

# City of Fairfield, Ohio

## Comprehensive Annual Financial Report



For the Year Ended December 31, 2016

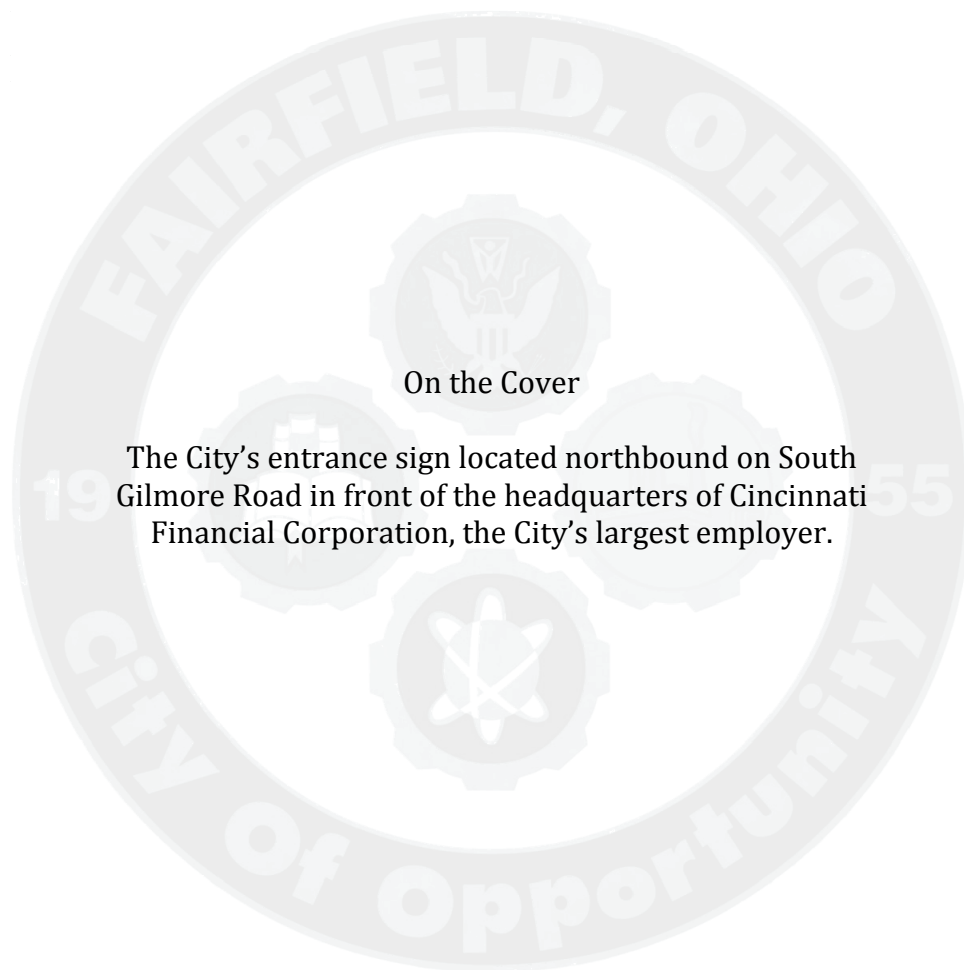
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**City of Fairfield, Ohio**

**Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2016**

**Prepared By:  
Department of Finance  
Mary Hopton, Director**



### On the Cover

The City's entrance sign located northbound on South Gilmore Road in front of the headquarters of Cincinnati Financial Corporation, the City's largest employer.

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# Introductory Section

City of Fairfield, Ohio

June 28, 2017

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, 2016 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**

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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**

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

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

The residents approved an income tax reapportionment of the 1.5% income tax in 2012 to offset losses in State revenue. This reapportionment was effective in 2013 and reallocated monies to the General fund by reducing the Street and Capital Improvement funds each by 0.05%. It was understood at the time of the reapportionment should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. In 2016, the City replenished the revenue to the Street Improvement and Capital Improvement funds to fund the substantial five-year Capital Improvement Program. The City will continue to do so as long as income tax revenues are sufficient to maintain the General fund operations and reserves.

### **Relevant Financial Policies**

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In 2015, the State of Ohio legislative branch passed House Bill 5, a municipal tax uniformity bill. This bill contains language modifying the income basis on which a municipal government can levy an income tax on and how the municipal government can collect 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. Necessary legislative changes were made to the City's Codified Ordinance Section 181 to comply with the new State law. Most provisions of this bill will become effective in January 2017 for the 2016 tax year. At this time, the City is beginning to compile information on the financial impact these legislative changes have on income tax receipts.

In 2017, the State of Ohio's operating budget bill contains additional proposed changes to municipal income tax statute and revenue collection streams. At this time, there are fundamental differences in the proposed operating budget from the governor, the House of Representatives and the Senate, so the outcome is unknown at this time. The concerns revolve around the State Department of Taxation becoming a central filing and collection point for business profit returns, assessing the municipality a fee

to process the returns and limiting access to tax information necessary for a municipal jurisdiction to review and audit returns as well as to enforce the local tax laws.

## **Major Initiatives**

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The following were among the many diverse activities and/or programs to which both the elected officials and staff devoted their energies in 2016:

- 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 in 2016. This project is considered critical as this location is currently ranked as the City's most dangerous intersection.
- 2) Water System Improvements for Route 4 estimated to cost of \$3.3 million will be financed with outside debt in 2017. 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 \$3.8 million with \$2.1 million in state funding.

## **Future Projects**

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Accomplishments and significant capital projects to look forward to in 2017 include the following:

- 1) Motor Control Center replacement for the Wastewater Plant estimated to cost \$1.7 million will be financed with outside debt in 2017. The current motor control center was installed in 1965 and critical to the operation of the Wastewater Plant.
- 2) Improvements to Symmes Road from Route 4 to North Gilmore estimated to cost \$1.06 million with outside funding of \$760,000 will include overlay, storm sewer, guardrail, shoulder widening and adding a striped center turn lane between Route 4 and Hicks Boulevard. This project will begin upon completion of extending the GM Ditch culvert.

## **Internal Accounting and Budgetary Controls**

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We believe that the City's internal control structure adequately safeguarded assets and provided reasonable assurance of proper recording of financial transactions. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. 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, 2016.

## **City Income Tax**

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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:

	2016	2015
<b>General fund 1.2%</b>	\$23,295,587	\$21,969,263
<b>Street Improvement fund 0.15%</b>	2,911,948	2,746,158
<b>Capital Improvement fund 0.15%</b>	<u>2,911,948</u>	<u>2,746,158</u>
<b>Gross Revenues</b>	<u>\$29,119,483</u>	<u>\$27,461,579</u>

#### **Independent Audit**

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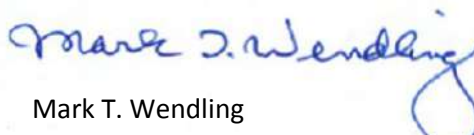
The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Plattenburg & Associates, Inc., an independent accounting firm, has completed an audit of the financial statements. Their opinion on the City's financial statements is included in the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

#### **Acknowledgements**

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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 – Tim Abbott

Chad Oberson  
Debbie Pennnington  
Mike Synder

Craig Keller  
Bob Myron  
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  
Greg Kathman  
Michael Dickey  
Donald Bennett  
Alisha Wilson

**DEPARTMENT OF FINANCE**

Mary Hopton, MBA  
Scott Timmer  
Tom Hedge  
Karen Broughton

Finance Director  
Financial Services Manager  
Income Tax Administrator  
Payroll Administrator



# City Of Fairfield Service Delivery Chart

Citizens of Fairfield

**Mayor & City Council (elected)**  
Steve Miller, Mayor  
Bob Myron, First Ward  
Craig Keller, Second Ward  
Debbie Pennington, Third Ward  
Tim Abbott, Fourth Ward  
Chad Oberson, At Large  
Mike Snyder, At Large  
Bill Woeste, At Large

**Municipal Judge (elected)**  
Joyce A. Campbell

**Municipal Court**  
Ed Roberts

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

**Clerk of Council**  
Alisha Wilson

**City Manager**  
Mark T. Wendling

**Law Director**  
John Clemmons

**Communications Manager**  
Jenny Dexter

**Asst. City Manager**  
Greg Preece

**Human Resources**  
Carol Mayhall

**Information Technology**  
Joseph Waldmann

**Civil Service Commission Staff**  
Lindsey Margerum

**Parks & Rec Department**  
James Bell

**Facilities/Operations**  
Bob Schappacher  
**Arts and Programs**  
Heidi Schiller

**Police Department**  
Michael Dickey

**Operations**  
Steve Maynard  
**Community Services**  
Ken Gerold  
**Support Services**  
Ken Colburn

**Fire Department**  
Donald Bennett

**Fire Suppression**  
Randy McCreddie  
Tracy Donovan  
Jim Howell  
**Emergency Medical Services**  
**Fire Prevention**

**Finance Department**  
Mary Hopton

**Financial Services**  
Scott Timmer  
**Income Tax**  
Tom Hedge

**Development Services Dept.**  
Greg Kathman

**Planning**  
Erin Donovan  
**Economic Development**  
**Building and Zoning Inspection**  
Rick Helsing

**Public Works Department**  
David Butsch

**Streets**  
Dain McCune  
**Engineering / Construction Services**  
Benjamin Mann  
**Fleet / Facilities Manager**  
Brian Rose

**Public Utilities Department**  
Adam Sackenheim

**Water**  
Andreas Eddy  
**Wastewater**  
Jason Hunold



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, 2015**

Executive Director/CEO



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# Financial Section

City of Fairfield, Ohio

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

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

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Plattenburg & Associates, Inc.*

Cincinnati, Ohio  
June 28, 2017

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**City of Fairfield, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**  
**(Unaudited)**

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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, 2016. 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 \$3,570,892. Net position of governmental activities increased \$4,028,186, net position of business-type activities decreased by \$457,294.
- The general fund reported a fund balance of \$15,814,229.
- Business-type operations reflected operating loss of (\$642,376).
- The City had \$41,814,833 in expenses relating to governmental activities; program revenues offset \$9,840,394 of these expenses. General revenues of \$36,217,625 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, 2016**  
**(Unaudited)**

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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 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.

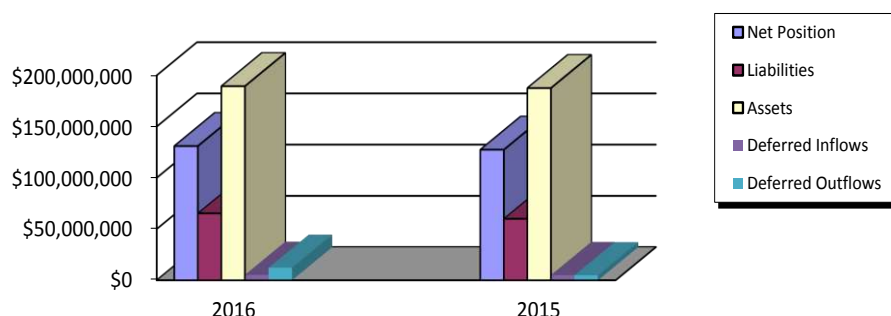
**City of Fairfield, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2016**  
**(Unaudited)**

**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 2016 compared to 2015.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets:</b>						
Current and Other Assets	\$48,777,204	\$44,453,596	\$10,892,897	\$11,657,490	59,670,101	\$56,111,086
Capital Assets	87,752,266	87,921,816	42,039,676	43,600,605	129,791,942	131,522,421
<b>Total Assets</b>	<b>136,529,470</b>	<b>132,375,412</b>	<b>52,932,573</b>	<b>55,258,095</b>	<b>189,462,043</b>	<b>187,633,507</b>
<b>Deferred Outflows of Resources:</b>						
Deferred Charge on Refunding Pension	199,254	230,057	24,795	29,754	224,049	259,811
	9,999,463	3,925,769	1,952,420	712,680	11,951,883	4,638,449
<b>Total Deferred Outflows of Resources</b>	<b>10,198,717</b>	<b>4,155,826</b>	<b>1,977,215</b>	<b>742,434</b>	<b>12,175,932</b>	<b>4,898,260</b>
<b>Liabilities:</b>						
Long-Term Liabilities	54,071,815	47,600,048	7,549,892	7,320,380	61,621,707	54,920,428
Other Liabilities	2,522,509	3,030,039	1,201,834	2,101,200	3,724,343	5,131,239
<b>Total Liabilities</b>	<b>56,594,324</b>	<b>50,630,087</b>	<b>8,751,726</b>	<b>9,421,580</b>	<b>65,346,050</b>	<b>60,051,667</b>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	4,680,000	4,662,000	0	0	4,680,000	4,662,000
Grants and Other Taxes	222,976	181,458	0	0	222,976	181,458
Pension	281,438	136,430	98,314	61,907	379,752	198,337
<b>Total Deferred Inflows of Resources</b>	<b>5,184,414</b>	<b>4,979,888</b>	<b>98,314</b>	<b>61,907</b>	<b>5,282,728</b>	<b>5,041,795</b>
<b>Net Position:</b>						
Net Investment In Capital Assets	72,702,624	70,871,957	40,221,046	39,709,765	112,923,670	110,581,722
Restricted	18,160,599	15,892,445	1,024,340	1,023,003	19,184,939	16,915,448
Unrestricted	(5,913,774)	(5,843,139)	4,814,362	5,784,274	(1,099,412)	(58,865)
<b>Total Net Position</b>	<b>\$84,949,449</b>	<b>\$80,921,263</b>	<b>\$46,059,748</b>	<b>\$46,517,042</b>	<b>\$131,009,197</b>	<b>\$127,438,305</b>



Total net position of the City as a whole increased \$3,570,892. Net position of the City's governmental activities increased \$4,028,186, while the net position of the City's business-type activities decreased \$457,294 from 2015. 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.



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Capital Assets decreased mainly due to current year depreciation expense being greater than additions. Total Long-Term Liabilities increased mainly due to the increase in net pension liability.

Table 2 shows the changes in net position at year-end and revenue and expense comparisons for 2016 to 2015.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for Services	\$6,411,256	\$4,331,380	\$15,297,601	\$15,015,358	\$21,708,857	\$19,346,738
Operating Grants and Contributions	3,243,396	3,077,018	0	0	3,243,396	3,077,018
Capital Grants and Contributions	185,742	897,858	0	12,090	185,742	909,948
Total Program Revenues	9,840,394	8,306,256	15,297,601	15,027,448	25,137,995	23,333,704
General Revenues:						
Income Taxes	28,822,572	25,318,834	0	0	28,822,572	25,318,834
Property Taxes	5,161,790	5,279,330	0	0	5,161,790	5,279,330
Grants and Entitlements	1,413,792	1,194,667	0	0	1,413,792	1,194,667
Investment Earnings	147,846	185,456	28,592	11,405	176,438	196,861
Other Revenues	671,625	722,374	276,975	244,583	948,600	966,957
Total General Revenues	36,217,625	32,700,661	305,567	255,988	36,523,192	32,956,649
Total Revenues	46,058,019	41,006,917	15,603,168	15,283,436	61,661,187	56,290,353
Program Expenses:						
General Government	7,968,208	8,240,596	0	0	7,968,208	8,240,596
Public Safety	18,841,094	18,459,890	0	0	18,841,094	18,459,890
Community Development	1,950,158	1,094,499	0	0	1,950,158	1,094,499
Liesure Time Activities	3,746,235	3,020,368	0	0	3,746,235	3,020,368
Transportation and Street Repair	8,097,174	8,667,858	0	0	8,097,174	8,667,858
Basic Utility Service	458,368	441,845	0	0	458,368	441,845
Public Health and Welfare	21,125	21,248	0	0	21,125	21,248
Interest and Other Charges	732,471	780,363	0	0	732,471	780,363
Water Utility	0	0	6,407,038	5,225,446	6,407,038	5,225,446
Sewer Utility	0	0	5,735,840	5,591,952	5,735,840	5,591,952
Solid Waste	0	0	2,259,529	2,216,074	2,259,529	2,216,074
Recreation	0	0	1,873,055	2,174,232	1,873,055	2,174,232
Total Program Expenses	41,814,833	40,726,667	16,275,462	15,207,704	58,090,295	55,934,371
Increase (Decrease) in Net Positon before Transfers	4,243,186	280,250	(672,294)	75,732	3,570,892	355,982
Transfers - Internal Activities	(215,000)	(315,000)	215,000	315,000	0	0
Change in Net Position	4,028,186	(34,750)	(457,294)	390,732	3,570,892	355,982
Net Position - Beginning of Year	80,921,263	80,956,013	46,517,042	46,126,310	127,438,305	127,082,323
Net Position - End of Year	\$84,949,449	\$80,921,263	\$46,059,748	\$46,517,042	\$131,009,197	\$127,438,305

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***Governmental Activities***

The City had an increase in revenues mainly due to an increase in charges for services revenues and income tax revenues that the City received in 2016. Total expenses increased mainly due to the City's public safety and leisure time (recreation) services, that they provide, increased from 2015.

