3,650,000	\$3,623,948	(\$26,052)
Licenses & Permits	6,200	6,200	6,450	250
Intergovernmental	385,000	385,000	378,599	(6,401)
Charges for Services	1,210,000	1,210,000	1,132,750	(77,250)
Investment Earnings	50	50	26	(24)
Other Revenues	4,000	4,000	6,129	2,129
Total Revenues	5,095,100	5,255,250	5,147,901	(107,349)
Expenditures:				
Public Safety				
Fire Suppression				
Personnel Related	4,734,181	5,334,181	5,230,933	103,248
Other	704,664	709,814	551,798	158,016
Total Fire Suppression	5,438,845	6,043,995	5,782,730	261,265
Paramedic Prevention				
Other	359,086	316,890	262,492	54,398
Total Fire Suppression	359,086	316,890	262,492	54,398
Total Expenditures	5,797,930	6,360,885	6,045,223	315,662
Excess of Revenues Over (Under) Expenditures	(702,830)	(1,105,635)	(897,322)	208,313
Other Financing Sources (uses):				
Transfers In	500,000	500,000	850,000	350,000
Total Other Financing Sources (Uses)	500,000	500,000	850,000	350,000
Net Change in Fund Balance	(202,830)	(605,635)	(47,322)	558,313
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	65,122	65,122	65,122	0
Fund Balance End of Year	(\$137,708)	(\$540,513)	\$17,800	\$558,313

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 Two Fiscal Years (1)

	2014	2013
City's Proportion of the Net Pension Liability - 308200	0.01245700%	0.01245700%
Liability - 308208	0.08114700%	0.08114700%
City's Proportionate Share of the Net Pension Liability - 308200	\$1,502,453	\$1,468,518
Pension Liability - 308208	9,787,235	9,566,174
Pension Liability - Total	\$11,289,688	\$11,034,692
City's Covered-Employee Payroll	\$11,513,870	\$13,291,146
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	98.05%	83.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) - Information prior to 2013 is not available

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

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 Two Fiscal Years (1)

	2014	2013
City's Proportion of the Net Pension Liability - 0196P	0.2192540%	0.2192540%
Liability - 0196F	0.1308546%	0.1308546%
City's Proportionate Share of the Net Pension Liability - 0196P	\$11,358,271	\$10,678,358
Pension Liability - 0196F	\$6,778,814	\$6,373,030
Pension Liability - Total	\$18,137,085	\$17,051,388
City's Covered-Employee Payroll	\$7,196,373	\$8,559,063
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	252.03%	199.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) - Information prior to 2013 is not available

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

City of Fairfield, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Two Fiscal Years (1)

	2015	2014
Contractually Required Contribution - 308200	\$223,726	\$183,875
Contractually Required Contribution - 308208	\$1,457,158	\$1,197,790
Contractually Required Contribution - Total	\$1,680,884	\$1,381,665
Contributions in Relation to the Contractually Required Contribution	(1,680,884)	(1,381,665)
Contribution Deficiency (Excess)	\$0	\$0
City's Covered-Employee Payroll	\$14,007,367	\$11,513,875
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%

(1) - Information prior to 2014 is not available

City of Fairfield, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund
Last Two Fiscal Years (1)

	2015	2014
Contractually Required Contribution - 0196P	\$980,663	\$917,564
Contractually Required Contribution - 0196F	592,829	547,618
Contractually Required Contribution - Total	\$1,573,492	\$1,465,182
Contributions in Relation to the Contractually Required Contribution	(1,573,492)	(1,465,182)
Contribution Deficiency (Excess)	\$0	\$0
City's Covered-Employee Payroll	\$7,832,215	\$7,196,375
Contributions as a Percentage of Covered-Employee Payroll	20.09%	20.36%

(1) - Information prior to 2014 is not available

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2015

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.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2014

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

Net Change in Fund Balance

	General	Fire Levy
GAAP Basis	\$564,462	(\$60,909)
Revenue Accruals	1,300,852	2,706
Expenditure Accruals	(1,652,526)	10,881
Transfers (Out)	(200,000)	0
Encumbrances	(200,491)	0
Budget Basis	(\$187,703)	(\$47,322)

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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, 2015

	Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,520,443	\$2,580,000	\$2,746,158	\$166,158
Intergovernmental	204,000	204,000	343,353	139,353
Investment Earnings	7,000	55,000	34,818	(20,182)
Total Revenues	2,731,443	2,839,000	3,124,330	285,330
Expenditures:				
Capital Outlay	798,210	3,217,931	2,959,247	258,684
Total Expenditures	798,210	3,217,931	2,959,247	258,684
Excess of Revenues Over (Under) Expenditures	1,933,233	(378,931)	165,083	544,014
Other Financing Sources (uses):				
Transfers In	0	0	750,000	750,000
Transfers (Out)	(1,702,000)	(1,702,000)	(1,701,147)	853
Total Other Financing Sources (Uses)	(1,702,000)	(1,702,000)	(951,147)	750,853
Net Change in Fund Balance	231,233	(2,080,931)	(786,064)	1,294,867
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,948,097	4,948,097	4,948,097	0
Fund Balance End of Year	\$5,179,331	\$2,867,166	\$4,162,033	\$1,294,867

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, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$6,841,207	\$1,693,409	\$1,748,897	\$10,283,513
Receivables (Net):				
Taxes	0	0	612,083	612,083
Interest	833	0	1,563	2,396
Intergovernmental	993,379	344,385	239,169	1,576,933
Total Assets	<u>7,835,419</u>	<u>2,037,794</u>	<u>2,601,712</u>	<u>12,474,925</u>
Liabilities:				
Accounts Payable	53,777	1,046	232,566	287,389
Accrued Wages and Benefits	101,173	0	0	101,173
Retainage Payable	0	0	51,257	51,257
Interfund Payable	0	0	239,169	239,169
Claims Payable	7,593	0	0	7,593
Total Liabilities	<u>162,543</u>	<u>1,046</u>	<u>522,992</u>	<u>686,581</u>
Deferred Inflows of Resources:				
Income Taxes	0	0	363,372	363,372
Grants and Other Taxes	805,850	344,385	0	1,150,235
Pension	0	0	1,136	1,136
Total Deferred Inflows of Resources	<u>805,850</u>	<u>344,385</u>	<u>364,508</u>	<u>1,514,743</u>
Fund Balances:				
Restricted	6,867,026	1,666,201	1,723,195	10,256,422
Assigned	0	26,162	138,092	164,254
Unassigned	0	0	(147,075)	(147,075)
Total Fund Balances	<u>6,867,026</u>	<u>1,692,363</u>	<u>1,714,212</u>	<u>10,273,601</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$7,835,419</u>	<u>\$2,037,794</u>	<u>\$2,601,712</u>	<u>\$12,474,925</u>

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Income Taxes	\$0	\$0	\$2,623,998	\$2,623,998
Investment Earnings	1,739	59,516	8,603	69,858
Intergovernmental	2,444,997	0	541,792	2,986,789
Special Assessments	31,001	106,186	0	137,187
Fines, Licenses & Permits	528,685	0	0	528,685
Other Revenues	53,359	0	0	53,359
Total Revenues	3,059,781	165,702	3,174,393	6,399,876
Expenditures:				
Current:				
General Government	474,236	10,248	0	484,484
Public Safety	9,979	0	0	9,979
Transportation and Street Repair	3,241,256	110,380	0	3,351,636
Capital Outlay	206,019	0	2,937,387	3,143,406
Debt Service:				
Principal	0	1,680,000	0	1,680,000
Interest and Other Charges	0	798,912	0	798,912
Total Expenditures	3,931,490	2,599,540	2,937,387	9,468,417
Excess of Revenues Over (Under) Expenditures	(871,709)	(2,433,838)	237,006	(3,068,541)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	5,175	0	25,720	30,895
Transfers In	1,050,000	2,476,507	750,000	4,276,507
Transfers (Out)	0	0	(1,415,360)	(1,415,360)
Total Other Financing Sources (Uses)	1,055,175	2,476,507	(639,640)	2,892,042
Net Change in Fund Balance	183,466	42,669	(402,634)	(176,499)
Fund Balance - Beginning of Year	6,683,560	1,649,694	2,116,846	10,450,100
Fund Balance - End of Year	\$6,867,026	\$1,692,363	\$1,714,212	\$10,273,601

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Assets:					
Equity in Pooled Cash and Investments	\$846,006	\$55,574	\$205,046	\$164,845	\$49,696
Receivables (Net):					
Interest	0	0	0	0	0
Intergovernmental	760,799	58,689	0	0	0
Total Assets	<u>1,606,805</u>	<u>114,263</u>	<u>205,046</u>	<u>164,845</u>	<u>49,696</u>
Liabilities:					
Accounts Payable	34,355	0	18,600	0	0
Accrued Wages and Benefits	58,173	8,253	0	0	0
Claims Payable	6,520	0	0	0	0
Total Liabilities	<u>99,048</u>	<u>8,253</u>	<u>18,600</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:					
Grants and Other Taxes	613,954	46,783	0	0	0
Total Deferred Inflows of Resources	<u>613,954</u>	<u>46,783</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Restricted	893,803	59,227	186,446	164,845	49,696
Total Fund Balances	<u>893,803</u>	<u>59,227</u>	<u>186,446</u>	<u>164,845</u>	<u>49,696</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$1,606,805</u>	<u>\$114,263</u>	<u>\$205,046</u>	<u>\$164,845</u>	<u>\$49,696</u>

