

# CITY OF FAIRFIELD, OHIO

## 2016

### ANNUAL INFORMATION STATEMENT

in Connection with Bonds and Notes of



This Annual Information Statement pertains to the operations of the City of Fairfield for the calendar year 2015 (where possible, 2016 data has been provided).

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

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

The date of this Annual Information Statement is August 1, 2016.

## TABLE OF CONTENTS

INTRODUCTORY STATEMENT .....	1
THE CITY .....	2
City Government.....	2
General Government.....	3
Administration of Justice System .....	4
City-Owned Utilities .....	4
Financial Management.....	5
Income Tax and Other Major Fees and Charges .....	5
Management of City Facilities.....	5
Personnel Administration.....	5
Employee Relations .....	6
City Services and Responsibilities.....	6
Demographic Information.....	7
ECONOMIC INFORMATION .....	7
Business and Industry .....	7
Transportation .....	10
Utilities.....	12
Fire and Police Services.....	12
Print and Broadcast Media.....	13
Culture, Recreation and Education .....	13
EMPLOYMENT STATISTICS.....	15
Largest Employers in Fairfield .....	16
Largest Employers in Cincinnati Metropolitan Area.....	16
Income and Housing Data.....	17
Building Permits, Home Construction and Housing Valuation.....	18
FINANCIAL MATTERS .....	18
Introduction.....	18
Budgeting, Tax Levy and Appropriations Procedures.....	18
Financial Reports and Examinations of Accounts .....	19
Insurance .....	20
INVESTMENT POLICIES OF THE CITY OF FAIRFIELD AND BUTLER COUNTY .....	20
City Policy .....	20
County Policy.....	23
AD VALOREM TAXES .....	24
Assessed Valuation .....	24
Largest Taxpayers .....	25
Ad Valorem Tax Rates.....	25
Changes to Ad Valorem Taxation.....	28
Collection of Ad Valorem Property Taxes and Special Assessments .....	31
Delinquency Procedures .....	32
OTHER MAJOR CITY GENERAL FUND REVENUE SOURCES .....	32
Income Tax .....	33



Joint Economic Development .....	33
Local Government Fund .....	34
City General Fund .....	34
SECURITY AND SOURCES OF PAYMENT FOR GENERAL OBLIGATION BONDS AND NOTES.....	35
Ad Valorem Property Tax Security .....	35
Sources of Payment.....	36
INVESTMENT CONSIDERATIONS .....	36
Municipal Fiscal Emergency Legislation .....	37
CITY DEBT AND OTHER LONG TERM OBLIGATIONS.....	38
Statutory Direct Debt Limitations.....	39
Indirect Debt Limitations and Overlapping Debt .....	39
Bond Anticipation Notes.....	41
Water Pollution Loans .....	42
Debt Currently Outstanding.....	42
Long Term Obligations Other Than Bonds and Notes .....	46
Pension Obligations .....	46
LEGAL MATTERS.....	47
Litigation.....	47
Bond Counsel.....	47
RATINGS .....	47
CONTINUING DISCLOSURE.....	48
CONCLUDING STATEMENT .....	49

## APPENDICES

APPENDIX A –	Comprehensive Annual Finance Report for 2015 .....	A-1
APPENDIX B –	Annual Appropriations Summary for 2016 .....	B-1
APPENDIX C –	Financial Statement (Direct Debt Limitations).....	C-1
APPENDIX D –	Ten-Mill Certificate (Indirect Debt Limitations).....	D-1
APPENDIX E –	Rates of Taxation in Butler County, Ohio .....	E-1

## CITY OF FAIRFIELD, OHIO



## INTRODUCTORY STATEMENT

The Annual Information Statement of the City of Fairfield, Ohio (the “Annual Statement”), including the Appendices hereto, has been prepared by the City of Fairfield (the “City”) to provide, as of its date, financial and other information relating to the City. The City intends that this Annual Statement be used to satisfy obligations pursuant to Continuing Disclosure Agreements and Certificates entered into by the City in compliance with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”) for outstanding obligations of the City. Certain information contained herein is not required to be supplied under the Rule and the City is under no obligation to provide this additional information in the future.

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

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

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

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

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

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

## **THE CITY**

The City of Fairfield, located just north of Cincinnati, Ohio, was incorporated as a village on July 10, 1954, and became a city on October 20, 1955. As of the 2010 Census, the City had an estimated population of 42,510 and is able to provide a full range of services to its citizens, businesses and industries. The City is comprised of 20.874 square miles of land and 0.120 square miles of water. The City has the 23rd largest land area of any city in Ohio.