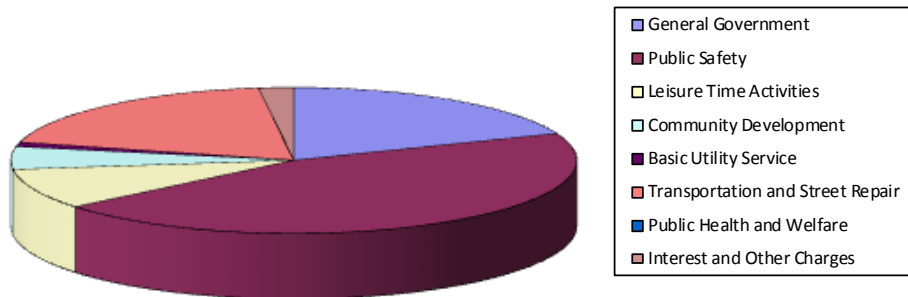
Revenues generated by the earnings tax represent approximately 80% of the City's governmental activities general revenues. During 2016, when most communities were faced with budget cuts due to the economic downturn of the economy, the City's 2016 earnings tax revenues increased approximately 13.8% when compared to 2015 earnings tax revenues.

**Governmental Activities**

**Program Expenses for 2016**

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	Percentage
General Government	19%
Public Safety	45%
Leisure Time Activities	9%
Community Development	5%
Basic Utility Service	1%
Transportation and Street Repair	19%
Public Health and Welfare	Less than 1%
Interest and Other Charges	2%
Total	100%



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

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the current 1.5% rate, was for the purpose of general operations, maintenance, and improvement of services.

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

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

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 loss of (\$642,376) for 2016. The operating revenues for business-type activities were \$15,574,576, while operating expenses were \$16,216,952 for 2016. The decrease in operating loss for 2016 was mainly due to an increase in the City's operating expenses, in 2016 as compared to 2015.

**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,

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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.

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

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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.

### **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 \$32,218,237 (71%) of the total governmental fund assets.

**General Fund:** Fund balance at December 31, 2016 was \$15,814,229, an increase in fund balance of \$865,948 from 2015. The general fund had an increase in fund balance mainly due to an increase in income tax collections.

**Fire Levy Fund:** Fund deficit at December 31, 2016 was (\$69,540), a decrease in fund deficit of \$214,828

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from 2015. The increase in fund deficit was mainly due to an increase in public safety expenditures.

**Street Improvement Fund:** Fund balance at December 31, 2016 was \$5,595,258, an increase in fund balance of \$1,344,339 from 2015. The street improvement fund had an increase in fund balance mainly due to an increase in intergovernmental revenues.

**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 \$26,753,761 and the final actual expenditures were \$24,193,998. The difference was \$2,559,762. 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 2016. As the City completed the year, its General Fund balance reported an actual fund balance of \$13,826,264, on a Non-GAAP Budgetary Basis.

**Capital Assets and Debt Administration**

**Capital Assets**

At year end, the City had \$129,791,942 invested in land, construction in progress, buildings and improvements, equipment and infrastructure. Table 3 shows 2016 balances compared to 2015:

**Table 3**  
**Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$18,952,540	\$18,687,540	\$1,641,949	\$1,641,949	\$20,594,489	\$20,329,489
Construction in Progress	3,051,555	2,088,896	602,611	326,603	3,654,166	2,415,499
Buildings and Improvements	48,154,221	48,117,921	49,919,372	49,909,982	98,073,593	98,027,903
Equipment	17,813,432	17,205,299	5,080,704	4,727,516	22,894,136	21,932,815
Infrastructure	101,281,861	99,262,671	34,655,206	34,655,206	135,937,067	133,917,877
Accumulated Depreciation	(101,501,343)	(97,440,511)	(49,860,166)	(47,660,651)	(151,361,509)	(145,101,162)
Total Net Capital Assets	\$87,752,266	\$87,921,816	\$42,039,676	\$43,600,605	\$129,791,942	\$131,522,421

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 \$15,248,896 in Governmental Activities long-term debt and \$1,843,425 in Business-Type

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Activities long-term debt

**Table 4**

**Outstanding Debt at Year End**

		2016	2015
Governmental Activities:			
<u>Bonds and Notes:</u>			
Various Purpose Golf and Justice Center - 2009	3.56%	\$4,415,000	\$4,675,000
Various Purpose Refunding - 2009	3.23%	630,000	925,000
Roadway Improvement Bonds - 2010A	4.64-6.09%	6,000,000	6,000,000
Roadway Improvement Bonds - 2010B	3.74-4.44%	830,000	1,230,000
Various Purpose Refunding - 2012	3.66%	0	390,000
Community Arts Center Refunding 2012	4.50%	3,130,000	3,525,000
Premium/(Discount)	n/a	243,896	284,916
Total Bonds and Notes:		<u>\$15,248,896</u>	<u>\$17,029,916</u>
Business Type Activities:			
OWDA Wastewater Improvement Loan	3.79-4.12%	\$831,812	\$1,766,809
Water Refunding Mortgage Revenue Bond - 2009	3.15%	300,000	590,000
Premium on Various Purpose Water Refunding - 2009	n/a	4,812	9,623
Various Purpose Refunding - 2012	3.66%	670,000	810,000
Premium on Various Purpose Water Refunding - 2012	n/a	36,801	44,162
Total Business Type Activities		<u>\$1,843,425</u>	<u>\$3,220,594</u>

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

See Note 9 to the notes to the basic financial statements for further details on the City's long-term debt.

**Economic Factors**

The City of Fairfield worked through the economic conditions from 2010 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. During 2016, Veritiv, a company specializing in distribution services, relocated its regional operations to Fairfield bringing an estimated 400 jobs to Fairfield.

Back in 2013, the City residents approved a reapportionment to replace the \$1,500,00 in lost revenue from cuts in local funding in the State operating budget and elimination of the estate tax. At that time the City apportioned the income tax to the General, Street Improvement and Capital funds. The reapportionment of the income tax beginning in 2013 became 1.2% to the General fund and 0.15% each

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to the Street Improvement and Capital Improvement funds. It was understood at the time of the reapportionment should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. In 2016, the City replenished the revenue to the Street Improvement and Capital Improvement funds to fund the substantial five-year Capital Improvement Program. The City will continue to do so as long as income tax revenues are sufficient to maintain the General fund operations and reserves.

**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, 2016

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$34,710,087	\$7,854,477	\$42,564,564
Restricted Cash	0	1,024,340	1,024,340
Receivables (Net):			
Taxes	11,338,234	0	11,338,234
Accounts	338,915	1,782,394	2,121,309
Interest	40,505	8,281	48,786
Intergovernmental	2,349,463	0	2,349,463
Inventory	0	223,405	223,405
Nondepreciable Capital Assets	22,004,095	2,244,560	24,248,655
Depreciable Capital Assets, Net	65,748,171	39,795,116	105,543,287
Total Assets	136,529,470	52,932,573	189,462,043
Deferred Outflows of Resources:			
Deferred Charge on Refunding Pension	199,254	24,795	224,049
	9,999,463	1,952,420	11,951,883
Total Deferred Outflows of Resources	10,198,717	1,977,215	12,175,932
Liabilities:			
Accounts Payable	687,849	525,550	1,213,399
Accrued Wages and Benefits	1,353,113	257,859	1,610,972
Retainage Payable	91,843	0	91,843
Accrued Interest Payable	53,703	2,349	56,052
Due to Other Governments	11,429	131,280	142,709
Claims Payable	324,572	21,230	345,802
Other Liabilities	0	263,566	263,566
Long-Term Liabilities:			
Due Within One Year	2,546,578	1,236,541	3,783,119
Due In More Than One Year			
Net Pension Liability	34,282,519	5,088,177	39,370,696
Other Amounts	17,242,718	1,225,174	18,467,892
Total Liabilities	56,594,324	8,751,726	65,346,050
Deferred Inflows of Resources:			
Property Taxes	4,680,000	0	4,680,000
Grants and Other Taxes	222,976	0	222,976
Pension	281,438	98,314	379,752
Total Deferred Inflows of Resources	5,184,414	98,314	5,282,728
Net Position:			
Net Investment in Capital Assets	72,702,624	40,221,046	112,923,670
Restricted for:			
Debt Service	1,743,468	0	1,743,468
Capital Projects	8,629,083	1,024,340	9,653,423
Street Construction and Maintenance	1,839,183	0	1,839,183
Court Services	4,822,842	0	4,822,842
Public Safety	232,619	0	232,619
Other Purposes	893,404	0	893,404
Unrestricted	(5,913,774)	4,814,362	(1,099,412)
Total Net Position	\$84,949,449	\$46,059,748	\$131,009,197

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio  
Statement of Activities  
For the Fiscal Year Ended December 31, 2016

		Program Revenues		
		Charges for	Operating Grants	Capital Grants
	Expenses	Services and Sales	and Contributions	and Contributions
Governmental Activities:				
General Government	\$7,968,208	\$1,422,096	\$192,033	\$0
Public Safety	18,841,094	1,130,784	438,454	0
Community Development	1,950,158	1,194,603	0	0
Leisure Time Activities	3,746,235	958,658	200,167	0
Transportation and Street Repair	8,097,174	1,705,115	2,412,742	185,742
Basic Utility Service	458,368	0	0	0
Public Health and Welfare	21,125	0	0	0
Interest and Other Charges	732,471	0	0	0
Total Governmental Activities	41,814,833	6,411,256	3,243,396	185,742
Business-Type Activities:				
Water Utility	6,407,038	5,121,220	0	0
Sewer Utility	5,735,840	6,145,668	0	0
Solid Waste	2,259,529	2,261,648	0	0
Recreation	1,873,055	1,769,065	0	0
Total Business-Type Activities	16,275,462	15,297,601	0	0
Totals	\$58,090,295	\$21,708,857	\$3,243,396	\$185,742

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  
  
Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$6,354,079)	\$0	(\$6,354,079)
(17,271,856)	0	(17,271,856)
(755,555)	0	(755,555)
(2,587,410)	0	(2,587,410)
(3,793,575)	0	(3,793,575)
(458,368)	0	(458,368)
(21,125)	0	(21,125)
(732,471)	0	(732,471)
(31,974,439)	0	(31,974,439)
0	(1,285,818)	(1,285,818)
0	409,828	409,828
0	2,119	2,119
0	(103,990)	(103,990)
0	(977,861)	(977,861)
(31,974,439)	(977,861)	(32,952,300)
28,822,572	0	28,822,572
1,439,432	0	1,439,432
3,722,358	0	3,722,358
1,413,792	0	1,413,792
33,946	0	33,946
147,846	28,592	176,438
637,679	276,975	914,654
(215,000)	215,000	0
36,002,625	520,567	36,523,192
4,028,186	(457,294)	3,570,892
80,921,263	46,517,042	127,438,305
\$84,949,449	\$46,059,748	\$131,009,197

City of Fairfield, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2016

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$14,860,947	\$263,448	\$5,142,439	\$11,054,349	\$31,321,183
Receivables (Net):					
Taxes	6,306,289	3,731,603	650,171	650,171	11,338,234
Accounts	338,915	0	0	0	338,915
Interest	28,199	0	9,257	396	37,852
Intergovernmental	82,759	288,803	515,407	1,462,494	2,349,463
Total Assets	<u>21,617,109</u>	<u>4,283,854</u>	<u>6,317,274</u>	<u>13,167,410</u>	<u>45,385,647</u>
Liabilities:					
Accounts Payable	238,684	34,304	243,349	142,373	658,710
Accrued Wages and Benefits	925,587	283,661	0	117,542	1,326,790
Retainage Payable	0	0	91,843	0	91,843
Due to Other Governments	11,429	0	0	0	11,429
Claims Payable	64,267	15,023	0	9,114	88,404
Total Liabilities	<u>1,239,967</u>	<u>332,988</u>	<u>335,192</u>	<u>269,029</u>	<u>2,177,176</u>
Deferred Inflows of Resources:					
Property Taxes	1,104,921	3,731,603	0	0	4,836,524
Income Taxes	3,020,536	0	377,567	377,567	3,775,670
Grants and Other Taxes	79,274	288,803	0	1,311,005	1,679,082
Special Assessments	193,925	0	0	0	193,925
Accounts	136,772	0	0	0	136,772
Investment Earnings	27,485	0	9,257	0	36,742
Total Deferred Inflows of Resources	<u>4,562,913</u>	<u>4,020,406</u>	<u>386,824</u>	<u>1,688,572</u>	<u>10,658,715</u>
Fund Balances:					
Restricted	0	0	5,595,258	11,060,974	16,656,232
Assigned	1,779,678	0	0	148,835	1,928,513
Unassigned	14,034,551	(69,540)	0	0	13,965,011
Total Fund Balances	<u>15,814,229</u>	<u>(69,540)</u>	<u>5,595,258</u>	<u>11,209,809</u>	<u>32,549,756</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$21,617,109</u>	<u>\$4,283,854</u>	<u>\$6,317,274</u>	<u>\$13,167,410</u>	<u>\$45,385,647</u>

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, 2016

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Total Governmental Fund Balance		\$32,549,756
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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		87,752,266
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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	3,775,670	
Delinquent Property Taxes	156,524	
Interest	36,742	
Intergovernmental	1,422,160	
Other Receivables	<u>364,643</u>	
		5,755,739

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

Internal Service Net Position		2,713,994
-------------------------------	--	-----------

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.

	(53,703)
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Some liabilities reported in the statement of net position do not  
require the use of current financial resources and, therefore,  
are not reported as liabilities in governmental funds.

Compensated Absences		(4,464,975)
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Deferred outflow of resources associated with long-term liabilities  
are not reported in the funds.

	199,254
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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	9,812,009	
Deferred inflows of resources related to pensions	<u>(271,999)</u>	
		9,540,010

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

Net Pension Liability	(33,793,996)	
Other Amounts	<u>(15,248,896)</u>	
		(49,042,892)

Net Position of Governmental Activities		<u>\$84,949,449</u>
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See accompanying notes to the basic financial statements.

City of Fairfield, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2016

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$1,437,621	\$3,666,720	\$0	\$0	\$5,104,341
Income Taxes	22,921,772	0	2,879,425	2,879,425	28,680,622
Charges for Services	1,507,632	1,090,711	0	0	2,598,343
Investment Earnings	54,525	0	9,869	70,835	135,229
Intergovernmental	1,119,532	379,913	1,709,683	2,725,320	5,934,448
Special Assessments	190,956	0	0	32,912	223,868
Fines, Licenses & Permits	1,428,078	5,000	0	542,106	1,975,184
Other Revenues	425,022	10,043	491,427	106,377	1,032,869
Total Revenues	29,085,138	5,152,387	5,090,404	6,356,975	45,684,904
Expenditures:					
Current:					
General Government	7,439,355	0	0	486,742	7,926,097
Public Safety	11,000,693	6,118,210	0	29,575	17,148,478
Community Development	1,555,296	0	0	0	1,555,296
Leisure Time Activities	2,565,624	0	0	0	2,565,624
Transportation and Street Repair	0	0	0	3,211,071	3,211,071
Basic Utility Service	458,368	0	0	0	458,368
Public Health and Welfare	21,125	0	0	0	21,125
Capital Outlay	25,039	19,349	3,794,517	2,851,996	6,690,901
Debt Service:					
Principal	0	0	0	1,740,000	1,740,000
Interest and Other Charges	0	0	0	747,541	747,541
Total Expenditures	23,065,500	6,137,559	3,794,517	9,066,925	42,064,501
Excess of Revenues Over (Under) Expenditures	6,019,638	(985,172)	1,295,887	(2,709,950)	3,620,403
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	21,310	0	0	134,610	155,920
Transfers In	0	1,200,000	1,500,000	5,374,458	8,074,458
Transfers (Out)	(5,175,000)	0	(1,451,548)	(1,862,910)	(8,489,458)
Total Other Financing Sources (Uses)	(5,153,690)	1,200,000	48,452	3,646,158	(259,080)
Net Change in Fund Balance	865,948	214,828	1,344,339	936,208	3,361,323
Fund Balance - Beginning of Year	14,948,281	(284,368)	4,250,919	10,273,601	29,188,433
Fund Balance - End of Year	\$15,814,229	(\$69,540)	\$5,595,258	\$11,209,809	\$32,549,756

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, 2016

Net Change in Fund Balance - Total Governmental Funds \$3,361,323

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	4,804,221	
Depreciation Expense	<u>(4,808,419)</u>	(4,198)

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.