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$167,626	\$154,403	\$139,460	\$46,191	\$2,796,249	\$909,119	\$503,893
0	0	0	0	833	0	0
173,891	0	0	0	0	0	0
341,517	154,403	139,460	46,191	2,797,082	909,119	503,893
0	0	551	0	271	0	0
13,558	0	0	0	19,086	0	2,103
0	0	0	0	903	0	170
13,558	0	551	0	20,260	0	2,273
145,113	0	0	0	0	0	0
145,113	0	0	0	0	0	0
182,846	154,403	138,909	46,191	2,776,822	909,119	501,620
182,846	154,403	138,909	46,191	2,776,822	909,119	501,620
\$341,517	\$154,403	\$139,460	\$46,191	\$2,797,082	\$909,119	\$503,893

Continued

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$535,598	\$53,428	\$214,073	\$6,841,207
Receivables (Net):				
Interest	0	0	0	833
Intergovernmental	0	0	0	993,379
Total Assets	<u>535,598</u>	<u>53,428</u>	<u>214,073</u>	<u>7,835,419</u>
Liabilities:				
Accounts Payable	0	0	0	53,777
Accrued Wages and Benefits	0	0	0	101,173
Claims Payable	0	0	0	7,593
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>162,543</u>
Deferred Inflows of Resources:				
Grants and Other Taxes	0	0	0	805,850
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>805,850</u>
Fund Balances:				
Restricted	<u>535,598</u>	<u>53,428</u>	<u>214,073</u>	<u>6,867,026</u>
Total Fund Balances	<u>535,598</u>	<u>53,428</u>	<u>214,073</u>	<u>6,867,026</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$535,598</u>	<u>\$53,428</u>	<u>\$214,073</u>	<u>\$7,835,419</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, 2015

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Revenues:					
Investment Earnings	\$0	\$0	(\$304)	(\$98)	\$0
Intergovernmental	1,902,503	154,256	0	0	0
Special Assessments	0	0	0	0	0
Fines, Licenses & Permits	0	0	0	1,350	1,564
Other Revenues	51,959	0	0	0	0
Total Revenues	1,954,462	154,256	(304)	1,252	1,564
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	5,191
Transportation and Street Repair	2,766,292	150,370	13,428	0	0
Capital Outlay	27,555	0	33,280	47,067	87,742
Total Expenditures	2,793,847	150,370	46,708	47,067	92,933
Excess of Revenues Over (Under) Expenditures	(839,385)	3,886	(47,012)	(45,815)	(91,369)
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	5,175	0	0	0	0
Transfers In	1,050,000	0	0	0	0
Total Other Financing Sources (Uses)	1,055,175	0	0	0	0
Net Change in Fund Balance	215,790	3,886	(47,012)	(45,815)	(91,369)
Fund Balance - Beginning of Year	678,013	55,341	233,458	210,660	141,065
Fund Balance - End of Year	\$893,803	\$59,227	\$186,446	\$164,845	\$49,696

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	(\$207)	(\$206)	\$0	\$3,868	(\$706)	(\$402)
341,989	0	0	0	46,249	0	0
0	0	0	0	0	0	0
0	6,169	16,641	0	314,852	77,720	47,376
0	0	0	0	0	0	1,400
341,989	5,962	16,435	0	364,969	77,014	48,374
0	0	32,671	0	333,592	44,370	63,403
0	4,788	0	0	0	0	0
311,166	0	0	0	0	0	0
0	0	0	0	0	6,838	3,537
311,166	4,788	32,671	0	333,592	51,208	66,940
30,823	1,174	(16,236)	0	31,377	25,806	(18,566)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
30,823	1,174	(16,236)	0	31,377	25,806	(18,566)
152,023	153,229	155,145	46,191	2,745,445	883,313	520,186
\$182,846	\$154,403	\$138,909	\$46,191	\$2,776,822	\$909,119	\$501,620
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, 2015

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Revenues:				
Investment Earnings	(\$206)	\$0	\$0	\$1,739
Intergovernmental	0	0	0	2,444,997
Special Assessments	0	31,001	0	31,001
Fines, Licenses & Permits	34,790	0	28,223	528,685
Other Revenues	0	0	0	53,359
Total Revenues	34,584	31,001	28,223	3,059,781
Expenditures:				
Current:				
General Government	200	0	0	474,236
Public Safety	0	0	0	9,979
Transportation and Street Repair	0	0	0	3,241,256
Capital Outlay	0	0	0	206,019
Total Expenditures	200	0	0	3,931,490
Excess of Revenues Over (Under) Expenditures	34,384	31,001	28,223	(871,709)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	0	5,175
Transfers In	0	0	0	1,050,000
Total Other Financing Sources (Uses)	0	0	0	1,055,175
Net Change in Fund Balance	34,384	31,001	28,223	183,466
Fund Balance - Beginning of Year	501,214	22,427	185,850	6,683,560
Fund Balance - End of Year	\$535,598	\$53,428	\$214,073	\$6,867,026

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, 2015

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,723,000	\$1,876,000	\$1,907,864	\$31,864
Other Revenues	10,000	10,000	57,135	47,135
Total Revenues	1,733,000	1,886,000	1,964,999	78,999
Expenditures:				
Transportation and Street Repair				
Personnel Related	1,687,682	1,687,682	1,600,695	86,987
Other	1,288,743	1,485,727	1,218,691	267,036
Total Expenditures	2,976,425	3,173,409	2,819,385	354,024
Excess of Revenues Over (Under) Expenditures	(1,243,425)	(1,287,409)	(854,387)	433,022
Other Financing Sources (uses):				
Transfers In	1,050,000	1,050,000	1,050,000	0
Total Other Financing Sources (Uses)	1,050,000	1,050,000	1,050,000	0
Net Change in Fund Balance	(193,425)	(237,409)	195,613	433,022
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	616,054	616,054	616,054	0
Fund Balance End of Year	\$422,629	\$378,645	\$811,667	\$433,022

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, 2015

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$153,000	\$153,500	\$154,692	\$1,192
Total Revenues	153,000	153,500	154,692	1,192
Expenditures:				
Transportation and Street Repair Personnel Related	152,175	152,175	149,530	2,645
Total Expenditures	152,175	152,175	149,530	2,645
Net Change in Fund Balance	825	1,325	5,162	3,837
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	50,412	50,412	50,412	0
Fund Balance End of Year	\$51,237	\$51,737	\$55,574	\$3,837

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, 2015

	County Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$100,000	\$100,000	\$0	(\$100,000)
Investment Earnings	30	30	160	130
Total Revenues	100,030	100,030	160	(99,870)
Expenditures:				
Capital Outlay	26,067	93,567	56,175	37,392
Total Expenditures	26,067	93,567	56,175	37,392
Net Change in Fund Balance	73,963	6,463	(56,016)	(62,479)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	239,230	239,230	239,230	0
Fund Balance End of Year	\$313,193	\$245,693	\$183,214	(\$62,479)

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, 2015

	Tax Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Licenses & Permits	\$2,130	\$1,800	\$1,350	(\$450)
Investment Earnings	20	20	53	33
Total Revenues	2,150	1,820	1,403	(417)
Expenditures:				
Capital Outlay	1,000	51,000	48,467	2,533
Total Expenditures	1,000	51,000	48,467	2,533
Net Change in Fund Balance	1,150	(49,180)	(47,064)	2,116
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	210,660	210,660	210,660	0
Fund Balance End of Year	\$211,810	\$161,480	\$163,596	\$2,116

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, 2015

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$1,000	\$1,000	\$1,564	\$564
Total Revenues	1,000	1,000	1,564	564
Expenditures:				
Public Safety				
Other	22,000	10,991	10,191	800
Capital Outlay	0	98,200	94,905	3,295
Total Expenditures	22,000	109,191	105,096	4,095
Net Change in Fund Balance	(21,000)	(108,191)	(103,532)	4,659
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	141,065	141,065	141,065	0
Fund Balance End of Year	\$120,065	\$32,874	\$37,533	\$4,659

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, 2015

	Municipal Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$325,000	\$330,000	\$341,055	\$11,055
Total Revenues	325,000	330,000	341,055	11,055
Expenditures:				
Transportation and Street Repair Personnel Related	329,713	329,713	309,786	19,927
Total Expenditures	329,713	329,713	309,786	19,927
Net Change in Fund Balance	(4,713)	287	31,269	30,982
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	136,357	136,357	136,357	0
Fund Balance End of Year	\$131,644	\$136,644	\$167,626	\$30,982

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, 2015

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$6,500	\$6,500	\$6,169	(\$331)
Investment Earnings	30	30	107	77
Total Revenues	6,530	6,530	6,276	(254)
Expenditures:				
Public Safety				
Other	40,000	40,000	4,788	35,212
Total Expenditures	40,000	40,000	4,788	35,212
Net Change in Fund Balance	(33,470)	(33,470)	1,487	34,957
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	153,229	153,229	153,229	0
Fund Balance End of Year	\$119,759	\$119,759	\$154,716	\$34,957