### **City Government**

The City has operated under its Charter since January 1, 1980, but is also subject to the general statutes of the State of Ohio that are applicable in all municipalities in the State. In addition, the City may exercise all powers of local self-government permitted under Article XVIII, Section 3, of the Ohio Constitution.

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

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

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

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The current elected and appointed City Officials are:

<u>Legislative</u>		Initial Consecutive Term Commenced or <u>Appointed</u>	Present Term <u>Expires</u>
Mayor	Steve Miller	01/01/14	12/31/17
Council Member	Craig Keller	01/01/16	12/31/19
Council Member	Bill Woeste	01/01/14	12/31/17
Council Member	Chad Oberson	01/01/14	12/31/17
Council Member	Mike Snyder	01/01/14	12/31/17
Council Member	Bob Myron	06/01/16	12/31/19
Council Member	Tim Abbott	01/01/16	12/31/19
Council Member	Debbie Pennington	01/01/12	12/31/19
Clerk of Council	Alisha Wilson	06/01/12	Indefinite

#### Executive

City Manager	Mark Wendling
Assistant City Manager	Greg Preece
Finance Director	Mary Hopton
City Law Director	John Clemmons
Police Chief	Michael J. Dickey
Fire Chief	Donald G. Bennett
Director of Public Utilities	Adam Sackenheim
Director of Public Works	David Butsch
Parks and Recreation Director	James A. Bell
Development Services Director	Timothy Bachman

#### **General Government**

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

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

The Director of Finance is appointed by the City Manager and performs the following functions: establishing accounting systems, financial records and reports used by the offices, departments, divisions, bureaus, boards and commissions of the City; assisting the City Manager in the preparation and submission of appropriation measures, estimates, budgets, capital programs and other financial matters; providing complete information concerning the financial

affairs and status of the City as required by the City Manager or the Council; and providing full and complete information and assistance concerning the finances or accounting systems or records of any office, department, division, bureau, board or commission of the City as requested by the City Manager.

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

The Public Works Department Director oversees the Public Works Department, which includes the divisions of Construction Services and Streets & Transportation. The Public Works Director also oversees the duties and functions of the City Engineer.

### **Administration of Justice System**

As a part of the administration of the justice system, the City maintains the Municipal Court. The Law Director is designated by Ohio law and the City Charter as the chief legal counsel for all City officers, boards and agencies, including the Council, the Director of Finance and the City Manager.

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

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

### **City-Owned Utilities**

The Fairfield Department of Utilities provides water and sewage treatment on a citywide basis. It employs 42 full-time employees and its 2015 annual payroll was \$1,500,000 for the

Water Division and \$1,500,000 for the Wastewater Division. The Department operates one water plant with a production capacity of 10.5 million gallons per day, with an average daily demand of 5 million gallons per day. Wastewater is treated by the City's one treatment plant, which has a treatment capacity of 10 million gallons per day and a hydraulic capacity of 15 million gallons per day. For 2015, the average daily demand at the wastewater treatment plant was 5.2 million gallons per day. The Department maintains approximately 180 miles of water lines and 180 miles of sewer mains.

The capacities of the treatment plants were most recently expanded in response to master plans developed for both Water and Wastewater Divisions, which evaluated capacities in relation to anticipated growth demands. Expansions of both were completed during the period from 1994 to 2005 and all expansions were approved by the Ohio Environmental Protection Agency ("OEPA"). The improvements to the wastewater system included a plan to collect, convey and treat peak wet weather flows. As part of this program, a 25 million gallons per day pumping station was constructed to pump wet weather flows to equalization basins adjacent to the plant. As part of this system, 45,000 linear feet of large diameter, gravity relief sewers and force mains were constructed to convey flows to the equalization basins. The equalization basins were constructed to retain approximately 9 million gallons of wet weather flow. In addition, the treatment plant was upgraded to provide a treatment capacity of 10 million gallons per day and 18 million gallons per day for wet weather flows.

### **Financial Management**

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

### **Income Tax and Other Major Fees and Charges**

The one and one half percent (1.5%) municipal income tax was the largest source of revenue for the City in 2015, and sewer and water charges were the second largest source of revenue. Other taxes, including ad valorem property taxes collected by Butler County and returned in part to the City (see "Ad Valorem Taxes" herein), and state-shared taxes accounted for the third largest portion of the City's revenues.