(165,352)

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	2,515,924	
Cost of benefits earned net of employee contributions	<u>(4,932,194)</u>	(2,416,270)

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

Income Taxes	141,950	
Delinquent Property Taxes	57,449	
Interest	12,617	
Intergovernmental	322,253	
Other	<u>(161,154)</u>	373,115

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

1,740,000

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

4,853

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	96,507	
Amortization of Bond Premium	41,020	
Amortization of Deferred Charge on Refunding	<u>(30,803)</u>	106,724

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>1,027,991</u>	
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Change in Net Position of Governmental Activities	<u><u>\$4,028,186</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, 2016

	Business-Type Activities -Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Recreation Facilities	Other Enterprise Fund	Total Business-Type Activities	
Current Assets:						
Equity in Pooled Cash and Investments	\$4,034,579	\$3,066,878	\$495,548	\$257,472	\$7,854,477	\$3,388,904
Restricted Cash	1,024,340	0	0	0	1,024,340	0
Receivables (Net):						
Accounts	605,018	872,789	0	304,587	1,782,394	0
Interest	7,530	751	0	0	8,281	2,653
Inventory	193,942	0	29,463	0	223,405	0
Total Current Assets	5,865,409	3,940,418	525,011	562,059	10,892,897	3,391,557
Noncurrent Assets:						
Capital Assets:						
Nondepreciable Capital Assets	1,088,685	428,051	727,824	0	2,244,560	0
Depreciable Capital Assets, Net	14,929,463	22,199,278	2,666,375	0	39,795,116	0
Total Noncurrent Assets	16,018,148	22,627,329	3,394,199	0	42,039,676	0
Total Assets	21,883,557	26,567,747	3,919,210	562,059	52,932,573	3,391,557
Deferred Outflows of Resources:						
Deferred Charge on Refunding Pension	0	0	24,795	0	24,795	0
	705,515	790,469	456,436	0	1,952,420	187,454
Total Deferred Outflows of Resources	705,515	790,469	481,231	0	1,977,215	187,454
Liabilities:						
Current Liabilities:						
Accounts Payable	196,987	127,782	10,990	189,791	525,550	29,139
Accrued Wages and Benefits	111,163	113,787	32,909	0	257,859	26,323
Compensated Absences	76,104	66,238	56,470	0	198,812	46,649
Accrued Interest Payable	786	0	1,563	0	2,349	0
Due to Other Governments	0	131,280	0	0	131,280	0
Claims Payable	7,963	9,019	4,248	0	21,230	236,168
Other Liabilities	263,566	0	0	0	263,566	0
Long-Term Liabilities Due Within One Year	300,000	612,729	125,000	0	1,037,729	0
Total Current Liabilities	956,569	1,060,835	231,180	189,791	2,438,375	338,279
Long-Term Liabilities:						
Compensated Absences	138,687	214,127	66,664	0	419,478	28,776
Bonds, Notes & Loans Payable	4,812	219,083	581,801	0	805,696	0
Net Pension Liability	1,838,634	2,060,032	1,189,511	0	5,088,177	488,523
Total Noncurrent Liabilities	1,982,133	2,493,242	1,837,976	0	6,313,351	517,299
Total Liabilities	2,938,702	3,554,077	2,069,156	189,791	8,751,726	855,578
Deferred Inflows of Resources:						
Pension	35,526	39,804	22,984	0	98,314	9,439
Total Deferred Inflows of Resources	35,526	39,804	22,984	0	98,314	9,439
Net Position:						
Net Investment in Capital Assets	15,713,336	21,795,517	2,712,193	0	40,221,046	0
Restricted for:						
Capital Projects	1,024,340	0	0	0	1,024,340	0
Unrestricted	2,877,168	1,968,818	(403,892)	372,268	4,814,362	2,713,994
Total Net Position	\$19,614,844	\$23,764,335	\$2,308,301	\$372,268	\$46,059,748	\$2,713,994

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, 2016

	Business-Type Activities -Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Recreation Facilities	Other Enterprise Fund	Total Business-Type Activities	
Operating Revenues:						
Charges for Services	\$5,121,220	\$6,145,668	\$1,769,065	\$2,261,648	\$15,297,601	\$6,214,487
Other Revenues	202,066	40,093	34,816	0	276,975	614
Total Operating Revenues	5,323,286	6,185,761	1,803,881	2,261,648	15,574,576	6,215,101
Operating Expenses:						
Personal Services	2,408,702	2,664,854	1,224,418	0	6,297,974	638,726
Contactual Services	1,731,554	1,164,513	295,358	2,259,529	5,450,954	4,393,354
Materials and Supplies	1,333,432	686,111	183,862	0	2,203,405	357,232
Depreciation	918,069	1,178,185	168,365	0	2,264,619	0
Total Operating Expenses	6,391,757	5,693,663	1,872,003	2,259,529	16,216,952	5,389,312
Operating Income (Loss)	(1,068,471)	492,098	(68,122)	2,119	(642,376)	825,789
Non-Operating Revenues (Expenses):						
Investment Earnings	14,681	13,653	258	0	28,592	2,202
Interest (Expense)	(16,991)	(38,607)	(6,780)	0	(62,378)	0
Gain on Disposal of Capital Assets	1,710	0	5,728	0	7,438	0
(Loss) on Disposal of Capital Assets	0	(3,570)	0	0	(3,570)	0
Total Non-Operating Revenues (Expenses)	(600)	(28,524)	(794)	0	(29,918)	2,202
Income (Loss) Before Contributions and Transfers	(1,069,071)	463,574	(68,916)	2,119	(672,294)	827,991
Transfers In	0	0	215,000	0	215,000	200,000
Change in Net Position	(1,069,071)	463,574	146,084	2,119	(457,294)	1,027,991
Net Position - Beginning of Year	20,683,915	23,300,761	2,162,217	370,149	46,517,042	1,686,003
Net Position - End of Year	\$19,614,844	\$23,764,335	\$2,308,301	\$372,268	\$46,059,748	\$2,713,994

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, 2016

	Business-Type Activities -Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Utility	Sewer Utility	Recreation Facilities	Other Enterprise Fund	Total Business-Type Activities	
Cash Flows from Operating Activities:						
Cash Received from Customers	\$5,268,255	\$6,028,909	\$1,803,881	\$2,234,528	\$15,335,573	\$6,215,101
Cash Payments to Employees	(2,239,088)	(2,505,141)	(1,131,765)	0	(5,875,994)	(633,741)
Cash Payments to Suppliers	(3,205,187)	(1,956,335)	(507,506)	(2,256,080)	(7,925,108)	(4,858,220)
Net Cash Provided (Used) by Operating Activities	(176,020)	1,567,433	164,610	(21,552)	1,534,471	723,140
Cash Flows from Noncapital Financing Activities:						
Payments from Other Funds	0	0	75,000	0	75,000	200,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	75,000	0	75,000	200,000
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(243,890)	(213,539)	(249,831)	0	(707,260)	0
Debt Principal Payments	(290,000)	(1,634,997)	0	0	(1,924,997)	0
Debt Interest Payments	(22,563)	(41,660)	(9,509)	0	(73,732)	0
Proceeds on the Disposal of Capital Assets	1,710	0	5,728	0	7,438	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(554,743)	(1,890,196)	(253,612)	0	(2,698,551)	0
Cash Flows from Investing Activities:						
Earnings on Investments	11,858	16,230	258	0	28,346	3,521
Net Cash Provided (Used) by Cash Flows from Investing Activities	11,858	16,230	258	0	28,346	3,521
Net Increase (Decrease) in Cash and Cash Equivalents	(718,905)	(306,533)	(13,744)	(21,552)	(1,060,734)	926,661
Cash and Cash Equivalents - Beginning of Year	5,777,824	3,373,411	509,292	279,024	9,939,551	2,462,243
Cash and Cash Equivalents - End of Year	5,058,919	3,066,878	495,548	257,472	8,878,817	3,388,904
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	(1,068,471)	492,098	(68,122)	2,119	(642,376)	825,789
Adjustments:						
Depreciation	918,069	1,178,185	168,365	0	2,264,619	0
Changes in Assets & Liabilities:						
(Increase) Decrease in Receivables	(110,906)	(156,852)	(19,336)	(27,120)	(314,214)	0
(Increase) Decrease in Inventory	18,319	0	0	0	18,319	0
(Increase) Decrease in Deferred Outflows of Resources	(447,985)	(501,929)	(289,826)	0	(1,239,740)	(119,029)
Increase (Decrease) in Claims Payable	1,670	1,725	672	0	4,067	(125,021)
Increase (Decrease) in Retainage Payable	(22,749)	(7,737)	0	0	(30,486)	0
Increase (Decrease) in Other Liabilities	4,075	0	0	0	4,075	0
Increase (Decrease) in Payables	(83,971)	(97,974)	(8,950)	3,449	(187,446)	17,621
Increase (Decrease) in Accrued Liabilities	37,504	11,841	7,593	0	56,938	(29,907)
Increase (Decrease) in Deferred Inflows of Resources	13,156	14,740	8,511	0	36,407	3,495
Increase (Decrease) in Net Pension Liability	565,269	633,336	365,703	0	1,564,308	150,192
Net Cash Provided (Used) by Operating Activities	(\$176,020)	\$1,567,433	\$164,610	(\$21,552)	\$1,534,471	\$723,140

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2016

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$297,712
Receivables (Net):	
Accounts	<u>178,399</u>
Total Assets	<u>476,111</u>
Liabilities:	
Accounts Payable	120,986
Undistributed Monies	<u>355,125</u>
Total Liabilities	<u>\$476,111</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, 2016**

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**Note 1 – Description of the City and Reporting Entity**

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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 16.

**Note 2 – Summary of Significant Accounting Policies**

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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**  
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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**  
**Notes to the Basic Financial Statements**  
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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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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, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements, while income taxes, special assessments, interest and accounts are only included on the governmental fund financial statements. Deferred inflows of resources related to pension 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

**City of Fairfield, Ohio**  
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is maintained through City records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

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

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

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following the Ohio Revised Code, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during 2016 amounted to \$54,525 in the general fund, \$9,869 in the street improvement fund and \$70,835 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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
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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

### **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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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(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:

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 \$19,184,939 in restricted net position, none was restricted by enabling legislation.

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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**Operating Revenues and Expenses**

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

**Interfund Activity**

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

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

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

**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**

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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:

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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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

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

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

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

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

### **Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2016, \$12,303,754 of the City's bank balance of \$13,059,169 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, 2016, the City had the following investments:

Investment Type	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$749,993	Level 2	0.13
Federal Home Loan Mortgage Corporation	1,997,640	Level 2	1.76
Federal Farm Credit Bank	2,969,540	Level 2	2.23
Federal National Mortgage Association	10,943,624	Level 2	2.71
Negotiable CDs	2,752,363	Level 2	1.32
STAROhio	12,000,000	N/A	0.14
Total Fair Value	<u>\$31,413,160</u>		
Portfolio Weighted Average Maturity			1.44

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2016. STAR Ohio is reported at its share price (Net Asset value per share).

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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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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 STAR Ohio 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 2% in Federal Home Loan Bank, 35% in Federal National Mortgage Association, 6% in Federal Home Loan Mortgage Corporation, 10% in Federal Farm Credit Bank, 9% in Negotiable CDs and 38% in STAR Ohio.

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.

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**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 2016 were levied after October 1, 2015 on assessed values as of January 1, 2015, 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.



**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
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The assessed values of real and tangible personal property upon which current year property tax receipts were based are as follows:

Real Property	\$912,863,420
Public Utility	<u>41,887,810</u>
Total Valuation	<u><u>\$954,751,230</u></u>

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

The City receives property taxes from Butler County. The County Treasurer collects property taxes on behalf of all taxing districts in the counties. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2016, 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 2016 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

#### **Income Taxes**

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

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

#### **Note 5 – Risk Management**

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##### **Description**

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

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

**City of Fairfield, Ohio**  
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**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, 2016:

<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	\$11,054
Claims net of changes in estimates	269,019
Payments	<u>(268,546)</u>
Claims Liability, 12/31/2016	<u><u>\$11,527</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	\$348,380
Claims net of changes in estimates	2,553,468
Payments	<u>(2,679,196)</u>
Claims Liability, 12/31/2016	<u><u>\$222,652</u></u>

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

<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	\$92,453
Claims net of changes in estimates	36,354
Payments	<u>(17,184)</u>
Claims Liability, 12/31/2016	<u><u>\$111,623</u></u>

**Note 6 – Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$18,687,540	\$265,000	\$0	\$18,952,540
Construction in Progress	2,088,896	2,597,034	1,634,375	3,051,555
<b><i>Capital Assets, being depreciated:</i></b>				
Buildings and Improvements	48,117,921	36,300	0	48,154,221
Equipment	17,205,299	1,521,072	912,939	17,813,432
Infrastructure	<u>99,262,671</u>	<u>2,019,190</u>	<u>0</u>	<u>101,281,861</u>
Totals at Historical Cost	<u>185,362,327</u>	<u>6,438,596</u>	<u>2,547,314</u>	<u>189,253,609</u>
Less Accumulated Depreciation:				
Buildings and Improvements	23,862,569	1,429,042	0	25,291,611
Equipment	13,599,157	1,061,367	747,587	13,912,937
Infrastructure	<u>59,978,785</u>	<u>2,318,010</u>	<u>0</u>	<u>62,296,795</u>
Total Accumulated Depreciation	<u>97,440,511</u>	<u>4,808,419</u>	<u>747,587</u>	<u>101,501,343</u>
Governmental Activities Capital Assets, Net	<u><u>\$87,921,816</u></u>	<u><u>\$1,630,177</u></u>	<u><u>\$1,799,727</u></u>	<u><u>\$87,752,266</u></u>

City of Fairfield, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended December 31, 2016

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$1,641,949	\$0	\$0	\$1,641,949
Construction in Progress	326,603	618,968	342,960	602,611
<b><i>Capital Assets, being depreciated:</i></b>				
Buildings and Improvements	49,909,982	9,390	0	49,919,372
Equipment	4,727,516	421,861	68,673	5,080,704
Infrastructure	34,655,206	0	0	34,655,206
Totals at Historical Cost	91,261,256	1,050,219	411,633	91,899,842
Less Accumulated Depreciation:				
Buildings and Improvements	25,949,315	1,032,788	0	26,982,103
Equipment	3,469,345	356,440	65,104	3,760,681
Infrastructure	18,241,991	875,391	0	19,117,382
Total Accumulated Depreciation	47,660,651	2,264,619	65,104	49,860,166
Business-Type Activities Capital Assets, Net	<u>\$43,600,605</u>	<u>(\$1,214,400)</u>	<u>\$346,529</u>	<u>\$42,039,676</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$372,140
Public Safety	850,194
Leisure Time Activities	780,186
Community Development	5,503
Transportation	2,800,396
Total Depreciation Expense	<u>\$4,808,419</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, 2016**

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**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**

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

		Beginning Balance	Issued	Retired	Ending Balance
<b>Street Improvement Fund:</b>					
Various Purpose Series	1.00%	\$250,000	\$0	(\$250,000)	\$0
<b>Sewer Utility Fund:</b>					
Various Purpose Series	1.00%	700,000	0	(700,000)	0
Total Notes Payable		<u>\$950,000</u>	<u>\$0</u>	<u>(\$950,000)</u>	<u>\$0</u>

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.