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, 2015

	Drug and Alcohol Treatment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$15,000	\$16,000	\$16,641	\$641
Investment Earnings	30	30	107	77
Total Revenues	15,030	16,030	16,747	717
Expenditures:				
General Government				
Other	18,000	43,000	33,047	9,953
Total Expenditures	18,000	43,000	33,047	9,953
Net Change in Fund Balance	(2,970)	(26,970)	(16,299)	10,671
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	156,072	156,072	156,072	0
Fund Balance End of Year	\$153,102	\$129,102	\$139,773	\$10,671

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Local Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Public Safety				
Other	25,522	10,695	14,826	(4,131)
Total Expenditures	25,522	10,695	14,826	(4,131)
Net Change in Fund Balance	(25,522)	(10,695)	(14,826)	(4,131)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,191	46,191	46,191	0
Fund Balance End of Year	\$20,669	\$35,496	\$31,364	(\$4,131)

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, 2015

	Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	450,000	450,000	314,852	(135,148)
Investment Earnings	6,000	6,000	10,026	4,026
Other Revenues	0	0	46,249	46,249
Total Revenues	456,000	456,000	371,127	(84,873)
Expenditures:				
General Government				
Personnel Related	323,928	322,352	320,596	1,756
Other	53,656	51,271	14,109	37,162
Total Expenditures	377,584	373,623	334,705	38,918
Net Change in Fund Balance	78,416	82,377	36,423	(45,954)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,765,028	2,765,028	2,765,028	0
Fund Balance End of Year	\$2,843,444	\$2,847,405	\$2,801,451	(\$45,954)

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, 2015

	Court Computer Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$80,000	\$80,000	\$77,720	(\$2,280)
Investment Earnings	100	100	373	273
Total Revenues	80,100	80,100	78,093	(2,007)
Expenditures:				
General Government				
Other	91,706	91,706	57,913	33,793
Total Expenditures	91,706	91,706	57,913	33,793
Net Change in Fund Balance	(11,606)	(11,606)	20,179	31,785
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	890,020	890,020	890,020	0
Fund Balance End of Year	\$878,414	\$878,414	\$910,199	\$31,785

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, 2015

	Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$50,000	\$55,000	\$47,376	(\$7,624)
Investment Earnings	50	50	213	163
Other Revenues	0	0	1,400	1,400
Total Revenues	50,050	55,050	48,989	(6,061)
Expenditures:				
General Government				
Personnel Related	68,382	68,382	58,037	10,345
Other	27,000	27,000	8,591	18,409
Total Expenditures	95,382	95,382	66,628	28,754
Net Change in Fund Balance	(45,332)	(40,332)	(17,639)	22,693
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	522,148	522,148	522,148	0
Fund Balance End of Year	\$476,816	\$481,816	\$504,509	\$22,693

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, 2015

	Mediation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$48,000	\$42,000	\$34,790	(\$7,210)
Investment Earnings	30	30	107	77
Total Revenues	48,030	42,030	34,897	(7,133)
Expenditures:				
General Government				
Other	2,500	2,500	200	2,300
Total Expenditures	2,500	2,500	200	2,300
Net Change in Fund Balance	45,530	39,530	34,697	(4,833)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	501,213	501,213	501,213	0
Fund Balance End of Year	\$546,743	\$540,743	\$535,910	(\$4,833)

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Tax Increment Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$85,200	\$92,000	\$31,001	(\$60,999)
Total Revenues	85,200	92,000	31,001	(60,999)
Expenditures:				
General Government				
Other	90,000	90,000	0	90,000
Total Expenditures	90,000	90,000	0	90,000
Net Change in Fund Balance	(4,800)	2,000	31,001	29,001
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	22,427	22,427	22,427	0
Fund Balance End of Year	\$17,627	\$24,427	\$53,428	\$29,001

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, 2015

	Indigent Driver Interlock Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$30,000	\$30,000	\$28,223	-\$1,777
Total Revenues	30,000	30,000	28,223	(1,777)
Expenditures:				
General Government				
Other	10,000	10,000	0	10,000
Total Expenditures	10,000	10,000	0	10,000
Net Change in Fund Balance	20,000	20,000	28,223	8,223
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	185,850	185,850	185,850	0
Fund Balance End of Year	\$205,850	\$205,850	\$214,073	\$8,223

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NONMAJOR DEBT SERVICE FUNDS

Fund Descriptions

General Bond Retirement - To accumulate monies for the payment of long-term and short-term debt issued without a vote of the people. Transfers from the 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, 2015

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$26,162	\$1,667,247	\$1,693,409
Receivables (Net):			
Intergovernmental	<u>0</u>	<u>344,385</u>	<u>344,385</u>
Total Assets	<u>26,162</u>	<u>2,011,632</u>	<u>2,037,794</u>
Liabilities:			
Accounts Payable	<u>0</u>	<u>1,046</u>	<u>1,046</u>
Total Liabilities	<u>0</u>	<u>1,046</u>	<u>1,046</u>
Deferred Inflows of Resources:			
Grants and Other Taxes	<u>0</u>	<u>344,385</u>	<u>344,385</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>344,385</u>	<u>344,385</u>
Fund Balances:			
Restricted	0	1,666,201	1,666,201
Assigned	<u>26,162</u>	<u>0</u>	<u>26,162</u>
Total Fund Balances	<u>26,162</u>	<u>1,666,201</u>	<u>1,692,363</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$26,162</u>	<u>\$2,011,632</u>	<u>\$2,037,794</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, 2015

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$0	\$59,516	\$59,516
Special Assessments	0	106,186	106,186
Total Revenues	0	165,702	165,702
Expenditures:			
Current:			
General Government	7,430	2,818	10,248
Transportation and Street Repair	0	110,380	110,380
Debt Service:			
Principal	1,680,000	0	1,680,000
Interest and Other Charges	796,730	2,182	798,912
Total Expenditures	2,484,160	115,380	2,599,540
Excess of Revenues Over (Under) Expenditures	(2,484,160)	50,322	(2,433,838)
Other Financing Sources (Uses):			
Transfers In	2,476,507	0	2,476,507
Total Other Financing Sources (Uses)	2,476,507	0	2,476,507
Net Change in Fund Balance	(7,653)	50,322	42,669
Fund Balance - Beginning of Year	33,815	1,615,879	1,649,694
Fund Balance - End of Year	\$26,162	\$1,666,201	\$1,692,363

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, 2015

	General Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
General Government				
Other	10,000	10,000	7,430	2,570
Debt Service:				
Principal Retirement	2,321,000	2,321,000	2,320,000	1,000
Interest and Fiscal Charges	813,050	813,050	797,057	15,993
Total Expenditures	3,144,050	3,144,050	3,124,487	19,563
Excess of Revenues Over (Under) Expenditures	(3,144,050)	(3,144,050)	(3,124,487)	19,563
Other Financing Sources (uses):				
Debt Proceeds and Premium	0	0	327	327
Transfers In	3,115,000	3,132,000	3,116,507	(15,493)
Total Other Financing Sources (Uses)	3,115,000	3,132,000	3,116,834	(15,166)
Net Change in Fund Balance	(29,050)	(12,050)	(7,653)	4,397
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	33,814	33,814	33,814	0
Fund Balance End of Year	\$4,764	\$21,764	\$26,161	\$4,397

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, 2015

	Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$230,650	\$250,000	\$443,688	\$193,688
Investment Earnings	150	150	62,289	62,139
Total Revenues	230,800	250,150	505,976	255,826
Expenditures:				
Current:				
General Government				
Other	1,000	1,775	1,772	3
Debt Service:				
Principal Retirement	250,000	389,225	447,881	(58,656)
Interest and Fiscal Charges	0	0	2,182	(2,182)
Total Expenditures	251,000	391,000	451,834	(60,834)
Net Change in Fund Balance	(20,200)	(140,850)	54,142	194,992
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,615,875	1,615,875	1,615,875	0
Fund Balance End of Year	\$1,595,675	\$1,475,025	\$1,670,017	\$194,992

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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, 2015

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development
Assets:					
Equity in Pooled Cash and Investments	\$1,604,175	\$2,311	\$0	\$138,092	\$4,319
Receivables (Net):					
Taxes	612,083	0	0	0	0
Interest	1,563	0	0	0	0
Intergovernmental	0	0	239,169	0	0
Total Assets	<u>2,217,821</u>	<u>2,311</u>	<u>239,169</u>	<u>138,092</u>	<u>4,319</u>
Liabilities:					
Accounts Payable	136,748	0	95,818	0	0
Retainage Payable	0	0	51,257	0	0
Interfund Payable	0	0	239,169	0	0
Total Liabilities	<u>136,748</u>	<u>0</u>	<u>386,244</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:					
Income Taxes	363,372	0	0	0	0
Pension	1,136	0	0	0	0
Total Deferred Inflows of Resources	<u>364,508</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Restricted	1,716,565	2,311	0	0	4,319
Assigned	0	0	0	138,092	0
Unassigned	0	0	(147,075)	0	0
Total Fund Balances	<u>1,716,565</u>	<u>2,311</u>	<u>(147,075)</u>	<u>138,092</u>	<u>4,319</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$2,217,821</u>	<u>\$2,311</u>	<u>\$239,169</u>	<u>\$138,092</u>	<u>\$4,319</u>