### **Management of City Facilities**

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

### **Personnel Administration**

Personnel wages and personnel-related expenses of \$12,412,952 accounted for the largest share of the City's general fund expenditures in 2015 at approximately 43% of all expenses. Council controls the offices of City Manager and City Law Director and also funds all other personnel costs of the City, with the power to approve or disapprove salary and wage appropriations submitted in the operating budgets for all City employees.

## Employee Relations

As of December 31, 2015, the City of Fairfield employed approximately 262 full-time and 266 part-time and seasonal employees in various job classifications. Its 2015 annual payroll was \$22,574,385.

Under Chapter 4117 of the Ohio Revised Code (the “Collective Bargaining Law”), public employees of the State and many local subdivisions (including the City) have the right to organize, bargain collectively and have union representation. The employer must recognize and grant exclusive representation rights to a representative approved by the State Employment Relations Board (“SERB”). SERB approval may be granted either after fulfillment of the requirements promulgated in its regulations or by majority approval of the employees at a SERB-supervised election. The employer has the right to insist on an election. Any agreements under the Collective Bargaining Law must be in writing, must specify a grievance procedure and cannot exceed three years in duration.

The Collective Bargaining Law also designates those actions that constitute unfair labor practices and prescribes procedures for their remedy. It also sets forth dispute resolution procedures for contract negotiation impasses, including arbitration or other mutually agreeable methods. If the impasse persists after conciliation procedures, then police, fire, correctional officers and other public safety employees must take the dispute to binding arbitration and do not have the right to strike. All other employees have the right to strike after 10 days written notice.

The City has labor agreements with the following employee unions:

<u>Union</u>	<u>Type of Personnel Covered</u>	<u>Number of Employees Covered</u>	<u>Date Contract Commenced</u>	<u>Date Contract Expires</u>
Fire IAFF 4010	Fire	26	4/1/14	3/31/17
AFL-CIO Local 20	Wastewater	23	3/1/14	2/28/17
FOP Lodge 166	Police	58	4/1/14	3/31/17
AFSCME	Water, Street, Park, Clerical	92	4/1/14	3/31/17

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

## City Services and Responsibilities

**Welfare and Public Assistance.** The Butler County Job and Family Services administers the public welfare functions within the county, including services to residents of the City.

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

**Health.** There is one acute care hospital in the City, Mercy Hospital of Fairfield, which consists of 229 beds. There are several other acute care hospital facilities in Butler County, including Fort Hamilton Hospital, Bethesda Butler Hospital and Butler County Medical Center. There are a total of 39 hospitals in the Cincinnati Metropolitan Area.



Middletown Regional Hospital was replaced by Atrium Medical Center. Atrium Medical Center is located on a new health and technology campus located approximately a quarter mile east of Interstate-75 at the Middletown exit in Warren County. The first phase of the 200-acre campus included a new hospital, an attached professional office building, a cancer center and the Greentree Health Science Academy.

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

## Demographic Information

**Population.** The estimated 2013 population of the City was 42,635 people. Statistics from the last four U.S. Censuses and the 2013 American Community Survey of population are indicated below.

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2013</u>
City of Fairfield	30,777	39,729	42,097	42,510	42,635
Butler County	258,787	289,199	332,807	368,130	371,272
Cincinnati MSA	1,401,491	1,452,656	1,634,600	2,114,580	2,137,406

Source: U.S. Bureau of the Census, 2013 American Community Survey.

## ECONOMIC INFORMATION

### Business and Industry

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

The Metropolitan Area includes 15 counties: Hamilton, Butler, Warren, Clermont, and Brown counties in Ohio; Boone, Bracken, Campbell, Kenton, Gallatin, Grant and Pendleton counties in Kentucky; and Dearborn, Franklin and Ohio counties in Indiana. There is over 65.2 million square feet of rentable office space in the Cincinnati region. There is over 18.7 million square feet of office space in the CBD alone. There is approximately 246 million square feet of industrial space in the market. The retail market includes more than 58.3 million square feet of rentable space.