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, 2016**

**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
<b>Governmental Activities</b>						
<u>General Obligation Bonds</u>						
2012 Various Purpose Refunding	3.66%	\$390,000	\$0	(\$390,000)	\$0	\$0
2012 Community Arts Center	4.50%	3,525,000	0	(395,000)	3,130,000	410,000
2009 Various Purpose Refunding	3.23%	925,000	0	(295,000)	630,000	310,000
Premium/Discount		284,916	0	(41,020)	243,896	0
2009 Various Purpose Golf and Justice Center	3.56%	4,675,000	0	(260,000)	4,415,000	265,000
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	(400,000)	830,000	410,000
Total General Obligation Bonds		<u>17,029,916</u>	<u>0</u>	<u>(1,781,020)</u>	<u>15,248,896</u>	<u>1,395,000</u>
Net Pension Liability:						
OPERS		7,765,820	3,447,388	0	11,213,208	0
OP&F		18,137,085	4,932,226	0	23,069,311	0
Total Net Pension Liability		<u>25,902,905</u>	<u>8,379,614</u>	<u>0</u>	<u>34,282,519</u>	<u>0</u>
Compensated Absences		<u>4,667,226</u>	<u>999,111</u>	<u>(1,272,292)</u>	<u>4,540,400</u>	<u>1,151,578</u>
Total Governmental Activities		<u>\$47,600,047</u>	<u>\$9,378,725</u>	<u>(\$3,053,312)</u>	<u>\$54,071,815</u>	<u>\$2,546,578</u>
		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Business Type Activities</b>						
<u>Loans</u>						
OWDA Wastewater Improvement Bond	3.79-4.12%	<u>\$1,766,809</u>	<u>\$0</u>	<u>(\$934,997)</u>	<u>\$831,812</u>	<u>\$612,729</u>
<u>General Obligation Bonds</u>						
2012 Various Purpose Recreation - Refunding	3.66%	810,000	0	(140,000)	670,000	125,000
Premium on 2012 Refunding Bonds		44,162	0	(7,361)	36,801	0
2009 Various Purpose Water - Refunding	3.15%	590,000	0	(290,000)	300,000	300,000
Premium on Refunding Bonds		9,623	0	(4,811)	4,812	0
Total General Obligation Bonds		<u>1,453,785</u>	<u>0</u>	<u>(442,172)</u>	<u>1,011,613</u>	<u>425,000</u>
Net Pension Liability:						
OPERS		<u>3,523,869</u>	<u>1,564,308</u>	<u>0</u>	<u>5,088,177</u>	<u>0</u>
Total Net Pension Liability		<u>3,523,869</u>	<u>1,564,308</u>	<u>0</u>	<u>5,088,177</u>	<u>0</u>
Compensated Absences		<u>575,917</u>	<u>260,382</u>	<u>(218,009)</u>	<u>618,290</u>	<u>198,812</u>
Total Business-Type Activities		<u>\$7,320,380</u>	<u>\$1,824,690</u>	<u>(\$1,595,178)</u>	<u>\$7,549,892</u>	<u>\$1,236,541</u>

**City of Fairfield, Ohio**  
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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
2017	\$1,820,000	\$704,271	\$612,729	\$23,596
2018	1,565,000	634,727	175,970	5,923
2019	1,275,000	578,067	43,113	817
2020	1,320,000	527,246	0	0
2021	1,360,000	477,512	0	0
2022-2026	5,150,000	1,630,721	0	0
2027-2030	3,485,000	458,049	0	0
Total	<u>\$15,975,000</u>	<u>\$5,010,593</u>	<u>\$831,812</u>	<u>\$30,336</u>

**Note 10 – Defeasance of Bonds**

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**Special Assessment Bonds**

The Special Assessment Fund purchased special assessment sidewalk bonds issued by the City. The value of the bonds at December 31, 2016 was \$87,427. 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**

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**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 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

**City of Fairfield, Ohio**  
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events require adjusting this estimate annually.

Ohio Revised Code limits the City 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, 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, including requirements for reduced and unreduced benefits):

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

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**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
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Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
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 contractually required contribution was \$1,423,105 for 2016. Of this amount \$67,912 is reported as an accrued wage and benefits.

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

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://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 OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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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 OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit 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>
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,579,663 for 2016. Of this amount \$62,505 is reported as an accrued wage and benefits.

***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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City proportion of the net pension liability was based on the City share of contributions to the pension plan

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$16,301,385	\$23,069,311	\$39,370,696
Proportion of the Net Pension Liability	0.0941120%	0.3586050%	
Pension Expense	\$2,007,617	\$3,235,085	\$5,242,702

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Deferred Outflows of Resources:			
Net difference between projected and actual earnings on pension plan investments	\$4,791,589	\$3,754,799	\$8,546,388
Changes in proportion and differences between City contributions and proportionate share of contributions	40,425	362,302	402,727
City contributions subsequent to the measurement date	1,423,105	1,579,663	3,002,768
Total Deferred Outflows of Resources	<u>\$6,255,119</u>	<u>\$5,696,764</u>	<u>\$11,951,883</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$314,974	\$64,778	\$379,752
Total Deferred Inflows of Resources	<u>\$314,974</u>	<u>\$64,778</u>	<u>\$379,752</u>

\$3,002,768 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31:</u>	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2017	\$1,066,619	\$1,046,068	\$2,112,687
2018	1,143,236	1,046,068	2,189,304
2019	1,222,848	1,046,068	2,268,916
2020	1,084,337	845,902	1,930,239
2021	0	57,327	57,327
Thereafter	0	10,890	10,890
Total	<u>\$4,517,040</u>	<u>\$4,052,323</u>	<u>\$8,569,363</u>

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuations are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability	
Actuarial Information	Traditional Pension Plan
Valuation Date	December 31, 2015
Experience Study	5 year period ending December 31, 2010
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	8.00%
Wage Inflation	3.75%
Projected Salary Increases	4.25% - 10.05% (includes wage inflation at 3.75%)
Cost-of-Living Adjustments:	
Pre 1/7/2013 Retirees	3.00% Simple,
Post 1/7/2013 Retirees	3.00% Simple,
Through 2018, then	2.80% Simple.

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% 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% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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 investment expense, for the Defined Benefit portfolio is 0.4% for 2015.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 following table displays the Board-approved asset allocation policy for 2015 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	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

***Discount Rate***

The discount rate used to measure the total pension liability was 8.0% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the net pension liability or asset calculated using the discount rate of 8.0%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
City's proportionate share of the net pension liability:			
OPERS	\$25,972,089	\$16,301,385	\$8,144,452

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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***Actuarial Assumptions – OP&F***

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25%
Projected Salary Increases	4.25% through 11% percent
Payroll Increases	3.75%
Inflation Assumptions	3.25%
Cost of Living Adjustments	2.60% and 3.00%, simple

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 expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015 are summarized below:

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**City of Fairfield, Ohio**  
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Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Domestic Equity	16.00 %	4.47 %	7.80 %
Non-US Equity	16.00	4.47	8.00
Core Fixed Income*	20.00	1.62	5.35
Global Inflation Protected Securities*	20.00	1.33	4.73
High Yield	15.00	3.39	7.21
Real Estate	12.00	3.93	7.43
Private Markets	8.00	6.98	10.73
Timber	5.00	4.92	7.35
Master Limited Partnerships	8.00	7.03	10.75
Total	<u>120.00 %</u>		

Note: Assumptions are geometric

\* levered 2x

\*\* Numbers include inflation

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on 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**  
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	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability :			
OP&F	\$30,425,331	\$23,069,311	\$16,838,038

**Note 12 – Post Employment Benefits**

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**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. In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

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 \$206,425 for 2016, \$240,030 for 2015, and \$260,176 for 2014. The full amount has been contributed for 2016, 2015 and 2014.

**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.

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](http://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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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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 employer contributions allocated to health care was .5% of covered payroll from January 1, 2016 thru December 31, 2016. 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, 2016 was \$38,147, December 31, 2015 was \$37,946; and December 31, 2014 was \$37,496. The actual contributions for 2016, 2015 and 2014 were 100%.

**Note 13 – Construction Commitments**

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The City had the following outstanding commitments at year end:

<b>Project</b>	<b>Spent-to-date</b>	<b>Commitment Remaining</b>
John Gray Road Bridge	\$0	\$225,000
Rt. 4/S. Gilmore/Holden Intersection	1,867,391	180,514
Citywide Traffic Signal System	62,117	105,767
Route 4 Water Main Improvement	92,796	88,006
Symmes Road Water Line Improvements	0	85,192
North Gilmore Road Improvements	86,275	56,600
Total	<u>\$2,108,579</u>	<u>\$741,079</u>

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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**Note 14 – Contingent Liabilities**

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**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, 2016, 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**

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Transfers in and out for the year ended December 31, 2016, consisted of the following:

	Transfers	
	In	Out
Major Funds:		
General	\$0	\$5,175,000
Street Improvement	1,500,000	1,451,548
Fire Levy	1,200,000	0
Recreation Facilities	215,000	0
Internal Service	200,000	0
Other Governmental Funds	5,374,458	1,862,910
Totals	<u>\$8,489,458</u>	<u>\$8,489,458</u>

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

There weren't any interfund receivables or payables for 2016.

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.

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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**Note 16 – Joint Venture**

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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

**Note 17 – Accountability**

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**Accountability**

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

Fire Levy	\$69,540
Municipal Garage	228,865

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.

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

**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	\$5,595,258	\$1,479,218	\$7,074,476
Probation Services	0	0	0	2,740,875	2,740,875
Court Computer	0	0	0	940,440	940,440
Special Projects	0	0	0	485,141	485,141
Mediation Services	0	0	0	571,778	571,778
Tax Recreation	0	0	0	153,890	153,890
Law Enforcement	0	0	0	232,619	232,619
Drug and Alcohol Treatment	0	0	0	138,139	138,139
Capital Improvements	0	0	0	2,046,614	2,046,614
TIF Monies	0	0	0	84,608	84,608
Debt Service	0	0	0	1,709,522	1,709,522
Flood Protection	0	0	0	3,309	3,309
Park Development	0	0	0	19,344	19,344
Motor Vehicle Registration	0	0	0	217,032	217,032
Indigent Driver Interlock	0	0	0	238,445	238,445
Total Restricted	0	0	5,595,258	11,060,974	16,656,232
Assigned to:					
Debt Service	0	0	0	18,977	18,977
Downtown Development	0	0	0	129,858	129,858
Purchases on Order	221,784	0	0	0	221,784
Budgetary Resources	1,557,894	0	0	0	1,557,894
Total Assigned	1,779,678	0	0	148,835	1,928,513
Unassigned (Deficit)	14,034,551	(69,540)	0	0	13,965,011
Total Fund Balance	<u>\$15,814,229</u>	<u>(\$69,540)</u>	<u>\$5,595,258</u>	<u>\$11,209,809</u>	<u>\$32,549,756</u>

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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**Note 19 – Tax Abatements**

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As of December 31, 2016, the City provides tax abatements through the Community Reinvestment Area (CRA) and the Ohio Enterprise Zone Areas:

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

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

<u>Tax Abatement Programs</u>	<u>City's Share of Taxes Abated</u>
Community Reinvestment Area	\$1,381,833
Enterprise Zone Area	\$81,866

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

**Note 20 – Implementation of New Accounting Principles**

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For the fiscal year ended December 31, 2016, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local*

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2016**

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*Governments, GASB Statement No. 77, Tax Abatement Disclosures and GASB Statement No. 79, Certain External Investment Pools and Pool Participants.*

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. These changes were incorporated in the City's note disclosures.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the City.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the City.

GASB Statement No. 77 establishes improved financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The implementation of GASB Statement No 77 did not have an effect on the financial statements of the City.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the City.



## ***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, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$22,868,060	\$22,868,060	\$24,733,207	\$1,865,147
Licenses & Permits	318,550	318,550	571,354	252,804
Intergovernmental	1,108,740	1,108,740	1,121,701	12,961
Charges for Services	1,055,950	1,055,950	1,270,585	214,635
Court Costs & Fines	1,042,800	1,042,800	856,724	(186,076)
Special Assessments	27,000	27,000	25,075	(1,925)
Investment Earnings	60,000	60,000	121,708	61,708
Other Revenues	902,000	902,000	972,772	70,772
Total Revenues	27,383,100	27,383,100	29,673,126	2,290,026
Expenditures:				
Current:				
General Government				
City Council				
Personnel Related	188,896	188,896	185,319	3,577
Other	23,340	23,340	10,240	13,100
Total City Council	212,236	212,236	195,559	16,677
Mayor				
Personnel Related	11,324	11,324	11,055	269
Other	4,300	4,300	723	3,577
Total Mayor	15,624	15,624	11,778	3,846
Administration				
Personnel Related	453,752	503,752	482,284	21,468
Other	21,869	21,869	21,768	101
Total Administration	475,621	525,621	504,052	21,569
General Services				
Personnel Related	33,939	58,939	57,672	1,267
Other	2,958,924	3,300,184	2,686,280	613,904
Total General Services	2,992,863	3,359,123	2,743,952	615,171
Law				
Personnel Related	500	500	237	263
Other	514,650	514,650	514,617	33
Total Law	515,150	515,150	514,854	296
Human Resources				
Personnel Related	237,536	237,536	228,322	9,214
Other	68,272	63,731	51,019	12,713
Total Human Resources	305,808	301,267	279,341	21,926
Finance Administration & Accounting				
Personnel Related	709,710	709,710	633,020	76,690
Other	34,504	34,229	29,797	4,432
Total Finance Administration & Accounting	744,214	743,939	662,818	81,122
Income Tax				
Personnel Related	633,002	633,002	572,828	60,174
Other	88,869	85,504	75,292	10,212
Total Income Tax	721,871	718,506	648,120	70,386

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, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Information Technology				
Personnel Related	550,385	550,385	503,927	46,458
Other	73,139	67,142	56,056	11,086
Total Information Technology	623,524	617,527	559,983	57,544
Municipal Court				
Personnel Related	1,525,942	1,525,942	1,360,247	165,695
Other	297,939	297,245	201,211	96,035
Total Municipal Court	1,823,881	1,823,187	1,561,458	261,730
Public Works Administration				
Personnel Related	179,725	179,725	176,284	3,441
Other	29,375	29,375	15,841	13,534
Total Public Works Administration	209,100	209,100	192,125	16,975
Construction Services				
Personnel Related	582,746	582,746	564,507	18,239
Other	140,334	138,239	110,728	27,511
Total Construction Services	723,080	720,985	675,235	45,750
Municipal Building				
Personnel Related	102,664	102,664	97,833	4,831
Other	186,581	185,381	143,896	41,485
Total Municipal Building	289,245	288,045	241,729	46,316
Total General Government	9,652,217	10,050,311	8,791,003	1,259,308
<u>Public Safety</u>				
Police				
Personnel Related	10,380,789	10,380,789	9,635,603	745,186
Other	771,197	770,982	653,761	117,221
Total Police	11,151,986	11,151,771	10,289,364	862,407
Justice Center				
Other	920,688	920,688	873,836	46,852
Total Justice Center	920,688	920,688	873,836	46,852
Total Public Safety	12,072,674	12,072,459	11,163,200	909,259
<u>Community Development</u>				
Planning & Economic Development				
Personnel Related	643,305	743,305	692,105	51,200
Other	44,900	44,900	32,689	12,211
Total Planning & Economic Development	688,205	788,205	724,794	63,411
Building & Zoning Inspection				
Personnel Related	794,956	794,956	769,741	25,215
Other	98,289	98,289	75,684	22,605
Total Building & Zoning Inspection	893,245	893,245	845,425	47,820
Total Community Development	1,581,450	1,681,450	1,570,218	111,232