Total Nonmajor Capital Projects Funds
\$1,748,897
612,083
1,563
239,169
<u>2,601,712</u>
232,566
51,257
239,169
<u>522,992</u>
363,372
1,136
<u>364,508</u>
1,723,195
138,092
<u>(147,075)</u>
<u>1,714,212</u>
<u>\$2,601,712</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, 2015

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development
Revenues:					
Income Taxes	\$2,623,998	\$0	\$0	\$0	\$0
Investment Earnings	8,603	0	0	0	0
Intergovernmental	0	0	541,792	0	0
Total Revenues	2,632,601	0	541,792	0	0
Expenditures:					
Capital Outlay	2,357,142	0	565,338	14,907	0
Total Expenditures	2,357,142	0	565,338	14,907	0
Excess of Revenues Over (Under) Expenditures	275,459	0	(23,546)	(14,907)	0
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	25,720	0	0	0	0
Transfers In	750,000	0	0	0	0
Transfers (Out)	(1,415,360)	0	0	0	0
Total Other Financing Sources (Uses)	(639,640)	0	0	0	0
Net Change in Fund Balance	(364,181)	0	(23,546)	(14,907)	0
Fund Balance - Beginning of Year	2,080,746	2,311	(123,529)	152,999	4,319
Fund Balance - End of Year	\$1,716,565	\$2,311	(\$147,075)	\$138,092	\$4,319

<u>Total Nonmajor Capital Projects Funds</u>
\$2,623,998
8,603
<u>541,792</u>
<u>3,174,393</u>
<u>2,937,387</u>
<u>2,937,387</u>
<u>237,006</u>
25,720
750,000
<u>(1,415,360)</u>
<u>(639,640)</u>
(402,634)
<u>2,116,846</u>
<u>\$1,714,212</u>

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,470,443	\$2,580,000	\$2,746,158	\$166,158
Investment Earnings	7,000	7,000	12,205	5,205
Other Revenues	1,000	1,000	0	(1,000)
Total Revenues	2,478,443	2,588,000	2,758,363	170,363
Expenditures:				
Capital Outlay	981,020	3,974,517	3,603,661	370,856
Total Expenditures	981,020	3,974,517	3,603,661	370,856
Excess of Revenues Over (Under) Expenditures	1,497,423	(1,386,517)	(845,298)	541,219
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	20,000	20,000	25,720	5,720
Transfers In	0	750,000	750,000	0
Transfers (Out)	(1,430,000)	(1,430,000)	(1,415,360)	14,640
Total Other Financing Sources (Uses)	(1,410,000)	(660,000)	(639,640)	20,360
Net Change in Fund Balance	87,423	(2,046,517)	(1,484,938)	561,579
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,054,167	2,054,167	2,054,167	0
Fund Balance End of Year	\$2,141,591	\$7,650	\$569,229	\$561,579

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, 2015

	Flood Protection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,311	2,311	2,311	0
Fund Balance End of Year	<u>\$2,311</u>	<u>\$2,311</u>	<u>\$2,311</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, 2015

	State Issue I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50,000	\$50,000	\$806,999	\$756,999
Total Revenues	50,000	50,000	806,999	756,999
Expenditures:				
Capital Outlay	77,363	677,363	588,905	88,458
Total Expenditures	77,363	677,363	588,905	88,458
Net Change in Fund Balance	(27,363)	(627,363)	218,094	845,457
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(627,905)	(627,905)	(627,905)	0
Fund Balance End of Year	(\$655,267)	(\$1,255,268)	(\$409,811)	\$845,457

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, 2015

	Downtown Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	1,000	16,000	14,907	1,093
Total Expenditures	1,000	16,000	14,907	1,093
Net Change in Fund Balance	(1,000)	(16,000)	(14,907)	1,093
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	153,001	153,001	153,001	0
Fund Balance End of Year	<u>\$152,001</u>	<u>\$137,001</u>	<u>\$138,094</u>	<u>\$1,093</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, 2015

	Park Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,319	4,319	4,319	0
Fund Balance End of Year	<u>\$4,319</u>	<u>\$4,319</u>	<u>\$4,319</u>	<u>\$0</u>

OTHER GENERAL FUND

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

Fund Description

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

City of Fairfield, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2015

	Compensated Leave Fund (1)			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$100	\$100	\$426	\$326
Total Revenues	100	100	426	326
Total Expenditures	0	0	0	0
Other Financing Sources (uses):				
Transfers In	200,000	200,000	200,000	0
Total Other Financing Sources (Uses)	200,000	200,000	200,000	0
Net Change in Fund Balance	200,100	200,100	200,426	326
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	468,606	468,606	468,606	0
Fund Balance End of Year	<u>\$668,706</u>	<u>\$668,706</u>	<u>\$669,032</u>	<u>\$326</u>

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

NONMAJOR FUNDS

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

Fund Descriptions

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

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

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

Fund Descriptions

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

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

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

City of Fairfield, Ohio
Combining Statement of Net Position
Internal Service Funds
December 31, 2015

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$2,229,836	\$232,407	\$2,462,243
Receivables (Net):			
Interest	3,972	0	3,972
Total Current Assets	2,233,808	232,407	2,466,215
Total Assets	2,233,808	232,407	2,466,215
Deferred Outflows of Resources:			
Pension	0	68,425	68,425
Total Deferred Outflows of Resources	0	68,425	68,425
Liabilities:			
Current Liabilities:			
Accounts Payable	68	11,450	11,518
Accrued Wages and Benefits	0	25,910	25,910
Compensated Absences	0	45,030	45,030
Claims Payable	359,434	1,755	361,189
Total Current Liabilities	359,502	84,145	443,647
Long-Term Liabilities:			
Compensated Absences	0	60,715	60,715
Net Pension Liability	0	338,331	338,331
Total Liabilities	359,502	483,191	842,693
Deferred Inflows of Resources:			
Pension	0	5,944	5,944
Total Deferred Inflows of Resources	0	5,944	5,944
Net Position:			
Unrestricted	1,874,306	(188,303)	1,686,003
Total Net Position	\$1,874,306	(\$188,303)	\$1,686,003

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, 2015

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$5,342,450	\$753,384	\$6,095,834
Other Revenues	0	1,587	1,587
Total Operating Revenues	5,342,450	754,971	6,097,421
Operating Expenses:			
Personal Services	0	584,305	584,305
Contactual Services	4,704,948	9,726	4,714,674
Materials and Supplies	0	351,606	351,606
Total Operating Expenses	4,704,948	945,637	5,650,585
Operating Income (Loss)	637,502	(190,666)	446,836
Non-Operating Revenues (Expenses):			
Investment Earnings	10,818	0	10,818
Total Non-Operating Revenues (Expenses)	10,818	0	10,818
Income (Loss) Before Contributions and Transfers	648,320	(190,666)	457,654
Transfers In	0	225,000	225,000
Change in Net Position	648,320	34,334	682,654
Net Position - Beginning of Year, Restated	1,225,986	(222,637)	1,003,349
Net Position - End of Year	\$1,874,306	(\$188,303)	\$1,686,003

City of Fairfield, Ohio
Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2015

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$5,342,450	\$754,971	\$6,097,421
Cash Payments to Employees	0	(591,027)	(591,027)
Cash Payments to Suppliers	(4,493,644)	(369,524)	(4,863,168)
Net Cash Provided (Used) by Operating Activities	848,806	(205,580)	643,226
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	225,000	225,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	225,000	225,000
Cash Flows from Investing Activities:			
Earnings on Investments	6,846	0	6,846
Net Cash Provided (Used) by Cash Flows from Investing Activities	6,846	0	6,846
Net Increase (Decrease) in Cash and Cash Equivalents	855,652	19,420	875,072
Cash and Cash Equivalents - Beginning of Year	1,374,184	212,987	1,587,171
Cash and Cash Equivalents - End of Year	2,229,836	232,407	2,462,243
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	637,502	(190,666)	446,836
Changes in Assets & Liabilities:			
(Increase) Decrease in Deferred Outflows of Resources	0	(27,379)	(27,379)
Increase (Decrease) in Claims Payable	213,173	485	213,658
Increase (Decrease) in Payables	(1,869)	(8,192)	(10,061)
Increase (Decrease) in Accrued Liabilities	0	6,586	6,586
Increase (Decrease) in Deferred Inflows of Resources	0	7,642	7,642
Increase (Decrease) in Net Pension Liability	0	5,944	5,944
Net Cash Provided (Used) by Operating Activities	\$848,806	(\$205,580)	\$643,226

City of Fairfield, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended December 31, 2015

	Municipal Court		
	Beginning Balance	Additions	Deductions
Assets:			
Equity in Pooled Cash and Investments	\$120,572	\$814,231	\$789,318
Total Assets	120,572	814,231	789,318
Liabilities:			
Undistributed Monies	120,572	814,231	789,318
Total Liabilities	\$120,572	\$814,231	\$789,318
	Warranty Bonds		
	Beginning Balance	Additions	Deductions
Assets:			
Equity in Pooled Cash and Investments	\$10,629	\$3	\$5,171
Total Assets	10,629	3	5,171
Liabilities:			
Undistributed Monies	10,629	3	5,171
Total Liabilities	\$10,629	\$3	\$5,171
	Economic Development District		
	Beginning Balance	Additions	Deductions
Assets:			
Equity in Pooled Cash and Investments	\$171,633	\$2,078,222	\$2,090,912
Receivables (Net):			
Accounts	214,770	178,851	214,770
Total Assets	386,403	2,257,073	2,305,682
Liabilities:			
Accounts Payable	147,084	135,917	147,084
Undistributed Monies	239,319	2,121,156	2,158,598
Total Liabilities	\$386,403	\$2,257,073	\$2,305,682