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, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Leisure Time Activities</u>				
Parks & Recreation Administration				
Personnel Related	826,115	826,115	764,869	61,246
Other	133,278	133,278	107,352	25,926
Total Parks & Recreation Administration	959,393	959,393	872,221	87,172
Parks Maintenance Operations				
Personnel Related	690,771	690,771	643,868	46,903
Other	419,420	419,381	328,749	90,632
Total Parks Maintenance Operations	1,110,191	1,110,152	972,617	137,535
Marsh Park Fishing Lake				
Personnel Related	53,078	53,578	53,468	110
Other	49,250	49,250	37,458	11,792
Total Marsh Park Fishing Lake	102,328	102,828	90,926	11,902
Community Arts Center				
Personnel Related	245,725	245,725	232,862	12,863
Other	523,291	523,291	492,800	30,491
Total Community Arts Center	769,016	769,016	725,662	43,354
Total Leisure Time Activities	2,940,928	2,941,389	2,661,427	279,963
Capital Outlay	0	8,150	8,150	0
Total Expenditures	26,247,269	26,753,760	24,193,998	2,559,762
Excess of Revenues Over (Under) Expenditures	1,135,831	629,340	5,479,129	4,849,788
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	15,000	15,000	21,310	6,310
Transfers (Out)	(2,030,000)	(5,200,000)	(5,175,000)	25,000
Total Other Financing Sources (Uses)	(2,015,000)	(5,185,000)	(5,153,690)	31,310
Net Change in Fund Balance	(879,169)	(4,555,660)	325,439	4,881,099
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,500,825	13,500,825	13,500,825	0
Fund Balance End of Year	<u>\$12,621,656</u>	<u>\$8,945,165</u>	<u>\$13,826,264</u>	<u>\$4,881,099</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, 2016

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,690,578	\$4,090,065	\$3,666,720	(\$423,345)
Licenses & Permits	6,000	6,000	5,000	(1,000)
Intergovernmental	385,000	385,000	379,913	(5,087)
Charges for Services	1,200,000	1,200,000	1,090,711	(109,289)
Investment Earnings	35	35	0	(35)
Other Revenues	4,000	4,000	10,043	6,043
Total Revenues	5,285,613	5,685,100	5,152,387	(532,713)
Expenditures:				
Public Safety				
Fire Suppression				
Personnel Related	4,874,712	5,544,712	5,246,136	298,576
Other	997,050	997,050	887,256	109,794
Total Fire Suppression	5,871,762	6,541,762	6,133,392	408,370
Total Expenditures	5,871,762	6,541,762	6,133,392	408,370
Excess of Revenues Over (Under) Expenditures	(586,149)	(856,662)	(981,005)	(124,343)
Other Financing Sources (uses):				
Transfers In	530,000	1,200,000	1,200,000	0
Total Other Financing Sources (Uses)	530,000	1,200,000	1,200,000	0
Net Change in Fund Balance	(56,149)	343,338	218,995	(124,343)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	17,800	17,800	17,800	0
Fund Balance End of Year	(\$38,349)	\$361,138	\$236,795	(\$124,343)

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 Three Fiscal Years (1) (2)

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.09411200%	0.09360400%	0.09360400%
City's Proportionate Share of the Net Pension Liability	\$16,301,385	\$11,289,688	\$11,034,692
City's Covered-Employee Payroll	\$14,007,367	\$11,513,875	\$13,291,146
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	116.38%	98.05%	83.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) - The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2013 is not available

(2) - 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 Three Fiscal Years (1) (2)

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.3586050%	0.3501086%	0.3501086%
City's Proportionate Share of the Net Pension Liability	\$23,069,311	\$18,137,085	\$17,051,388
City's Covered-Employee Payroll	\$7,832,215	\$7,196,373	\$8,559,063
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	294.54%	252.03%	199.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	72.20%	73.00%

(1) - The schedule is intended to show Information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2013 is not available

(2) - 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 Three Fiscal Years (1)

	2016	2015	2014
Contractually Required Contribution - Total	\$1,423,105	\$1,680,884	\$1,381,665
Contributions in Relation to the Contractually Required Contribution	(1,423,105)	(1,680,884)	(1,381,665)
Contribution Deficiency (Excess)	\$0	\$0	\$0
City's Covered-Employee Payroll	\$11,859,208	\$14,007,367	\$11,513,875
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%

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



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

	2016	2015	2014
Contractually Required Contribution - Total	\$1,579,663	\$1,573,492	\$1,465,182
Contributions in Relation to the Contractually Required Contribution	<u>(1,579,663)</u>	<u>(1,573,492)</u>	<u>(1,465,182)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered-Employee Payroll	\$8,314,016	\$7,832,215	\$7,196,375
Contributions as a Percentage of Covered-Employee Payroll	19.00%	20.09%	20.36%

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

**City of Fairfield, Ohio**  
**Notes to the Required Supplementary Information**  
**For the Year Ended December 31, 2016**

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**Note 1 – Budgetary Process**

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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, 2016**

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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**

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	General	Fire Levy
GAAP Basis	\$865,948	\$214,828
Revenue Accruals	587,989	0
Expenditure Accruals	(656,597)	4,167
Encumbrances	(471,899)	0
Budget Basis	<u>\$325,441</u>	<u>\$218,995</u>

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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, 2016

	Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,567,000	\$2,655,000	\$2,911,948	\$256,948
Intergovernmental	204,000	204,000	1,685,705	1,481,705
Investment Earnings	20,000	20,000	29,567	9,567
Total Revenues	2,791,000	2,879,000	4,627,220	1,748,220
Expenditures:				
Capital Outlay	785,575	5,129,655	4,408,079	721,576
Total Expenditures	785,575	5,129,655	4,408,079	721,576
Excess of Revenues Over (Under) Expenditures	2,005,425	(2,250,655)	219,141	2,469,796
Other Financing Sources (uses):				
Transfers In	0	1,250,000	1,250,000	0
Transfers (Out)	(1,460,000)	(1,460,000)	(1,451,548)	8,452
Total Other Financing Sources (Uses)	(1,460,000)	(210,000)	(201,548)	8,452
Net Change in Fund Balance	545,425	(2,460,655)	17,593	2,478,248
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,577,608	4,577,608	4,577,608	0
Fund Balance End of Year	\$5,123,033	\$2,116,953	\$4,595,201	\$2,478,248

## **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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$7,336,027	\$1,728,499	\$1,989,823	\$11,054,349
Receivables (Net):				
Taxes	0	0	650,171	650,171
Interest	0	0	396	396
Intergovernmental	1,005,405	256,922	200,167	1,462,494
Total Assets	<u>8,341,432</u>	<u>1,985,421</u>	<u>2,840,557</u>	<u>13,167,410</u>
Liabilities:				
Accounts Payable	78,675	0	63,698	142,373
Accrued Wages and Benefits	117,542	0	0	117,542
Claims Payable	9,114	0	0	9,114
Total Liabilities	<u>205,331</u>	<u>0</u>	<u>63,698</u>	<u>269,029</u>
Deferred Inflows of Resources:				
Income Taxes	0	0	377,567	377,567
Grants and Other Taxes	853,916	256,922	200,167	1,311,005
Total Deferred Inflows of Resources	<u>853,916</u>	<u>256,922</u>	<u>577,734</u>	<u>1,688,572</u>
Fund Balances:				
Restricted	7,282,185	1,709,522	2,069,267	11,060,974
Assigned	0	18,977	129,858	148,835
Total Fund Balances	<u>7,282,185</u>	<u>1,728,499</u>	<u>2,199,125</u>	<u>11,209,809</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$8,341,432</u>	<u>\$1,985,421</u>	<u>\$2,840,557</u>	<u>\$13,167,410</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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Income Taxes	\$0	\$0	\$2,879,425	\$2,879,425
Investment Earnings	18,806	45,122	6,907	70,835
Intergovernmental	2,382,118	0	343,202	2,725,320
Special Assessments	31,180	1,732	0	32,912
Fines, Licenses & Permits	542,106	0	0	542,106
Other Revenues	45,346	0	61,031	106,377
Total Revenues	3,019,556	46,854	3,290,565	6,356,975
Expenditures:				
Current:				
General Government	479,107	7,635	0	486,742
Public Safety	29,575	0	0	29,575
Transportation and Street Repair	3,211,071	0	0	3,211,071
Capital Outlay	84,644	0	2,767,352	2,851,996
Debt Service:				
Principal	0	1,740,000	0	1,740,000
Interest and Other Charges	0	747,541	0	747,541
Total Expenditures	3,804,397	2,495,176	2,767,352	9,066,925
Excess of Revenues Over (Under) Expenditures	(784,841)	(2,448,322)	523,213	(2,709,950)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	134,610	134,610
Transfers In	1,200,000	2,874,458	1,300,000	5,374,458
Transfers (Out)	0	(390,000)	(1,472,910)	(1,862,910)
Total Other Financing Sources (Uses)	1,200,000	2,484,458	(38,300)	3,646,158
Net Change in Fund Balance	415,159	36,136	484,913	936,208
Fund Balance - Beginning of Year	6,867,026	1,692,363	1,714,212	10,273,601
Fund Balance - End of Year	\$7,282,185	\$1,728,499	\$2,199,125	\$11,209,809

## **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, 2016

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Assets:					
Equity in Pooled Cash and Investments	\$1,371,600	\$62,245	\$83,586	\$153,890	\$46,803
Receivables (Net):					
Intergovernmental	768,567	62,316	0	0	0
Total Assets	<u>2,140,167</u>	<u>124,561</u>	<u>83,586</u>	<u>153,890</u>	<u>46,803</u>
Liabilities:					
Accounts Payable	36,747	0	38,613	0	365
Accrued Wages and Benefits	67,459	10,457	0	0	0
Claims Payable	<u>7,802</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>112,008</u>	<u>10,457</u>	<u>38,613</u>	<u>0</u>	<u>365</u>
Deferred Inflows of Resources:					
Grants and Other Taxes	<u>654,917</u>	<u>53,101</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>654,917</u>	<u>53,101</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Restricted	<u>1,373,242</u>	<u>61,003</u>	<u>44,973</u>	<u>153,890</u>	<u>46,438</u>
Total Fund Balances	<u>1,373,242</u>	<u>61,003</u>	<u>44,973</u>	<u>153,890</u>	<u>46,438</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$2,140,167</u>	<u>\$124,561</u>	<u>\$83,586</u>	<u>\$153,890</u>	<u>\$46,803</u>

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$205,587	\$147,097	\$138,139	\$39,874	\$2,764,188	\$940,440	\$487,747
174,522	0	0	0	0	0	0
380,109	147,097	138,139	39,874	2,764,188	940,440	487,747
0	790	0	0	1,998	0	162
17,179	0	0	0	20,210	0	2,237
0	0	0	0	1,105	0	207
17,179	790	0	0	23,313	0	2,606
145,898	0	0	0	0	0	0
145,898	0	0	0	0	0	0
217,032	146,307	138,139	39,874	2,740,875	940,440	485,141
217,032	146,307	138,139	39,874	2,740,875	940,440	485,141
\$380,109	\$147,097	\$138,139	\$39,874	\$2,764,188	\$940,440	\$487,747
Continued						

City of Fairfield, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2016

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$571,778	\$84,608	\$238,445	\$7,336,027
Receivables (Net):				
Intergovernmental	0	0	0	1,005,405
Total Assets	<u>571,778</u>	<u>84,608</u>	<u>238,445</u>	<u>8,341,432</u>
Liabilities:				
Accounts Payable	0	0	0	78,675
Accrued Wages and Benefits	0	0	0	117,542
Claims Payable	0	0	0	9,114
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>205,331</u>
Deferred Inflows of Resources:				
Grants and Other Taxes	0	0	0	853,916
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>853,916</u>
Fund Balances:				
Restricted	<u>571,778</u>	<u>84,608</u>	<u>238,445</u>	<u>7,282,185</u>
Total Fund Balances	<u>571,778</u>	<u>84,608</u>	<u>238,445</u>	<u>7,282,185</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$571,778</u>	<u>\$84,608</u>	<u>\$238,445</u>	<u>\$8,341,432</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, 2016

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Revenues:					
Investment Earnings	\$0	\$0	\$1,266	\$418	\$0
Intergovernmental	1,865,208	151,234	0	0	0
Special Assessments	0	0	0	0	0
Fines, Licenses & Permits	0	0	0	2,250	9,956
Other Revenues	45,346	0	0	0	0
Total Revenues	1,910,554	151,234	1,266	2,668	9,956
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	6,051
Transportation and Street Repair	2,629,232	149,458	118,333	0	0
Capital Outlay	1,883	0	24,406	13,623	7,163
Total Expenditures	2,631,115	149,458	142,739	13,623	13,214
Excess of Revenues Over (Under) Expenditures	(720,561)	1,776	(141,473)	(10,955)	(3,258)
Other Financing Sources (Uses):					
Transfers In	1,200,000	0	0	0	0
Total Other Financing Sources (Uses)	1,200,000	0	0	0	0
Net Change in Fund Balance	479,439	1,776	(141,473)	(10,955)	(3,258)
Fund Balance - Beginning of Year	893,803	59,227	186,446	164,845	49,696
Fund Balance - End of Year	<u>\$1,373,242</u>	<u>\$61,003</u>	<u>\$44,973</u>	<u>\$153,890</u>	<u>\$46,438</u>



Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	\$848	\$848	\$0	\$9,942	\$2,951	\$1,685
348,234	0	0	17,442	0	0	0
0	0	0	0	0	0	0
0	25,117	10,118	0	308,489	78,232	47,242
0	0	0	0	0	0	0
348,234	25,965	10,966	17,442	318,431	81,183	48,927
0	0	11,736	0	354,378	46,589	65,406
0	14,591	0	8,933	0	0	0
314,048	0	0	0	0	0	0
0	19,470	0	14,826	0	3,273	0
314,048	34,061	11,736	23,759	354,378	49,862	65,406
34,186	(8,096)	(770)	(6,317)	(35,947)	31,321	(16,479)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
34,186	(8,096)	(770)	(6,317)	(35,947)	31,321	(16,479)
182,846	154,403	138,909	46,191	2,776,822	909,119	501,620
\$217,032	\$146,307	\$138,139	\$39,874	\$2,740,875	\$940,440	\$485,141
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, 2016

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Revenues:				
Investment Earnings	\$848	\$0	\$0	\$18,806
Intergovernmental	0	0	0	2,382,118
Special Assessments	0	31,180	0	31,180
Fines, Licenses & Permits	36,330	0	24,372	542,106
Other Revenues	0	0	0	45,346
Total Revenues	37,178	31,180	24,372	3,019,556
Expenditures:				
Current:				
General Government	998	0	0	479,107
Public Safety	0	0	0	29,575
Transportation and Street Repair	0	0	0	3,211,071
Capital Outlay	0	0	0	84,644
Total Expenditures	998	0	0	3,804,397
Excess of Revenues Over (Under) Expenditures	36,180	31,180	24,372	(784,841)
Other Financing Sources (Uses):				
Transfers In	0	0	0	1,200,000
Total Other Financing Sources (Uses)	0	0	0	1,200,000
Net Change in Fund Balance	36,180	31,180	24,372	415,159
Fund Balance - Beginning of Year	535,598	53,428	214,073	6,867,026
Fund Balance - End of Year	\$571,778	\$84,608	\$238,445	\$7,282,185

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, 2016

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,716,000	\$1,716,000	\$1,898,403	\$182,403
Other Revenues	20,000	20,000	45,346	25,346
Total Revenues	1,736,000	1,736,000	1,943,749	207,749
Expenditures:				
Transportation and Street Repair				
Personnel Related	1,870,768	1,870,768	1,617,675	253,093
Other	1,413,577	1,398,534	1,086,113	312,421
Total Expenditures	3,284,345	3,269,302	2,703,788	565,514
Excess of Revenues Over (Under) Expenditures	(1,548,345)	(1,533,302)	(760,039)	773,263
Other Financing Sources (uses):				
Transfers In	1,200,000	1,200,000	1,200,000	0
Total Other Financing Sources (Uses)	1,200,000	1,200,000	1,200,000	0
Net Change in Fund Balance	(348,345)	(333,302)	439,961	773,263
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	846,004	846,004	846,004	0
Fund Balance End of Year	\$497,659	\$512,702	\$1,285,965	\$773,263

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, 2016

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$153,500	\$153,500	\$153,925	\$425
Total Revenues	153,500	153,500	153,925	425
Expenditures:				
Transportation and Street Repair Personnel Related	152,175	152,175	147,254	4,921
Total Expenditures	152,175	152,175	147,254	4,921
Net Change in Fund Balance	1,325	1,325	6,671	5,346
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	55,574	55,574	55,574	0
Fund Balance End of Year	\$56,899	\$56,899	\$62,245	\$5,346

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, 2016

	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	802	772
Total Revenues	100,030	100,030	802	(99,228)
Expenditures:				
Capital Outlay	38,295	258,179	232,552	25,627
Total Expenditures	38,295	258,179	232,552	25,627
Net Change in Fund Balance	61,735	(158,149)	(231,750)	(73,601)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	205,509	205,509	205,509	0
Fund Balance End of Year	\$267,244	\$47,360	(\$26,241)	(\$73,601)

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, 2016

	Tax Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Licenses & Permits	\$1,800	\$1,800	\$2,250	\$450
Investment Earnings	20	20	267	247
Total Revenues	1,820	1,820	2,517	697
Expenditures:				
Capital Outlay	2,400	15,013	13,624	1,390
Total Expenditures	2,400	15,013	13,624	1,390
Net Change in Fund Balance	(580)	(13,193)	(11,106)	2,087
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	164,996	164,996	164,996	0
Fund Balance End of Year	\$164,416	\$151,803	\$153,890	\$2,087

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, 2016

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$1,000	\$1,000	\$9,956	\$8,956
Total Revenues	1,000	1,000	9,956	8,956
Expenditures:				
Public Safety				
Other	34,163	27,474	5,687	21,787
Capital Outlay	0	7,163	7,163	(0)
Total Expenditures	34,163	34,637	12,850	21,787
Net Change in Fund Balance	(33,163)	(33,637)	(2,893)	30,744
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	49,696	49,696	49,696	0
Fund Balance End of Year	\$16,533	\$16,059	\$46,803	\$30,744

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, 2016

	Municipal Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$330,000	\$330,000	\$348,389	\$18,389
Total Revenues	330,000	330,000	348,389	18,389
Expenditures:				
Transportation and Street Repair Personnel Related	329,713	329,713	310,427	19,286
Total Expenditures	329,713	329,713	310,427	19,286
Net Change in Fund Balance	287	287	37,961	37,674
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	167,626	167,626	167,626	0
Fund Balance End of Year	\$167,913	\$167,913	\$205,587	\$37,674



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, 2016

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$6,500	\$6,500	\$25,117	\$18,617
Investment Earnings	30	30	535	505
Total Revenues	6,530	6,530	25,652	19,122
Expenditures:				
Public Safety				
Other	40,000	40,000	19,601	20,399
Capital Outlay	0	20,000	19,470	530
Total Expenditures	40,000	60,000	39,071	20,929
Net Change in Fund Balance	(33,470)	(53,470)	(13,419)	40,051
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	154,716	154,716	154,716	0
Fund Balance End of Year	\$121,246	\$101,246	\$141,297	\$40,051

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, 2016

	Drug and Alcohol Treatment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$16,000	\$16,000	\$10,118	(\$5,882)
Investment Earnings	30	30	535	505
Total Revenues	16,030	16,030	10,653	(5,377)
Expenditures:				
General Government				
Other	20,000	20,000	12,287	7,713
Total Expenditures	20,000	20,000	12,287	7,713
Net Change in Fund Balance	(3,970)	(3,970)	(1,634)	2,336
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	139,773	139,773	139,773	0
Fund Balance End of Year	\$135,803	\$135,803	\$138,139	\$2,336

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, 2016

	Local Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50	\$50	\$17,442	\$17,392
Total Revenues	\$50	\$50	\$17,442	\$17,392
Expenditures:				
Public Safety				
Other	11,912	11,912	8,932	2,980
Capital Outlay	14,826	14,826	14,826	0
Total Expenditures	26,738	26,738	23,758	2,980
Net Change in Fund Balance	(26,688)	(26,688)	(6,316)	20,372
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,191	46,191	46,191	0
Fund Balance End of Year	\$19,502	\$19,503	\$39,875	\$20,372

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, 2016

	Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$450,000	\$450,000	\$308,489	(\$141,511)
Investment Earnings	6,000	6,000	13,824	7,824
Total Revenues	456,000	456,000	322,313	(133,687)
Expenditures:				
General Government				
Personnel Related	345,977	345,977	339,153	6,824
Other	53,968	51,271	12,173	39,098
Total Expenditures	399,945	397,248	351,326	45,922
Net Change in Fund Balance	56,055	58,752	(29,013)	(87,765)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,804,419	2,804,419	2,804,419	0
Fund Balance End of Year	\$2,860,474	\$2,863,171	\$2,775,406	(\$87,765)

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, 2016

	Court Computer Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$80,000	\$80,000	\$78,232	(\$1,768)
Investment Earnings	100	100	1,872	1,772
Total Revenues	80,100	80,100	80,104	4
Expenditures:				
General Government				
Other	95,000	95,000	49,862	45,138
Total Expenditures	95,000	95,000	49,862	45,138
Net Change in Fund Balance	(14,900)	(14,900)	30,242	45,142
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	910,199	910,199	910,199	0
Fund Balance End of Year	\$895,299	\$895,299	\$940,441	\$45,142

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, 2016

	Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$54,975	\$54,975	\$47,242	(\$7,733)
Investment Earnings	75	75	1,070	995
Total Revenues	55,050	55,050	48,312	(6,738)
Expenditures:				
General Government				
Personnel Related	66,714	66,714	59,431	7,283
Other	32,000	32,000	5,641	26,359
Total Expenditures	98,714	98,714	65,072	33,642
Net Change in Fund Balance	(43,664)	(43,664)	(16,760)	26,904
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	504,509	504,509	504,509	0
Fund Balance End of Year	\$460,845	\$460,845	\$487,749	\$26,904

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, 2016

	Mediation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$41,995	\$41,995	\$36,330	(\$5,665)
Investment Earnings	35	35	535	500
Total Revenues	42,030	42,030	36,865	(5,165)
Expenditures:				
General Government				
Other	2,500	2,500	998	1,502
Total Expenditures	2,500	2,500	998	1,502
Net Change in Fund Balance	39,530	39,530	35,867	(3,663)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	535,910	535,910	535,910	0
Fund Balance End of Year	\$575,440	\$575,440	\$571,777	(\$3,663)

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, 2016

	Tax Incremental Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$92,000	\$92,000	\$31,179	(\$60,821)
Total Revenues	92,000	92,000	31,179	(60,821)
Expenditures:				
General Government				
Other	98,000	98,000	0	98,000
Total Expenditures	98,000	98,000	0	98,000
Net Change in Fund Balance	(6,000)	(6,000)	31,179	37,179
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	53,428	53,428	53,428	0
Fund Balance End of Year	\$47,428	\$47,428	\$84,607	\$37,179



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, 2016

	Indigent Driver Interlock Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$37,000	\$37,000	\$24,372	-\$12,628
Total Revenues	37,000	37,000	24,372	(12,628)
Expenditures:				
General Government				
Other	5,000	5,000	0	5,000
Total Expenditures	5,000	5,000	0	5,000
Net Change in Fund Balance	32,000	32,000	24,372	(7,628)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	214,073	214,073	214,073	0
Fund Balance End of Year	\$246,073	\$246,073	\$238,445	(\$7,628)

## **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, 2016

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$18,977	\$1,709,522	\$1,728,499
Receivables (Net):			
Intergovernmental	0	256,922	256,922
Total Assets	18,977	1,966,444	1,985,421
Deferred Inflows of Resources:			
Grants and Other Taxes	0	256,922	256,922
Total Deferred Inflows of Resources	0	256,922	256,922
Fund Balances:			
Restricted	0	1,709,522	1,709,522
Assigned	18,977	0	18,977
Total Fund Balances	18,977	1,709,522	1,728,499
Total Liabilities, Deferred Inflows and Fund Balances	\$18,977	\$1,966,444	\$1,985,421

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, 2016

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$0	\$45,122	\$45,122
Special Assessments	0	1,732	1,732
Total Revenues	0	46,854	46,854
Expenditures:			
Current:			
General Government	6,635	1,000	7,635
Debt Service:			
Principal	1,740,000	0	1,740,000
Interest and Other Charges	745,008	2,533	747,541
Total Expenditures	2,491,643	3,533	2,495,176
Excess of Revenues Over (Under) Expenditures	(2,491,643)	43,321	(2,448,322)
Other Financing Sources (Uses):			
Transfers In	2,874,458	0	2,874,458
Transfers (Out)	(390,000)	0	(390,000)
Total Other Financing Sources (Uses)	2,484,458	0	2,484,458
Net Change in Fund Balance	(7,185)	43,321	36,136
Fund Balance - Beginning of Year	26,162	1,666,201	1,692,363
Fund Balance - End of Year	\$18,977	\$1,709,522	\$1,728,499

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, 2016

	General Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
General Government				
Other	10,500	10,500	6,635	3,865
Debt Service:				
Principal Retirement	1,740,000	1,740,000	1,740,000	0
Interest and Fiscal Charges	750,550	750,550	745,008	5,542
Total Expenditures	2,501,050	2,501,050	2,491,643	9,407
Excess of Revenues Over (Under) Expenditures	(2,501,050)	(2,501,050)	(2,491,643)	9,407
Other Financing Sources (uses):				
Transfers In	3,132,000	3,132,000	2,874,458	(257,542)
Transfers (Out)	(390,000)	(390,000)	(390,000)	0
Total Other Financing Sources (Uses)	2,742,000	2,742,000	2,484,458	(257,542)
Net Change in Fund Balance	240,950	240,950	(7,185)	(248,135)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	26,161	26,161	26,161	0
Fund Balance End of Year	\$267,111	\$267,111	\$18,976	(\$248,135)

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, 2016

	Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$249,940	\$249,940	\$384,908	\$134,968
Investment Earnings	210	210	48,462	48,252
Total Revenues	250,150	250,150	433,370	183,220
Expenditures:				
Current:				
General Government				
Other	1,000	2,050	2,046	4
Debt Service:				
Principal Retirement	650,000	646,416	383,176	263,240
Interest and Fiscal Charges	0	2,534	2,533	1
Total Expenditures	651,000	651,000	387,755	263,245
Net Change in Fund Balance	(400,850)	(400,850)	45,615	446,465
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,670,017	1,670,017	1,670,017	0
Fund Balance End of Year	\$1,269,167	\$1,269,167	\$1,715,632	\$446,465

## **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, 2016

	Capital Improvement	Flood Protection	Downtown Development	Park Development
Assets:				
Equity in Pooled Cash and Investments	\$1,837,312	\$3,309	\$129,858	\$19,344
Receivables (Net):				
Taxes	650,171	0	0	0
Interest	396	0	0	0
Intergovernmental	200,167	0	0	0
Total Assets	<u>2,688,046</u>	<u>3,309</u>	<u>129,858</u>	<u>19,344</u>
Liabilities:				
Accounts Payable	63,698	0	0	0
Total Liabilities	<u>63,698</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:				
Income Taxes	377,567	0	0	0
Grants and Other Taxes	200,167	0	0	0
Total Deferred Inflows of Resources	<u>577,734</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Restricted	2,046,614	3,309	0	19,344
Assigned	0	0	129,858	0
Total Fund Balances	<u>2,046,614</u>	<u>3,309</u>	<u>129,858</u>	<u>19,344</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$2,688,046</u>	<u>\$3,309</u>	<u>\$129,858</u>	<u>\$19,344</u>



Total Nonmajor Capital Projects Funds	\$1,989,823	650,171	396	200,167	2,840,557	63,698	63,698	377,567	200,167	577,734	2,069,267	129,858	2,199,125	\$2,840,557
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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, 2016

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development
Revenues:					
Income Taxes	\$2,879,425	\$0	\$0	\$0	\$0
Investment Earnings	6,907	0	0	0	0
Intergovernmental	179,334	0	163,868	0	0
Other Revenues	60,033	998	0	0	0
Total Revenues	3,125,699	998	163,868	0	0
Expenditures:					
Current:					
Capital Outlay	2,707,350	0	16,793	8,234	34,975
Debt Service:					
Total Expenditures	2,707,350	0	16,793	8,234	34,975
Excess of Revenues Over (Under) Expenditures	418,349	998	147,075	(8,234)	(34,975)
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	134,610	0	0	0	0
Transfers In	1,250,000	0	0	0	50,000
Transfers (Out)	(1,472,910)	0	0	0	0
Total Other Financing Sources (Uses)	(88,300)	0	0	0	50,000
Net Change in Fund Balance	330,049	998	147,075	(8,234)	15,025
Fund Balance - Beginning of Year	1,716,565	2,311	(147,075)	138,092	4,319
Fund Balance - End of Year	\$2,046,614	\$3,309	\$0	\$129,858	\$19,344

<div> <div> <div>Total</div> <div>Nonmajor</div> <div>Capital Projects</div> <div>Funds</div> </div> </div>
\$2,879,425
6,907
343,202
61,031
3,290,565
2,767,352
2,767,352
523,213
134,610
1,300,000
(1,472,910)
(38,300)
484,913
1,714,212
\$2,199,125

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, 2016

	Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,589,500	\$2,655,000	\$2,911,948	\$256,948
Intergovernmental	0	0	179,334	179,334
Investment Earnings	7,500	7,500	11,575	4,075
Other Revenues	1,000	1,000	60,033	59,033
Total Revenues	2,598,000	2,663,500	3,162,890	499,390
Expenditures:				
Capital Outlay	1,353,228	4,452,338	4,064,682	387,656
Total Expenditures	1,353,228	4,452,338	4,064,682	387,656
Excess of Revenues Over (Under) Expenditures	1,244,772	(1,788,838)	(901,792)	887,046
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	10,000	10,000	134,610	124,610
Transfers In	0	1,250,000	1,250,000	0
Transfers (Out)	(1,430,000)	(1,480,000)	(1,472,910)	7,090
Total Other Financing Sources (Uses)	(1,420,000)	(220,000)	(88,300)	131,700
Net Change in Fund Balance	(175,228)	(2,008,838)	(990,092)	1,018,746
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,608,957	1,608,957	1,608,957	0
Fund Balance End of Year	\$1,433,729	(\$399,881)	\$618,865	\$1,018,746

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, 2016

	Flood Protection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$0	\$0	\$998	\$998
Total Revenues	\$0	\$0	\$998	\$998
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	998	998
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>\$3,309</u>	<u>\$998</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, 2016

	State Issue I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50,000	\$400,000	\$403,037	\$3,037
Total Revenues	50,000	400,000	403,037	3,037
Expenditures:				
Capital Outlay	220,642	213,868	163,868	50,000
Total Expenditures	220,642	213,868	163,868	50,000
Net Change in Fund Balance	(170,642)	186,132	239,169	53,037
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(239,169)	(239,169)	(239,169)	0
Fund Balance End of Year	(\$409,811)	(\$53,037)	\$0	\$53,037

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2016

	Downtown Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	0	8,350	8,234	116
Total Expenditures	0	8,350	8,234	116
Net Change in Fund Balance	0	(8,350)	(8,234)	116
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	138,094	138,094	138,094	0
Fund Balance End of Year	<u>\$138,094</u>	<u>\$129,744</u>	<u>\$129,860</u>	<u>\$116</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, 2016

	Park Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	0	39,300	34,975	4,325
Total Expenditures	0	39,300	34,975	4,325
Excess of Revenues Over (Under) Expenditures	0	(39,300)	(34,975)	4,325
Other Financing Sources (uses):				
Transfers In	0	50,000	50,000	0
Total Other Financing Sources (Uses)	0	50,000	50,000	0
Net Change in Fund Balance	0	10,700	15,025	4,325
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>\$15,019</u>	<u>\$19,344</u>	<u>\$4,325</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, 2016

	Compensated Leave Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$2,139	\$2,139
Total Revenues	0	0	2,139	2,139
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	2,139	2,139
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	669,032	669,032	669,032	0
Fund Balance End of Year	\$669,032	\$669,032	\$671,171	\$2,139