Continued

	Total All Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$302,834	\$2,892,456	\$2,885,401	\$309,889
Receivables (Net):				
Accounts	214,770	178,851	214,770	178,851
Total Assets	<u>517,604</u>	<u>3,071,307</u>	<u>3,100,171</u>	<u>488,740</u>
Liabilities:				
Accounts Payable	147,084	135,917	147,084	135,917
Undistributed Monies	370,520	2,935,390	2,953,087	352,823
Total Liabilities	<u>\$517,604</u>	<u>\$3,071,307</u>	<u>\$3,100,171</u>	<u>\$488,740</u>



Statistical Section

STATISTICAL SECTION

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

Contents

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$57,602,463	\$60,813,629	\$61,855,826	\$65,966,427	\$66,371,105	\$64,296,950	\$67,275,297	\$69,235,249	\$70,400,669	\$70,871,957
Restricted	11,245,048	10,331,713	16,285,100	14,757,991	13,308,997	15,986,150	16,117,641	17,137,210	16,288,586	15,892,445
Unrestricted	20,702,996	22,442,784	15,315,197	9,942,780	9,016,660	12,370,308	13,959,061	17,136,178	16,492,976	(5,843,139)
Total Governmental Activities Net Position	\$89,550,507	\$93,588,126	\$93,456,123	\$90,667,198	\$88,696,762	\$92,653,408	\$97,351,999	\$103,508,637	\$103,182,231	\$80,921,263
Business-type activities										
Net Investment in Capital Assets	\$34,692,293	\$34,821,973	\$35,778,211	\$37,114,611	\$37,096,724	\$37,488,020	\$37,444,547	\$37,900,975	\$38,873,969	\$39,709,765
Restricted	1,193,743	1,207,193	1,270,771	1,018,871	1,018,149	1,018,291	1,018,832	1,021,404	1,022,736	1,023,003
Unrestricted	13,454,093	13,231,494	12,489,925	10,201,536	9,683,097	8,968,926	9,140,411	9,583,331	9,242,621	5,784,274
Total Business-Type Activities Net Position	\$49,340,129	\$49,260,660	\$49,538,907	\$48,335,018	\$47,797,970	\$47,475,237	\$47,603,790	\$48,505,710	\$49,139,326	\$46,517,042
Total Primary Government										
Net Investment in Capital Assets	\$92,294,756	\$95,635,602	\$97,634,037	\$103,081,038	\$103,467,829	\$101,784,970	\$104,719,844	\$107,136,224	\$109,274,638	\$110,581,722
Restricted	12,438,791	11,538,906	17,555,871	15,776,862	14,327,146	17,004,441	17,136,473	18,158,614	17,311,322	16,915,448
Unrestricted	34,157,089	35,674,278	27,805,122	20,144,316	18,699,757	21,339,234	23,099,472	26,719,509	25,735,597	(58,865)
Total Primary Government Net Position	\$138,890,636	\$142,848,786	\$142,995,030	\$139,002,216	\$136,494,732	\$140,128,645	\$144,955,789	\$152,014,347	\$152,321,557	\$127,438,305

Source: City Records

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General Government	\$7,817,572	\$7,239,804	\$7,801,044	\$8,302,202	\$8,219,146	\$8,375,019	\$8,451,042	\$7,631,141	\$8,179,792	\$11,016,813
Public Safety	14,603,318	15,016,636	15,725,351	16,505,748	17,357,175	16,309,564	16,249,928	16,268,499	17,231,019	15,683,673
Leisure Time Activities	2,732,748	2,866,626	3,085,978	3,275,415	3,449,071	3,394,755	3,412,316	3,466,481	3,294,693	3,020,368
Community Development	1,232,188	1,617,775	1,702,850	1,489,030	1,438,118	1,366,224	1,359,819	1,341,884	1,483,394	1,094,499
Basic Utility Service	508,183	461,934	453,750	524,491	510,171	479,877	412,238	451,823	442,800	441,845
Transportation and Street Repair	8,377,486	10,279,823	10,437,041	9,604,526	8,622,712	7,610,384	7,447,779	6,045,380	8,004,851	8,667,858
Public Health and Welfare	24,363	24,166	23,457	23,074	22,441	21,998	21,784	21,476	21,581	21,248
Interest and Fiscal Charges	870,047	917,208	862,252	687,450	794,384	1,034,139	808,963	851,250	815,863	780,363
Total Governmental Activities Expenses	36,165,905	38,423,972	40,091,723	40,411,936	40,413,218	38,591,960	38,163,869	36,077,934	39,473,993	40,726,667
Business-Type Activities:										
Water Utility	3,696,111	4,269,598	4,263,391	4,780,644	4,450,415	4,622,668	4,510,147	4,626,165	5,044,656	5,225,446
Sewer Utility	4,710,334	5,113,311	4,966,224	4,987,541	5,030,761	4,951,150	5,100,875	5,139,515	5,272,460	5,591,952
Solid Waste Management	1,851,371	2,007,021	2,266,099	2,373,306	2,513,726	2,581,355	2,444,874	2,140,007	2,173,408	2,216,074
Recreation Facilities	1,897,000	1,936,693	2,095,997	2,222,772	2,358,398	2,066,756	2,142,869	2,177,176	2,280,222	2,174,232
Total Business-Type Activities Expenses	12,154,816	13,326,623	13,591,711	14,364,263	14,353,300	14,221,929	14,198,765	14,082,863	14,770,746	15,207,704
Total Primary Government Expenses	\$48,320,721	\$51,750,595	\$53,683,434	\$54,776,199	\$54,766,518	\$52,813,889	\$52,362,634	\$50,160,797	\$54,244,739	\$55,934,371
Program Revenues										
Governmental Activities:										
Charges for Services and Sales:										
General Government	\$1,282,363	\$1,253,147	\$2,146,381	\$2,135,946	\$2,002,295	\$2,333,954	\$1,881,872	\$1,734,805	\$1,802,079	\$1,795,353
Public Safety	1,715,358	1,790,379	1,108,266	1,264,931	1,144,876	1,224,775	1,183,079	1,189,223	1,162,252	1,144,227
Leisure Time Activities	200,442	218,759	238,651	248,862	278,973	252,125	272,605	281,499	248,952	497,097
Community Development	487,966	341,793	446,641	365,788	335,889	79,800	281,964	354,464	529,106	223,544
Basic Utility Service	479,807	733,410	491,304	512,159	640,082	384,635	670,950	565,538	566,935	77,917
Transportation and Street Repair	0	0	6,665	15,307	28,587	26,561	38,233	38,389	37,452	593,242
Operating Grants and Contributions	3,356,835	2,751,313	3,193,430	3,352,963	3,010,499	3,614,620	3,338,989	2,933,524	2,944,428	3,077,018
Capital Grants and Contributions	781,952	1,410,875	647,472	1,331,917	790,846	3,115,434	3,880,495	1,707,738	14,506	897,858
Total Governmental Activities Program Revenues	8,304,723	8,499,676	8,278,810	9,227,873	8,232,047	11,031,904	11,548,187	8,805,180	7,305,710	8,306,256

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-Type Activities:										
Charges for Services and Sales:										
Water Utility	3,468,314	3,813,675	3,873,447	3,759,023	3,777,374	3,749,292	4,025,197	\$4,666,222	\$4,825,443	\$4,944,528
Sewer Utility	4,569,010	4,569,801	4,612,647	4,720,792	4,795,347	5,229,115	5,492,327	5,733,338	5,968,424	5,992,562
Solid Waste Management	1,492,120	1,567,007	1,620,155	1,774,420	1,937,507	2,294,545	2,373,948	2,119,641	2,165,612	2,218,507
Recreation Facilities	1,644,698	1,696,093	2,015,057	2,057,814	2,084,567	1,953,697	2,097,727	1,871,477	1,831,891	1,859,761
Operating Grants and Contributions	0	0	0	33,290	65,667	25,919	3,999	31,597	88,048	0
Capital Grants and Contributions	0	0	0	0	0	0	0	145,770	900	12,090
Total Business-Type Activities Program Revenues	11,174,142	11,646,576	12,121,306	12,345,339	12,660,462	13,252,568	13,993,198	14,568,045	14,880,318	15,027,448
Total Primary Government Program Revenues	\$19,478,865	\$20,146,252	\$20,400,116	\$21,573,212	\$20,892,509	\$24,284,472	\$25,541,385	\$23,373,225	\$22,186,028	\$23,333,704
Net (Expense)/Revenue										
Governmental Activities	(\$27,861,182)	(\$29,924,296)	(\$31,812,913)	(\$31,184,063)	(\$32,181,171)	(\$27,560,056)	(\$26,615,682)	(\$27,272,754)	(\$32,168,283)	(\$32,420,411)
Business-type activities	(980,674)	(1,680,047)	(1,470,405)	(2,018,924)	(1,692,838)	(969,361)	(205,567)	485,182	109,572	(180,256)
Total Primary Government Net Expenses	(\$28,841,856)	(\$31,604,343)	(\$33,283,318)	(\$33,202,987)	(\$33,874,009)	(\$28,529,417)	(\$26,821,249)	(\$26,787,572)	(\$32,058,711)	(\$32,600,667)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$22,302,563	\$23,491,536	\$23,770,850	\$20,975,945	\$23,206,157	\$23,652,942	\$23,709,192	\$25,606,839	\$23,586,464	\$25,318,834
Property Taxes Levied for:										
General Purposes	1,293,193	1,560,761	1,106,422	1,547,487	1,551,760	1,474,934	1,385,870	1,476,744	1,987,282	1,636,590
Special Revenue Purposes	3,679,353	4,515,318	3,306,657	3,921,193	3,799,059	3,595,787	3,551,089	3,538,952	3,587,886	3,642,740
Grants and Entitlements not Restricted	3,197,933	3,111,723	3,008,438	1,571,533	2,143,796	2,412,622	1,725,889	1,404,103	1,580,380	1,194,667
Investment Earnings	1,464,849	1,676,017	1,416,837	403,898	216,726	177,580	241,232	126,654	140,964	185,456
Other Revenues	1,219,247	156,129	172,337	168,142	211,309	642,837	851,001	1,693,821	1,253,901	722,374
Transfers-Internal Activities	(550,000)	(640,000)	(1,280,000)	(568,060)	(918,072)	(440,000)	(150,000)	(145,000)	(295,000)	(315,000)
Total Governmental Activities	32,607,138	33,871,484	31,501,541	28,020,138	30,210,735	31,516,702	31,314,273	33,702,113	31,841,877	32,385,661
Business-Type Activities:										
Investment Earnings	647,220	685,420	359,838	120,747	95,397	61,252	(17,798)	9,546	24,544	11,405
Other Revenues	37,254	275,158	108,814	126,228	142,321	145,376	201,918	295,954	204,500	244,583
Transfers-Internal Activities	550,000	640,000	1,280,000	568,060	918,072	440,000	150,000	145,000	295,000	315,000
Total Business-Type Activities	1,234,474	1,600,578	1,748,652	815,035	1,155,790	646,628	334,120	450,500	524,044	570,988
Total Primary Government	\$33,841,612	\$35,472,062	\$33,250,193	\$28,835,173	\$31,366,525	\$32,163,330	\$31,648,393	\$34,152,613	\$32,365,921	\$32,956,649

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Change in Net Position										
Governmental Activities	\$4,745,956	\$3,947,188	(\$311,372)	(\$3,163,925)	(\$1,970,436)	\$3,956,646	\$4,698,591	\$6,429,359	(\$326,406)	(\$34,750)
Business-Type Activities	253,800	(79,469)	278,247	(1,203,889)	(537,048)	(322,733)	128,553	935,682	633,616	390,732
Total Primary Government	<u>\$4,999,756</u>	<u>\$3,867,719</u>	<u>(\$33,125)</u>	<u>(\$4,367,814)</u>	<u>(\$2,507,484)</u>	<u>\$3,633,913</u>	<u>\$4,827,144</u>	<u>\$7,365,041</u>	<u>\$307,210</u>	<u>\$355,982</u>

Source: City Records

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

	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015
General Fund										
Reserved	\$74,657	\$37,690	\$432,065	\$323,790	\$481,771	\$0	\$0	\$0	\$0	\$0
Unreserved	10,510,419	13,655,083	12,692,924	10,262,820	8,748,151	0	0	0	0	0
Assigned						251,377	92,799	358,413	1,276,408	673,678
Unassigned						10,161,500	12,352,032	15,236,166	13,107,411	14,274,603
Total General Fund	10,585,076	13,692,773	13,124,989	10,586,610	9,229,922	10,412,877	12,444,831	15,594,579	14,383,819	14,948,281
All Other Governmental Funds										
Reserved	5,254,491	2,606,357	3,801,329	1,753,678	8,672,323	0	0	0	0	0
Unreserved, Reported in:										
Special Revenue Funds	2,617,729	3,353,296	3,911,307	4,433,536	4,546,166	0	0	0	0	0
Debt Service Funds	1,991,644	1,498,864	1,528,211	1,453,973	1,485,833	0	0	0	0	0
Capital Projects Funds	(10,454)	146,107	363,059	5,493,406	4,540,749	0	0	0	0	0
Restricted						17,004,137	14,821,559	15,154,484	14,631,812	14,507,341
Assigned						212,497	209,911	193,969	186,814	164,254
Unassigned						(907,538)	(1,043,316)	(437,769)	(346,988)	(431,443)
Total all Other Governmental Funds	\$9,853,410	\$7,604,624	\$9,603,906	\$13,134,593	\$19,245,071	\$16,309,096	\$13,988,154	\$14,910,684	\$14,471,638	\$14,240,152

Source: City Records

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	\$27,105,520	\$28,828,205	\$28,500,970	\$26,861,747	\$28,266,333	\$28,583,571	\$28,664,812	\$30,423,136	\$28,234,609	\$31,186,625
Fines, Licenses & Permits	2,437,555	2,136,564	2,363,478	2,136,001	2,261,968	2,182,221	2,005,002	1,886,788	1,859,215	1,784,422
Charges for Services	1,525,192	1,962,620	1,809,440	2,211,605	1,790,882	2,370,058	2,561,018	2,619,848	2,675,730	2,747,915
Investment Earnings	1,441,262	1,635,445	1,456,745	406,997	367,848	211,364	245,561	135,821	142,171	175,768
Intergovernmental	6,489,289	6,767,796	7,270,321	6,560,501	6,189,211	7,382,476	8,716,682	6,548,135	5,461,873	5,446,943
Special Assessments	173,721	253,763	279,582	69,656	28,213	19,026	28,940	276,143	40,587	250,298
Other Revenues	1,322,942	312,794	319,880	662,331	385,809	1,193,989	420,692	671,902	441,998	462,221
Total Revenues	\$40,495,481	\$41,897,187	\$42,000,416	\$38,908,838	\$39,290,264	\$41,942,705	\$42,642,707	\$42,561,773	\$38,856,183	\$42,054,192

Expenditures:										
Current:										
General Government	\$7,355,804	\$6,697,012	\$7,302,449	\$7,932,771	\$7,591,020	\$7,868,338	\$7,492,947	\$7,297,563	\$8,062,959	\$8,338,732
Public Safety	13,570,140	14,094,273	14,932,090	15,262,238	15,724,127	15,276,912	14,999,429	15,441,781	16,157,770	16,829,972
Leisure Time Activities	2,083,769	2,215,832	2,449,825	2,600,220	2,683,583	2,527,523	2,279,421	2,416,016	2,526,615	2,588,912
Community Development	1,183,209	1,573,045	1,588,348	1,439,439	1,451,970	1,326,096	1,304,371	1,326,648	1,434,544	1,457,640
Basic Utility Service	508,183	461,934	453,750	524,491	510,171	479,877	412,238	451,823	442,800	441,845
Transportation and Street Repair	6,058,791	7,946,070	8,260,640	7,318,320	6,208,262	5,315,056	4,388,564	3,063,645	5,314,576	3,351,636
Public Health and Welfare	24,363	24,166	23,457	23,074	22,441	21,998	21,784	21,476	21,581	21,248
Capital Outlay	7,349,867	5,363,198	2,368,797	6,902,977	6,092,909	7,697,920	9,258,968	5,277,220	3,633,918	5,739,648
Debt Service:										
Principal Retirement	945,591	890,000	870,000	954,515	1,233,549	1,577,547	1,716,763	1,686,207	1,654,765	1,680,000
Interest and Fiscal Charges	998,885	954,928	855,696	565,524	776,107	1,024,387	839,474	876,493	835,371	800,002
Total Expenditures	\$40,078,602	\$40,220,458	\$39,105,052	\$43,523,569	\$42,294,139	\$43,115,654	\$42,713,959	\$37,858,872	\$40,084,899	\$41,249,635

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess (Deficiency) of Revenues Over Expenditures	\$416,879	\$1,676,729	\$2,895,364	(\$4,614,731)	(\$3,003,875)	(\$1,172,949)	(\$71,252)	\$4,702,901	(\$1,228,716)	\$804,557
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	\$636,750	\$12,002	\$16,134	\$346	\$18,115	\$25,929	\$122,264	\$54,377	\$73,910	\$68,419
Issuance of Capital Leases	0	0	0	378,346	0	0	0	0	0	0
Issuance of Long-Term Capital-Related Debt	0	0	0	6,065,000	9,125,000	0	0	0	0	0
Sale of Refunding Bonds	0	0	0	2,750,000	0	0	6,540,000	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	(2,829,535)	0	0	(6,852,466)	0	0	0
Premium/(Discount) on Sale of Refunded Bonds	0	0	0	35,083	37,037	0	422,277	0	0	0
Transfers In	6,168,926	4,818,767	5,922,490	9,330,293	3,374,427	3,591,239	4,721,472	5,515,626	6,531,244	3,900,000
Transfers (Out)	(6,804,926)	(5,648,587)	(7,402,490)	(10,048,353)	(4,644,233)	(4,197,239)	(5,061,472)	(6,200,626)	(7,026,244)	(4,440,000)
Total Other Financing Sources (Uses)	750	(817,818)	(1,463,866)	5,681,180	7,910,346	(580,071)	(107,925)	(630,623)	(421,090)	(471,581)
Net Change in Fund Balances	\$417,629	\$858,911	\$1,431,498	\$1,066,449	\$4,906,471	(\$1,753,020)	(\$179,177)	\$4,072,278	(\$1,649,806)	\$332,976
Debt service as a percentage of noncapital expenditures (1)	5.0%	5.9%	5.3%	4.7%	4.2%	5.5%	7.3%	7.7%	6.9%	6.6%