## **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, 2016

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$3,174,557	\$214,347	\$3,388,904
Receivables (Net):			
Interest	2,653	0	2,653
Total Current Assets	3,177,210	214,347	3,391,557
Total Assets	3,177,210	214,347	3,391,557
Deferred Outflows of Resources:			
Pension	0	187,454	187,454
Total Deferred Outflows of Resources	0	187,454	187,454
Liabilities:			
Current Liabilities:			
Accounts Payable	172	28,967	29,139
Accrued Wages and Benefits	0	26,323	26,323
Compensated Absences	0	46,649	46,649
Claims Payable	234,179	1,989	236,168
Total Current Liabilities	234,351	103,928	338,279
Long-Term Liabilities:			
Compensated Absences	0	28,776	28,776
Net Pension Liability	0	488,523	488,523
Total Liabilities	234,351	621,227	855,578
Deferred Inflows of Resources:			
Pension	0	9,439	9,439
Total Deferred Inflows of Resources	0	9,439	9,439
Net Position:			
Unrestricted	2,942,859	(228,865)	2,713,994
Total Net Position	\$2,942,859	(\$228,865)	\$2,713,994

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, 2016

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$5,440,584	\$773,903	\$6,214,487
Other Revenues	0	614	614
Total Operating Revenues	5,440,584	774,517	6,215,101
Operating Expenses:			
Personal Services	0	638,726	638,726
Contactual Services	4,374,233	19,121	4,393,354
Materials and Supplies	0	357,232	357,232
Total Operating Expenses	4,374,233	1,015,079	5,389,312
Operating Income (Loss)	1,066,351	(240,562)	825,789
Non-Operating Revenues (Expenses):			
Investment Earnings	2,202	0	2,202
Total Non-Operating Revenues (Expenses)	2,202	0	2,202
Income (Loss) Before Contributions and Transfers	1,068,553	(240,562)	827,991
Transfers In	0	200,000	200,000
Change in Net Position	1,068,553	(40,562)	1,027,991
Net Position - Beginning of Year	1,874,306	(188,303)	1,686,003
Net Position - End of Year	\$2,942,859	(\$228,865)	\$2,713,994

City of Fairfield, Ohio  
Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended December 31, 2016

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$5,440,584	\$774,517	\$6,215,101
Cash Payments to Employees	0	(633,741)	(633,741)
Cash Payments to Suppliers	(4,499,384)	(358,836)	(4,858,220)
Net Cash Provided (Used) by Operating Activities	941,200	(218,060)	723,140
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	200,000	200,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	200,000	200,000
Cash Flows from Investing Activities:			
Earnings on Investments	3,521	0	3,521
Net Cash Provided (Used) by Cash Flows from Investing Activities	3,521	0	3,521
Net Increase (Decrease) in Cash and Cash Equivalents	944,721	(18,060)	926,661
Cash and Cash Equivalents - Beginning of Year	2,229,836	232,407	2,462,243
Cash and Cash Equivalents - End of Year	3,174,557	214,347	3,388,904
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	1,066,351	(240,562)	825,789
Changes in Assets & Liabilities:			
(Increase) Decrease in Deferred Outflows of Resources	0	(119,029)	(119,029)
Increase (Decrease) in Claims Payable	(125,255)	234	(125,021)
Increase (Decrease) in Payables	104	17,517	17,621
Increase (Decrease) in Accrued Liabilities	0	(29,907)	(29,907)
Increase (Decrease) in Deferred Inflows of Resources	0	3,495	3,495
Increase (Decrease) in Net Pension Liability	0	150,192	150,192
Net Cash Provided (Used) by Operating Activities	\$941,200	(\$218,060)	\$723,140

City of Fairfield, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2016

	Municipal Court			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$145,485	\$724,001	\$718,651	\$150,835
Total Assets	145,485	724,001	718,651	150,835
Liabilities:				
Undistributed Monies	145,485	724,001	718,651	150,835
Total Liabilities	\$145,485	\$724,001	\$718,651	\$150,835

	Warranty Bonds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$5,461	\$2	\$48	\$5,415
Total Assets	5,461	2	48	5,415
Liabilities:				
Undistributed Monies	5,461	2	48	5,415
Total Liabilities	\$5,461	\$2	\$48	\$5,415

	Economic Development District			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$158,987	\$2,135,740	\$2,153,265	\$141,462
Receivables (Net):				
Accounts	178,851	178,399	178,851	178,399
Total Assets	337,838	2,314,139	2,332,116	319,861
Liabilities:				
Accounts Payable	135,917	120,986	135,917	120,986
Undistributed Monies	201,921	2,193,153	2,196,199	198,875
Total Liabilities	\$337,838	\$2,314,139	\$2,332,116	\$319,861

Continued

	Total All Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$309,933	\$2,859,743	\$2,871,964	\$297,712
Receivables (Net):				
Accounts	178,851	178,399	178,851	178,399
Total Assets	<u>488,784</u>	<u>3,038,142</u>	<u>3,050,815</u>	<u>476,111</u>
Liabilities:				
Accounts Payable	135,917	120,986	135,917	120,986
Undistributed Monies	<u>352,867</u>	<u>2,917,156</u>	<u>2,914,898</u>	<u>355,125</u>
Total Liabilities	<u>\$488,784</u>	<u>\$3,038,142</u>	<u>\$3,050,815</u>	<u>\$476,111</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

	Calendar Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$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	\$72,702,624
Restricted	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	18,160,599
Unrestricted	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)	(5,913,774)
<b>Total Governmental Activities Net Position</b>	<b>\$93,588,126</b>	<b>\$93,456,123</b>	<b>\$90,667,198</b>	<b>\$88,696,762</b>	<b>\$92,653,408</b>	<b>\$97,351,999</b>	<b>\$103,508,637</b>	<b>\$103,182,231</b>	<b>\$80,921,263</b>	<b>\$84,949,449</b>
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$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	\$40,221,046
Restricted	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	1,024,340
Unrestricted	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	4,814,362
<b>Total Business-Type Activities Net Position</b>	<b>\$49,260,660</b>	<b>\$49,538,907</b>	<b>\$48,335,018</b>	<b>\$47,797,970</b>	<b>\$47,475,237</b>	<b>\$47,603,790</b>	<b>\$48,505,710</b>	<b>\$49,139,326</b>	<b>\$46,517,042</b>	<b>\$46,059,748</b>
<b>Total Primary Government</b>										
Net Investment in Capital Assets	\$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	\$112,923,670
Restricted	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	19,184,939
Unrestricted	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)	(1,099,412)
<b>Total Primary Government Net Position</b>	<b>\$142,848,786</b>	<b>\$142,995,030</b>	<b>\$139,002,216</b>	<b>\$136,494,732</b>	<b>\$140,128,645</b>	<b>\$144,955,789</b>	<b>\$152,014,347</b>	<b>\$152,321,557</b>	<b>\$127,438,305</b>	<b>\$131,009,197</b>

Source: City Records

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$7,239,804	\$7,801,044	\$8,302,202	\$8,219,146	\$8,375,019	\$8,451,042	\$7,631,141	\$8,179,792	\$8,240,596	\$7,968,208
Public Safety	15,016,636	15,725,351	16,505,748	17,357,175	16,309,564	16,249,928	16,268,499	17,231,019	18,459,890	18,841,094
Leisure Time Activities	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	3,746,235
Community Development	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	1,950,158
Basic Utility Service	461,934	453,750	524,491	510,171	479,877	412,238	451,823	442,800	441,845	458,368
Transportation and Street Repair	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	8,097,174
Public Health and Welfare	24,166	23,457	23,074	22,441	21,998	21,784	21,476	21,581	21,248	21,125
Interest and Fiscal Charges	917,208	862,252	687,450	794,384	1,034,139	808,963	851,250	815,863	780,363	732,471
<b>Total Governmental Activities Expenses</b>	<b>38,423,972</b>	<b>40,091,723</b>	<b>40,411,936</b>	<b>40,413,218</b>	<b>38,591,960</b>	<b>38,163,869</b>	<b>36,077,934</b>	<b>39,473,993</b>	<b>40,726,667</b>	<b>41,814,833</b>
<b>Business-Type Activities:</b>										
Water Utility	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	6,407,038
Sewer Utility	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	5,735,840
Solid Waste Management	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	2,259,529
Recreation Facilities	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	1,873,055
<b>Total Business-Type Activities Expenses</b>	<b>13,326,623</b>	<b>13,591,711</b>	<b>14,364,263</b>	<b>14,353,300</b>	<b>14,221,929</b>	<b>14,198,765</b>	<b>14,082,863</b>	<b>14,770,746</b>	<b>15,207,704</b>	<b>16,275,462</b>
<b>Total Primary Government Expenses</b>	<b>\$51,750,595</b>	<b>\$53,683,434</b>	<b>\$54,776,199</b>	<b>\$54,766,518</b>	<b>\$52,813,889</b>	<b>\$52,362,634</b>	<b>\$50,160,797</b>	<b>\$54,244,739</b>	<b>\$55,934,371</b>	<b>\$58,090,295</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services and Sales:										
General Government	\$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	\$1,422,096
Public Safety	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	1,130,784
Leisure Time Activities	218,759	238,651	248,862	278,973	252,125	272,605	281,499	248,952	497,097	958,658
Community Development	341,793	446,641	365,788	335,889	79,800	281,964	354,464	529,106	223,544	1,194,603
Basic Utility Service	733,410	491,304	512,159	640,082	384,635	670,950	565,538	566,935	77,917	0
Transportation and Street Repair	0	6,665	15,307	28,587	26,561	38,233	38,389	37,452	593,242	1,705,115
Operating Grants and Contributions	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	3,243,396
Capital Grants and Contributions	1,410,875	647,472	1,331,917	790,846	3,115,434	3,880,495	1,707,738	14,506	897,858	185,742
<b>Total Governmental Activities Program Revenues</b>	<b>8,499,676</b>	<b>8,278,810</b>	<b>9,227,873</b>	<b>8,232,047</b>	<b>11,031,904</b>	<b>11,548,187</b>	<b>8,805,180</b>	<b>7,305,710</b>	<b>8,306,256</b>	<b>9,840,394</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Business-Type Activities:</b>										
Charges for Services and Sales:										
Water Utility	\$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	\$5,121,220
Sewer Utility	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	6,145,668
Solid Waste Management	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	2,261,648
Recreation Facilities	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	1,769,065
Operating Grants and Contributions	0	0	33,290	65,667	25,919	3,999	31,597	88,048	0	0
Capital Grants and Contributions	0	0	0	0	0	0	145,770	900	12,090	0
<b>Total Business-Type Activities Program Revenues</b>	<b>11,646,576</b>	<b>12,121,306</b>	<b>12,345,339</b>	<b>12,660,462</b>	<b>13,252,568</b>	<b>13,993,198</b>	<b>14,568,045</b>	<b>14,880,318</b>	<b>15,027,448</b>	<b>15,297,601</b>
<b>Total Primary Government Program Revenues</b>	<b>\$20,146,252</b>	<b>\$20,400,116</b>	<b>\$21,573,212</b>	<b>\$20,892,509</b>	<b>\$24,284,472</b>	<b>\$25,541,385</b>	<b>\$23,373,225</b>	<b>\$22,186,028</b>	<b>\$23,333,704</b>	<b>\$25,137,995</b>
<b>Net (Expense)/Revenue</b>	<b>(\$29,924,296)</b>	<b>(\$31,812,913)</b>	<b>(\$31,184,063)</b>	<b>(\$32,181,171)</b>	<b>(\$27,560,056)</b>	<b>(\$26,615,682)</b>	<b>(\$27,272,754)</b>	<b>(\$32,168,283)</b>	<b>(\$32,420,411)</b>	<b>(\$31,974,439)</b>
<b>Governmental Activities</b>	<b>(1,680,047)</b>	<b>(1,470,405)</b>	<b>(2,018,924)</b>	<b>(1,692,838)</b>	<b>(969,361)</b>	<b>(205,567)</b>	<b>485,182</b>	<b>109,572</b>	<b>(180,256)</b>	<b>(977,861)</b>
<b>Business-type activities</b>	<b>(\$31,604,343)</b>	<b>(\$33,283,318)</b>	<b>(\$33,202,987)</b>	<b>(\$33,874,009)</b>	<b>(\$28,529,417)</b>	<b>(\$26,821,249)</b>	<b>(\$26,787,572)</b>	<b>(\$32,058,711)</b>	<b>(\$32,600,667)</b>	<b>(\$32,952,300)</b>
<b>Total Primary Government Net Expenses</b>										
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Income Taxes	\$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	\$28,822,572
Property Taxes Levied for:										
General Purposes	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	1,439,432
Special Revenue Purposes	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	3,722,358
Grants and Entitlements not Restricted	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	1,413,792
Investment Earnings	1,676,017	1,416,837	403,898	216,726	177,580	241,232	126,654	140,964	185,456	147,846
Other Revenues	156,129	172,337	168,142	211,309	642,837	851,001	1,693,821	1,253,901	722,374	671,625
Transfers-Internal Activities	(640,000)	(1,280,000)	(568,060)	(918,072)	(440,000)	(150,000)	(145,000)	(295,000)	(315,000)	(215,000)
<b>Total Governmental Activities</b>	<b>33,871,484</b>	<b>31,501,541</b>	<b>28,020,138</b>	<b>30,210,735</b>	<b>31,516,702</b>	<b>31,314,273</b>	<b>33,702,113</b>	<b>31,841,877</b>	<b>32,385,661</b>	<b>36,002,625</b>
<b>Business-Type Activities:</b>										
Investment Earnings	685,420	359,838	120,747	95,397	61,252	(17,798)	9,546	24,544	11,405	28,592
Other Revenues	275,158	108,814	126,228	142,321	145,376	201,918	295,954	204,500	244,583	276,975
Transfers-Internal Activities	640,000	1,280,000	568,060	918,072	440,000	150,000	145,000	295,000	315,000	215,000
<b>Total Business-Type Activities</b>	<b>1,600,578</b>	<b>1,748,652</b>	<b>815,035</b>	<b>1,155,790</b>	<b>646,628</b>	<b>334,120</b>	<b>450,500</b>	<b>524,044</b>	<b>570,988</b>	<b>520,567</b>
<b>Total Primary Government</b>	<b>\$35,472,062</b>	<b>\$33,250,193</b>	<b>\$28,835,173</b>	<b>\$31,366,525</b>	<b>\$32,163,330</b>	<b>\$31,648,393</b>	<b>\$34,152,613</b>	<b>\$32,365,921</b>	<b>\$32,956,649</b>	<b>\$36,523,192</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Change in Net Position										
Governmental Activities	\$3,947,188	(\$311,372)	(\$3,163,925)	(\$1,970,436)	\$3,956,646	\$4,698,591	\$6,429,359	(\$326,406)	(\$34,750)	\$4,028,186
Business-Type Activities	(79,469)	278,247	(1,203,889)	(537,048)	(322,733)	128,553	935,682	633,616	390,732	(457,294)
Total Primary Government	\$3,867,719	(\$33,125)	(\$4,367,814)	(\$2,507,484)	\$3,633,913	\$4,827,144	\$7,365,041	\$307,210	\$355,982	\$3,570,892

Source: City Records

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

	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015	2016
General Fund										
Reserved	\$37,690	\$432,065	\$323,790	\$481,771	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	13,655,083	12,692,924	10,262,820	8,748,151	0	0	0	0	0	0
Assigned					251,377	92,799	358,413	1,276,408	673,678	1,779,678
Unassigned					10,161,500	12,352,032	15,236,166	13,107,411	14,274,603	14,034,551
Total General Fund	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	15,814,229
All Other Governmental Funds										
Reserved	2,606,357	3,801,329	1,753,678	8,672,323	0	0	0	0	0	0
Unreserved, Reported in:										
Special Revenue Funds	3,353,296	3,911,307	4,433,536	4,546,166	0	0	0	0	0	0
Debt Service Funds	1,498,864	1,528,211	1,453,973	1,485,833	0	0	0	0	0	0
Capital Projects Funds	146,107	363,059	5,493,406	4,540,749	0	0	0	0	0	0
Restricted					17,004,137	14,821,559	15,154,484	14,631,812	14,507,341	16,656,232
Assigned					212,497	209,911	193,969	186,814	164,254	148,835
Unassigned					(907,538)	(1,043,316)	(437,769)	(346,988)	(431,443)	(69,540)
Total all Other Governmental Funds	\$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	\$16,735,527