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)	Real Property		Tangible Personal Property		Public Utilities Personal		Total Assessed		Total Estimated		Total Direct Rate
	Assessed Value		Assessed Value		Assessed Value		Value		Actual Value		
2006	\$925,860,030		\$100,613,661		\$28,118,140		\$1,054,591,831		\$3,013,119,517		5.94
2007	940,328,360		83,540,896		26,584,060		1,050,453,316		3,001,295,189		5.94
2008	953,317,810		63,486,119		24,221,990		1,041,025,919		3,040,020,341		5.94
2009	1,021,253,020		0		24,308,010		1,045,561,030		3,036,815,632		5.94
2010	976,992,690		0		25,642,990		1,002,635,680		2,786,117,887		5.94
2011	977,696,820		0		28,055,930		1,005,752,750		2,794,779,582		5.94
2012	923,744,720		0		30,787,720		954,532,440		2,652,448,898		5.94
2013	916,662,950		0		32,024,670		948,687,620		2,636,207,348		5.94
2014	914,754,880		0		34,544,460		949,299,340		2,637,907,192		5.94
2015	903,236,750		0		38,373,230		941,609,980		2,616,540,045		5.94

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
2006	0.99	0.30	4.65	5.94	9.44	58.60
2007	0.99	0.30	4.65	5.94	10.95	58.60
2008	0.99	0.30	4.65	5.94	10.45	58.60
2009	0.99	0.30	4.65	5.94	9.75	56.59
2010	0.99	0.30	4.65	5.94	9.75	56.52
2011	0.99	0.30	4.65	5.94	9.72	56.60
2012	0.99	0.30	4.65	5.94	9.72	63.10
2013	0.99	0.30	4.65	5.94	9.72	62.80
2014	0.99	0.30	4.65	5.94	9.72	65.80
2015	0.99	0.30	4.65	5.94	9.72	65.80

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

2015 (1)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio	\$37,181,820	3.94%
Boymel	8,051,760	0.85%
Cincinnati Financial	7,944,520	0.84%
Timber Hollow	6,629,210	0.70%
Sisters of Mercy	5,983,750	0.63%
Fath Village Park	5,915,680	0.63%
Camelot East	5,384,850	0.57%
Ohio Casualty Insurance	5,185,720	0.55%
BWIP Woodstock	5,120,850	0.54%
Rajole	4,888,790	0.52%
	<u>\$92,286,950</u>	<u>9.77%</u>

2006 (2)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy	\$23,129,960	2.20%
Cincinnati Financial Corp.	16,913,280	1.61%
Sam Boymel Trustee	9,720,740	0.93%
Ohio Casualty Insurance Co.	7,533,520	0.72%
Faith-Village Park Apartments	5,709,930	0.54%
Alliance TP Portfolio LTD	5,540,810	0.53%
TGM Camelot, Inc.	5,260,550	0.50%
Teacher Retirement System	5,105,830	0.49%
Rajole LLC	4,691,700	0.45%
Meijer Stores LTD PRT	4,691,700	0.45%
	<u>\$88,298,020</u>	<u>8.42%</u>

Source: County Auditor

(1) - Calendar Year 2015

(2) - Collection Year 2006

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
2006	\$5,598,860	\$5,256,965	93.89%	\$166,681	\$5,423,646	96.87%
2007	5,528,641	5,197,981	94.02%	155,648	5,353,629	96.83%
2008	5,435,599	4,973,339	91.50%	242,262	5,215,601	95.95%
2009	5,174,402	4,860,458	93.93%	173,884	5,034,342	97.29%
2010	5,184,904	4,963,811	95.74%	63,638	5,027,449	96.96%
2011	5,225,619	4,993,958	95.57%	175,800	5,169,758	98.93%
2012	5,153,091	4,977,999	96.60%	172,024	5,150,023	99.94%
2013	5,120,551	5,048,532	98.59%	153,557	5,120,551	100.00%
2014	5,245,233	5,081,457	96.88%	168,336	5,245,233	100.00%
2015	5,163,152	5,099,800	98.77%	115,661	5,215,461	101.01%

Source: County Auditor

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

	2015
Name	Amount
Cincinnati Insurance Corporation	\$3,829,359
Mercy Regional Health System	1,387,264
Liberty Mutual Group	1,347,065
Fairfield Board of Education	617,141
Express Scripts Services	515,050
Koch Meat Co Inc	451,104
Pacific Mfg Ohio Inc	408,953
City of Fairfield	326,393
RFL Resources Ltd	267,533
Martin Brower Co	247,550
Total Collections - Principal Taxpayers	<u>\$9,397,412</u>
Total Collections	\$27,461,579
Combined percentage of total income taxes	34.2%
	2007
Name	Amount
Cincinnati Insurance Corporation	\$2,642,336
Ohio Casualty Group	1,882,229
Mercy Regional Health System	809,452
Fairfield Board of Education	603,235
Medco Health Solutions	627,406
City of Fairfield	295,328
Pacific Mfg Ohio Inc.	265,875
Koch Meat Co Inc.	260,034
Pease Industries Inc	170,211
PNG Telecommunications Inc	170,070
Total Collections - Principal Taxpayers	<u>\$7,726,176</u>
Total Collections	\$24,116,562
Combined percentage of total income taxes	32.0%

Source: City Finance Department

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

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

Calendar Year	Governmental Activities			Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Loans	General Obligation Bonds		Mortgage Revenue Bonds				
2006	\$13,420,000	\$0	\$0	\$8,694,316	\$1,885,000		\$3,280,000	\$39,479,316	0.34%	938	
2007	12,530,000	0	0	8,041,787	1,795,000		3,045,000	35,911,787	0.30%	853	
2008	11,660,000	0	0	7,362,653	1,700,000		2,800,000	32,022,653	0.25%	761	
2009	16,840,566	0	348,831	6,655,829	3,843,489		0	29,588,715	0.23%	703	
2010	24,832,967	0	275,282	5,920,185	3,483,678		0	36,212,112	0.28%	852	
2011	23,323,331	0	197,735	5,154,545	3,113,867		0	35,539,478	0.26%	836	
2012	22,074,185	0	115,972	4,357,688	2,755,301		0	31,986,052	0.22%	752	
2013	20,427,762	0	29,765	3,528,338	2,328,129		0	26,313,994	0.18%	619	
2014	18,756,339	0	0	2,665,171	1,890,957		0	23,312,467	0.15%	548	
2015	17,029,916	0	0	1,766,809	1,453,785		0	20,250,510	N/A	476	

Source: City Finance Department

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

N/A - Information not available

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

Calendar Year	General Bonded Debt Outstanding Total General Obligation Bonds	Debt Service Fund Balance	General Bonded Debt Outstanding Net General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2006	\$18,585,000	\$1,309,857	\$17,275,143	0.57%	\$521
2007	17,370,000	1,374,488	15,995,512	0.53%	473
2008	16,160,000	1,410,471	14,749,529	0.49%	415
2009	20,684,055	1,420,961	19,263,094	0.63%	558
2010	28,316,645	1,430,938	26,885,707	0.96%	765
2011	26,437,198	1,464,498	24,972,700	0.89%	683
2012	24,462,392	1,558,685	22,948,959	0.87%	591
2013	22,755,891	1,774,344	20,981,547	0.79%	534
2014	20,647,296	1,615,879	19,031,417	0.72%	466
2015	18,483,701	1,666,201	16,817,500	0.64%	N/A

Source: City Finance Department

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

City of Fairfield, Ohio
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015
Schedule 13

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Fairfield
Butler County	\$45,045,900	12.80%	\$5,765,875
Hamilton County	80,665,000	0.00%	0
Fairfield City School District	79,813,000	68.98%	55,055,007
Lakota Local School District	139,180,000	0.38%	528,884
Northwest L School District	82,985,000	0.00%	0
Butler Technology & Career Center Jt. Voc. School District	9,195,000	11.73%	1,078,574
Subtotal Overlapping Debt	436,883,900		62,428,340
City of Fairfield - Direct Debt	17,029,916	100.00%	17,029,916
Total Direct and Overlapping Debt	\$453,913,816		\$79,458,256

Source: Ohio Municipal Advisory Council

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

Legal Debt Margin Calculation for Calendar Year 2015				
Assessed Value		\$941,609,980		\$941,609,980
Statutory Legal Debt Limitation (1)		10.5%		5.5%
Total Debt Limitation		98,869,048		51,788,549
Debt Applicable to Limit:				
Gross Indebtedness		18,483,701		18,483,701
Less: Bond Retirement Fund Balance		0		0
Total Net Debt Applicable to Limit		18,483,701		18,483,701
Legal Debt Margin		\$80,385,347		\$33,304,848

	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Debt Limit (1)										
Debt Limit (10.5%)	\$110,732,142	\$110,297,598	\$109,307,721	\$109,783,908	\$105,276,746	\$100,225,906	\$100,225,906	\$99,612,200	\$99,676,431	\$98,869,048
Total Net Debt Applicable to Limit	30,785,000	27,870,000	24,660,000	22,584,055	30,016,645	26,437,198	24,462,392	22,755,891	20,647,296	18,483,701
Legal Debt Margin	\$79,947,142	\$82,427,598	\$84,647,721	\$87,199,853	\$75,260,101	\$73,788,708	\$75,763,514	\$76,856,309	\$79,029,135	\$80,385,347
Total Net Debt Applicable to the Limit										
as a Percentage of Debt Limit	27.8%	25.3%	22.6%	20.6%	28.5%	26.4%	24.4%	22.8%	20.7%	18.7%

	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$58,002,551	\$57,774,932	\$57,256,426	\$57,505,857	\$55,144,962	\$52,499,284	\$52,499,284	\$52,177,819	\$52,211,464	\$51,788,549
Total Net Debt Applicable to Limit	30,785,000	27,870,000	24,660,000	22,584,055	30,016,645	26,437,198	24,462,392	22,755,891	20,647,296	18,483,701
Legal Debt Margin	\$27,217,551	\$29,904,932	\$32,596,426	\$34,921,802	\$25,128,317	\$26,062,086	\$28,036,892	\$29,421,928	\$31,564,168	\$33,304,848
Total Net Debt Applicable to the Limit										
as a Percentage of Debt Limit	53.1%	48.2%	43.1%	39.3%	54.4%	50.4%	46.6%	43.6%	39.5%	35.7%

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.

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	
2006	\$76,373	\$0	\$0	N/A
2007	165,387	0	0	N/A
2008	142,506	0	0	N/A
2009	37,251	0	0	N/A
2010	25,576	0	0	N/A
2011	274,721	0	0	N/A
2012	506,161	0	0	N/A
2013	369,777	0	0	N/A
2014	676,237	0	0	N/A
2015	500,594	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)
2006	42,097	\$11,707,628	\$33,130	4.50%
2007	42,097	12,114,458	33,848	5.10%
2008	42,097	12,811,630	35,511	6.20%
2009	42,097	12,653,202	34,512	9.30%
2010	42,510	12,959,978	35,138	8.80%
2011	42,510	13,538,158	36,590	7.90%
2012	42,510	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	N/A	N/A	4.50%

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

2015			
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)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
GE Aviation	Mfg	(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)
Miller Coors	Mfg	(3)	(4)
Pierre Foods	Mfg	(3)	(4)

2006			
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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
City Administration	5	5	5	5	5	5	5	5	5	10
City Council	2	2	2	2	2	2	2	2	1	1
Engineering	7	7	7	7	6	6	6	6	6	6
Facility/Janitors	2	2	2	2	2	2	2	2	1	1
Municipal Court	19	21	21	21	21	21	20	19	20	20
Finance	20	20	21	23	22	21	21	21	21	16
Public Safety										
Police										
Officers	60	60	60	61	60	59	58	58	57	57
Non-Sworn	20	21	21	20	20	20	20	20	20	20
Fire	30	30	30	31	31	30	29	29	28	27
Leisure Time Activities										
Parks and recreation	22	22	22	22	21	20	20	20	20	20
Community Development										
Planning and Zoning	4	4	4	4	4	4	4	4	4	4
Building Inspection	9	9	10	10	8	8	8	8	8	8
Economic Development	1	1	1	1	1	1	1	1	1	1
Basic Utility Service										
Water	20	22	21	21	21	21	21	19	18	20
Wastewater	22	22	22	22	21	22	21	21	22	22
Transportation and Street Repair	30	30	30	30	29	28	27	27	27	28
Total	273	278	279	282	274	270	265	262	259	261

Source: City Finance Department

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

Function/Program	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Community Environment										
Planning and Development										
Building permits issued	1,910	1,739	1,902	1,890	1,806	1,787	2,068	1,771	1,720	1,712
Building inspections conducted	4,030	3,491	4,196	2,841	3,250	2,665	2,904	2,820	2,542	2,554
Economic Development										
Value of Residential Construction	\$15,292,249	\$8,266,873	\$5,987,184	\$7,878,345	\$7,131,659	\$6,581,580	\$8,020,432	\$6,689,302	\$5,589,157	\$7,516,667
Value of Commercial Construction	\$68,682,460	\$31,323,193	\$40,943,871	\$10,637,756	\$18,436,106	\$16,158,312	\$22,505,453	\$27,617,808	\$25,374,335	\$35,644,173
General Government										
Finance Department - Income Tax										
Income Tax Refunds	1,050	1,163	932	1,060	1,108	948	1,063	928	959	1,022
Dollar Amount of Refunds	\$435,208	\$650,850	\$886,280	\$838,260	\$733,150	\$488,939	\$493,998	\$475,670	\$3,322,818	\$1,538,826
Average Refund Amount	\$414	\$560	\$951	\$791	\$662	\$516	\$465	\$513	\$3,465	\$1,506
Court										
Number of Criminal Cases	4,066	4,063	4,123	4,702	4,478	4,334	3,359	3,215	3,590	2,869
Number of Civil Cases	1,905	2,014	2,136	1,837	1,660	1,667	1,459	1,223	1,185	1,152
Construction Services										
Square Footage of Sidewalk Repairs	16,439	17,198	26,999	32,598	19,432	31,350	13,951	24,976	17,460	19,036
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	1,178	1,929	3,798	3,612	3,458	3,476	2,802	2,732	2,485	2,430
Juvenile	565	441	497	387	355	26	222	258	295	255
Citations	5,758	3,438	3,847	3,432	3,208	2,555	2,310	3,043	2,842	2,980
Accidents	1,514	1,403	1,628	1,283	1,207	1,232	1,237	1,144	1,322	1,440
Fire										
Emergency responses	4,247	5,257	3,929	4,355	4,676	5,378	5,465	5,437	5,870	4,972
Fire Calls	4,461	1,244	2,366	1,022	879	869	906	866	944	915
Inspections	3,600	2,841	2,032	2,100	2,124	2,136	1,526	1,855	1,934	1,846
Transportation										
Public Works										
Number of Street Miles Resurfaced	5	8	7	6	7	5	4	13	15	12
Tons of Street Salt Used	949	5,648	6,663	5,277	8,146	3,671	1,177	4,686	4,315	4,368
Cubic Yards of Leaves Picked-up	8,054	5,300	4,056	6,074	4,396	2,929	3,952	3,959	4,152	5,346

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

Function/Program	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Leisure										
Parks and Recreation										
Number of Theater Patrons	8,113	11,842	12,645	13,775	15,516	14,395	14,345	12,195	14,120	14,158
Number of Pool Admissions	42,614	43,124	42,204	41,747	34,741	46,505	34,838	24,090	24,641	26,511
Program Attendance:										
Youth/Preschool	15,245	18,968	33,535	26,464	19,710	18,861	21,796	20,073	20,805	19,418
Fitness	6,800	8,311	11,225	12,695	12,298	12,254	12,479	9,636	8,976	5,659
Senior Activities	5,500	9,883	11,152	12,957	14,521	13,559	16,323	18,047	17,898	19,160
Water										
Water main breaks	55	35	66	65	64	60	57	64	81	56
Average daily consumption (millions of gallons)	5.125	5.040	5.760	5.360	5.250	5.200	5.149	5.068	4.998	4.597
Peak daily consumption (millions of gallons)	6.076	6.546	7.883	8.208	7.749	7.407	8.282	7.746	6.978	6.884
Wastewater										
Average daily sewage treatment (millions of gallons)	5.977	5.308	5.900	5.679	5.084	4.934	4.955	5.323	5.182	5.216

Source: Various City Departments

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

(b) - Not available.

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

Function/Program	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Municipal Building (square footage)	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,281	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	26	26	26	26	26	27	24	24	21	25
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	4	5	5	5	5	5	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)	160.5	160.5	160.5	160.5	160.5	160.6	160.7	166.3	166.3	180.0
Highways (miles)	7.14	7.14	7.14	7.14	7.14	7.27	7.27	7.27	7.27	7.27
Streetlights	1,525	1,525	1,525	1,525	1,525	2,962	2,962	2,962	2,983	2,983
Traffic signals	55	58	58	58	58	60	61	61	63	61
Parks and Recreation										
Number of Parks	25	25	25	25	25	25	26	29	29	37
Area of Parks (acreage)	468.50	469	469	469	469	469	577	676	538	665
Playgrounds	12	12	12	12	12	12	15	14	21	14
Baseball/softball diamonds	16	16	16	16	16	16	16	18	21	20
Soccer/football fields	11	11	11	11	11	11	11	12	17	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	172.00	172.00	172.00	172.00	172.00	169.00	169.00
Fire hydrants	2,326	2,326	2,384	2,384	2,384	1,965	1,965	1,966	2,000	2,000
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)	166.10	166.10	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00

Source: Various City Departments

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