Source: City Records

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



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Taxes	\$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	\$33,784,963
Fines, Licenses & Permits	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	1,975,184
Charges for Services	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	2,598,343
Investment Earnings	1,635,445	1,456,745	406,997	367,848	211,364	245,561	135,821	142,171	175,768	135,229
Intergovernmental	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	5,934,448
Special Assessments	253,763	279,582	69,656	28,213	19,026	28,940	276,143	40,587	250,298	223,868
Other Revenues	312,794	319,880	662,331	385,809	1,193,989	420,692	671,902	441,998	462,221	1,032,869
<b>Total Revenues</b>	<b>\$41,897,187</b>	<b>\$42,000,416</b>	<b>\$38,908,838</b>	<b>\$39,290,264</b>	<b>\$41,942,705</b>	<b>\$42,642,707</b>	<b>\$42,561,773</b>	<b>\$38,856,183</b>	<b>\$42,054,192</b>	<b>\$45,684,904</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General Government	\$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	\$7,926,097
Public Safety	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	17,148,478
Leisure Time Activities	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	2,565,624
Community Development	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	1,555,296
Basic Utility Service	461,934	453,750	524,491	510,171	479,877	412,238	451,823	442,800	441,845	458,368
Transportation and Street Repair	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	3,211,071
Public Health and Welfare	24,166	23,457	23,074	22,441	21,998	21,784	21,476	21,581	21,248	21,125
Capital Outlay	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	6,690,901
<b>Debt Service:</b>										
Principal Retirement	890,000	870,000	954,515	1,233,549	1,577,547	1,716,763	1,686,207	1,654,765	1,680,000	1,740,000
Interest and Fiscal Charges	954,928	855,696	565,524	776,107	1,024,387	839,474	876,493	835,371	800,002	747,541
<b>Total Expenditures</b>	<b>\$40,220,458</b>	<b>\$39,105,052</b>	<b>\$43,523,569</b>	<b>\$42,294,139</b>	<b>\$43,115,654</b>	<b>\$42,713,959</b>	<b>\$37,858,872</b>	<b>\$40,084,899</b>	<b>\$41,249,635</b>	<b>\$42,064,501</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (Deficiency) of Revenues Over Expenditures	\$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	\$3,620,403
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	\$12,002	\$16,134	\$346	\$18,115	\$25,929	\$122,264	\$54,377	\$73,910	\$68,419	\$155,920
Issuance of Capital Leases	0	0	378,346	0	0	0	0	0	0	0
Issuance of Long-Term Capital-Related Debt	0	0	6,065,000	9,125,000	0	0	0	0	0	0
Sale of Refunding Bonds	0	0	2,750,000	0	0	6,540,000	0	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	(2,829,535)	0	0	(6,852,466)	0	0	0	0
Premium/(Discount) on Sale of Refunded Bonds	0	0	35,083	37,037	0	422,277	0	0	0	0
Transfers In	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	8,074,458
Transfers (Out)	(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)	(8,489,458)
Total Other Financing Sources (Uses)	(817,818)	(1,463,866)	5,681,180	7,910,346	(580,071)	(107,925)	(630,623)	(421,090)	(471,581)	(259,080)
Net Change in Fund Balances	\$858,911	\$1,431,498	\$1,066,449	\$4,906,471	(\$1,753,020)	(\$179,177)	\$4,072,278	(\$1,649,806)	\$332,976	\$3,361,323
Debt service as a percentage of noncapital expenditures (1)	5.9%	5.3%	4.7%	4.2%	5.5%	7.3%	7.7%	6.9%	6.5%	6.7%

Source: City Records

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

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

Calendar Year (1)	Real Property		Tangible Personal Property		Public Utilities Personal		Total Assessed Value		Total Estimated Actual Value		Total Direct Rate
	Assessed Value		Assessed Value		Assessed Value		Value		Value		
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
2016	903,187,030		0		41,633,890		944,820,920		2,625,462,586		8.44

Source: County Auditor

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

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

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

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

Calendar Year	Direct Rate				Overlapping Rates		
	General Fund	Police Levy	Fire/EMS Levy	Total	County Levy	School Levy	Voactional School Levy
2007	0.99	0.30	4.65	5.94	10.95	58.60	1.93
2008	0.99	0.30	4.65	5.94	10.45	58.60	1.93
2009	0.99	0.30	4.65	5.94	9.75	56.59	1.93
2010	0.99	0.30	4.65	5.94	9.75	56.52	1.93
2011	0.99	0.30	4.65	5.94	9.72	56.60	1.93
2012	0.99	0.30	4.65	5.94	9.72	63.10	1.93
2013	0.99	0.30	4.65	5.94	9.72	62.80	1.93
2014	0.99	0.30	4.65	5.94	9.72	65.80	1.93
2015	0.99	0.30	4.65	5.94	9.72	65.80	1.93
2016	0.99	0.30	7.15	8.44	9.72	64.30	1.93

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

2016 (1)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio	\$37,181,820	3.95%
Boymel	8,051,760	0.86%
Cincinnati Financial	7,944,520	0.84%
Timber Hollow	6,629,210	0.70%
Sisters of Mercy	5,983,750	0.64%
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>9.80%</u>

2007 (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 2016

(2) - Collection Year 2007

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
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%	63,352	5,163,152	100.00%
2016	5,200,000	5,162,354	99.28%	37,646	5,200,000	100.00%

Source: County Auditor

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

Calendar Year	Income Tax Rate	Percentage of Total							
		Withholding	Business	Individuals					
2007	1.50%	\$18,435,779	\$3,030,632	\$2,650,151	\$24,116,562	76.4%	12.6%	11.0%	100.0%
2008	1.50%	17,973,429	3,554,484	2,646,073	24,173,986	74.4%	14.7%	10.9%	100.0%
2009	1.50%	17,079,959	2,409,419	2,772,187	22,261,565	76.7%	10.8%	12.5%	100.0%
2010	1.50%	16,998,101	3,732,095	2,865,283	23,595,479	72.0%	15.8%	12.1%	100.0%
2011	1.50%	17,706,498	3,315,767	2,951,183	23,973,448	73.9%	13.8%	12.3%	100.0%
2012	1.50%	18,548,641	2,974,498	3,045,095	24,568,234	75.5%	12.1%	12.4%	100.0%
2013	1.50%	19,206,364	3,668,794	3,073,729	25,948,887	74.0%	14.1%	11.9%	100.0%
2014	1.50%	20,354,912	3,117,922	3,059,354	26,532,188	76.7%	11.8%	11.5%	100.0%
2015	1.50%	21,408,938	2,967,608	3,085,033	27,461,579	78.0%	10.8%	11.2%	100.0%
2016	1.50%	22,319,907	3,364,012	3,435,563	29,119,482	76.6%	11.6%	11.8%	100.0%

Source: City Finance Department

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

	2016
Name	Amount
Cincinnati Insurance Corporation	\$3,686,173
Mercy Health Cincinnati LLC	1,308,787
Liberty Mutual Group Inc	1,214,637
Fairfield Board of Education	636,042
Koch Meat Co Inc	490,757
Express Scripts Services Company	436,986
Pacific Manufacturing Ohio Inc	357,752
City of Fairfield	319,093
Takumi Stamping Inc	240,852
Martin Brower Co LLC	239,633
Total Collections - Principal Taxpayers	<u>\$8,930,712</u>
Total Collections	\$29,119,482
Combined percentage of total income taxes	30.7%
	2008
Name	Amount
Cincinnati Insurance	\$2,802,660
Ohio Casualty Group	904,441
Mercy Regional Health System	862,051
Fairfield Board of Education	721,562
Medco Health Solutions	702,459
City of Fairfield	302,805
Pacific Mfg Ohio Inc	297,496
FedEx Freight East Inc	281,846
PNG Telecommunications Inc	177,682
Koch Meat Co Inc	166,188
Total Collections - Principal Taxpayers	<u>\$7,219,191</u>
Total Collections	\$22,173,132
Combined percentage of total income taxes	29.9%

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				
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		
2016	15,248,896	0	0	831,812	1,011,613	0	17,092,321	N/A	402		

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

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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
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%	405
2016	16,260,509	1,709,522	14,550,987	0.56%	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, 2016  
Schedule 13

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Fairfield
Butler County	\$39,332,420	12.70%	\$4,995,217
Hamilton County	71,750,000	0.00%	0
Fairfield City School District	76,573,000	69.04%	52,865,999
Lakota Local School District	116,250,000	0.37%	430,125
Northwest L School District	89,650,000	0.00%	0
Butler Technology & Career Center Jt. Voc. School District	8,815,000	11.61%	1,023,422
Subtotal Overlapping Debt	402,370,420		59,314,763
City of Fairfield - Direct Debt	15,248,896	100.00%	15,248,896
Total Direct and Overlapping Debt	\$417,619,316		\$74,563,659

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 2016									
Assessed Value								\$944,820,920	
Statutory Legal Debt Limitation (1)								10.5%	5.5%
Total Debt Limitation								99,206,197	51,965,151
Debt Applicable to Limit:									
Gross Indebtedness								16,260,509	16,260,509
Less: Bond Retirement Fund Balance								0	0
Total Net Debt Applicable to Limit								16,260,509	16,260,509
Legal Debt Margin								\$80,385,347	\$33,304,848

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Debt Limit (1)										
Debt Limit (10.5%)	\$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	\$99,206,197
Total Net Debt Applicable to Limit	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	16,260,509
Legal Debt Margin	\$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	\$82,945,688
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	25.3%	22.6%	20.6%	28.5%	26.4%	24.4%	22.8%	20.7%	18.7%	16.4%
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$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	\$51,965,151
Total Net Debt Applicable to Limit	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	16,260,509
Legal Debt Margin	\$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	\$35,704,642
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	48.2%	43.1%	39.3%	54.4%	50.4%	46.6%	43.6%	39.5%	35.7%	31.3%

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	
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
2016	236,705	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

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Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
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	15,631,343	41,534	4.50%
2016	42,510	N/A	N/A	4.10%

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

2016			
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)

2007			
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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
City Administration	5	5	5	5	5	5	5	5	10	10
City Council	2	2	2	2	2	2	2	1	1	1
Engineering	7	7	7	6	6	6	6	6	6	6
Facility/Janitors	2	2	2	2	2	2	2	1	1	1
Municipal Court	21	21	21	21	21	20	19	20	20	20
Finance	20	21	23	22	21	21	21	21	16	18
Public Safety										
Police										
Officers	60	60	61	60	59	58	58	57	57	58
Non-Sworn	21	21	20	20	20	20	20	20	20	20
Fire	30	30	31	31	30	29	29	28	27	28
Leisure Time Activities										
Parks and recreation	22	22	22	21	20	20	20	20	20	19
Community Development										
Planning and Zoning	4	4	4	4	4	4	4	4	4	3
Building Inspection	9	10	10	8	8	8	8	8	8	8
Economic Development	1	1	1	1	1	1	1	1	1	1
Basic Utility Service										
Water	22	21	21	21	21	21	19	18	20	21
Wastewater	22	22	22	21	22	21	21	22	22	21
Transportation and Street Repair	30	30	30	29	28	27	27	27	28	27
Total	278	279	282	274	270	265	262	259	261	262

Source: City Finance Department



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

Function/Program	Calendar Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Community Environment										
Planning and Development										
Building permits issued	1,739	1,902	1,890	1,806	1,787	2,068	1,771	1,720	1,712	1,834
Building inspections conducted	3,491	4,196	2,841	3,250	2,665	2,904	2,820	2,542	2,554	3,229
Economic Development										
Value of Residential Construction	\$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	\$9,058,653
Value of Commercial Construction	\$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	\$122,371,102
General Government										
Finance Department - Income Tax										
Income Tax Refunds	1,163	932	1,060	1,108	948	1,063	928	959	1,022	847
Dollar Amount of Refunds	\$650,850	\$886,280	\$838,260	\$733,150	\$488,939	\$493,998	\$475,670	\$3,322,818	\$1,538,826	\$564,945
Average Refund Amount	\$560	\$951	\$791	\$662	\$516	\$465	\$513	\$3,465	\$1,506	\$667
Court										
Number of Criminal Cases	4,063	4,123	4,702	4,478	4,334	3,359	3,215	3,590	2,869	3,303
Number of Civil Cases	2,014	2,136	1,837	1,660	1,667	1,459	1,223	1,185	1,152	1,188
Construction Services										
Square Footage of Sidewalk Repairs	17,198	26,999	32,598	19,432	31,350	13,951	24,976	17,460	19,036	25,700
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	1,929	3,798	3,612	3,458	3,476	2,802	2,732	2,485	2,430	2,851
Juvenile	441	497	387	355	26	222	258	295	255	265
Citations	3,438	3,847	3,432	3,208	2,555	2,310	3,043	2,842	2,980	3,048
Accidents	1,403	1,628	1,283	1,207	1,232	1,237	1,144	1,322	1,440	1,358
Fire										
Emergency responses	5,257	3,929	4,355	4,676	5,378	5,465	5,437	5,870	4,972	5,593
Fire Calls	1,244	2,366	1,022	879	869	906	866	944	915	806
Inspections	2,841	2,032	2,100	2,124	2,136	1,526	1,855	1,934	1,846	1,460
Transportation										
Public Works										
Number of Street Miles Resurfaced	8	7	6	7	5	4	13	15	12	11
Tons of Street Salt Used	5,648	6,663	5,277	8,146	3,671	1,177	4,686	4,315	4,368	2,213
Cubic Yards of Leaves Picked-up	5,300	4,056	6,074	4,396	2,929	3,952	3,959	4,152	5,346	5,676

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

Function/Program	Calendar Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Leisure										
Parks and Recreation										
Number of Theater Patrons	11,842	12,645	13,775	15,516	14,395	14,345	12,195	14,120	14,158	15,336
Number of Pool Admissions	43,124	42,204	41,747	34,741	46,505	34,838	24,090	24,641	26,511	26,062
Program Attendance:										
Youth/Preschool	18,968	33,535	26,464	19,710	18,861	21,796	20,073	20,805	19,418	20,570
Fitness	8,311	11,225	12,695	12,298	12,254	12,479	9,636	8,976	5,659	5,838
Senior Activities	9,883	11,152	12,957	14,521	13,559	16,323	18,047	17,898	19,160	19,896
Water										
Water main breaks	35	66	65	64	60	57	64	81	56	71
Average daily consumption (millions of gallons)	5.040	5.760	5.360	5.250	5.200	5.149	5.068	4.998	4.597	5.219
Peak daily consumption (millions of gallons)	6.546	7.883	8.208	7.749	7.407	8.282	7.746	6.978	6.884	7.256
Wastewater										
Average daily sewage treatment (millions of gallons)	5.308	5.900	5.679	5.084	4.934	4.955	5.323	5.182	5.216	4.779

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Municipal Building (square footage)	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,281	19,284	19,284
Municipal Building Annex (square footage)	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033
Police Cruisers	26	26	26	26	27	24	24	21	25	28
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	5	5	5	5	5	4	4	4	4	4
Number of EMS Vehicles	4	4	4	4	4	4	4	4	4	4
Public Works										
Area of City (square miles)	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18
Streets (miles)	160.5	160.5	160.5	160.5	160.6	160.7	166.3	166.3	180.0	180.0
Highways (miles)	7.14	7.14	7.14	7.14	7.27	7.27	7.27	7.27	7.27	7.27
Streetlights	1,525	1,525	1,525	1,525	2,962	2,962	2,962	2,983	2,983	2,986
Traffic signals	58	58	58	58	60	61	61	63	61	61
Parks and Recreation										
Number of Parks	25	25	25	25	25	26	29	29	37	35
Area of Parks (acreage)	469	469	469	469	469	577	676	538	665	659
Playgrounds	12	12	12	12	12	15	14	21	14	14
Baseball/softball diamonds	16	16	16	16	16	16	18	21	20	20
Soccer/football fields	11	11	11	11	11	11	12	17	15	15
Aquatic Center /Swimming pools	1	1	1	1	1	1	1	1	1	1
Community Arts centers	1	1	1	1	1	1	1	1	1	1
Golf Courses	2	2	2	2	2	2	2	2	2	2
Municipal Water										
Storage Capacity (millions of gallons)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water Mains (miles)	172.00	172.00	172.00	172.00	172.00	172.00	172.00	169.00	169.00	169.00
Fire hydrants	2,326	2,384	2,384	2,384	1,965	1,965	1,966	2,000	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	175.00	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.