A transportation and industrial center since the early development of the territory west of the Appalachians, the Metropolitan Area has grown and developed into a major center for insurance and finance companies, wholesaling, retailing, government installation, medical services and service industries as well as manufacturing. Among the Metropolitan Area’s prominent manufacturing groups are: transportation equipment (which includes aircraft engines and auto parts), food and kindred products, metal working and general industrial machinery, chemicals, fabricated metal products, and printing and publishing. In addition, toys, apparel, mattresses, house wares and shoes are produced locally by nationally known enterprises. The Metropolitan Area is also the location of major federal government installations, including a

regional postal service center, a Food and Drug Administration office, a center for environmental research, an occupational health and safety research center and the United States Sixth Circuit Court of Appeals.

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

The Metropolitan Area is a growing center for international business, with over 1,000 firms engaged in international trade. Metropolitan Area companies generate sales of approximately \$15.5 billion to customers outside the U.S. each year. Major export products include jet engines, plastics, machinery, computer software, paper and consumer goods. Directly imported products create over \$2 billion in annual revenue. Over 450 firms are also owned by foreign firms from Asia, Europe, Africa, South America, and Canada. Foreign Trade Zone status is also available in the Metropolitan Area to assist firms engaged in international trade to lower import duty and tax expenses.

**Economic Development.** The City is continuing its strong efforts to attract and retain quality economic development. The Enterprise Zone and Community Reinvestment Area Programs have been widely used by the City to encourage businesses to relocate in the City of Fairfield. The implementation of these incentives is responsible for the retention and creation of over 2,000 jobs in the City in the last 5 years.

In 2008, the Council established the 150 acre North Town Center Tax Increment Financing District ("TIF District"). The TIF District allows the City to facilitate new public infrastructure investment and to encourage new private redevelopment in the area north of Nilles Road over a 30 year term. Due to national changes in the economy and a decline in local property values shortly after the TIF District was established, the only project to have been completed in the TIF District is the redevelopment of the former Fair Plaza site, which now houses a Planet Fitness exercise facility.

The City has agreements with two different townships regarding Joint Economic Development Districts (or "JEDDs"). The City partnered with Fairfield Township for collection and distribution of the income tax generated from the JEDD which encompasses several different geographic areas. The allocation of revenues is Fairfield - 20% and Fairfield Township - 80%. As of December 31, 2015, this JEDD has no activity.

The City also partnered with West Chester Township and the City of Springdale to create the West Chester Township JEDD. The only employer currently located in the JEDD is the General Electric Company (or "GE"). GE consolidated engineering operations from its Evendale and Springdale facilities into these office buildings. The payroll for the JEDD in 2015 was \$196,433,800, with total collected taxes of \$2,118,320. The allocation to the partners for the first ten years is: Fairfield – 10%, West Chester – 83% and Springdale – 7%. In year eleven and beyond, the allocation is: Fairfield – 10% and West Chester – 90%.

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

Pacific Manufacturing Ohio, Inc. is an automotive parts manufacturer, making a variety of metal and plastic component parts. Pacific is a Tier 1 auto parts supplier to Toyota, along with also supplying parts for Honda, Mitsubishi and Subaru. Pacific has operated in Fairfield for more than 25 years and has grown considerably over that time. Pacific recently started construction on a 72,000 square foot expansion to accommodate large new stamping machines. Total new investment over the next three years is estimated at \$50 million, which includes \$5 million in new building construction and \$45 million in new machinery and equipment. Pacific estimates 62 new jobs as a result of this project, which will take its total employment in Fairfield to more than 600 employees.

Koch Foods, the City's largest utility user and one of its largest employers, completed a major expansion in 2015, investing over \$42 million in its current location on Port Union Road in Fairfield. Koch Foods is one of the largest integrated poultry processing centers in the country. The 179,000 square foot expansion doubled the plant's production capacity and will add approximately 390 employees to the existing 800-plus employees. The City assisted the project with a 10-year, 75% property tax exemption on the increased value of the addition and a rebate of a portion of the company's sewer fees. The State of Ohio also assisted with a job creation tax credit.

Takumi Stamping, Inc., a supplier of stamped metal parts to car manufacturer, Toyota, also completed a \$3.6 million expansion to its manufacturing facility in the city. As part of the expansion, Takumi added 46,000 square feet to its existing 150,000 square feet.

**Services.** Veritiv Corporation is a business-to-business supplier that provides printing, publishing, packaging, and facility solutions for its customers. Recently named #323 on the 2016 Fortune 500 list, the company is relocating a major customer service center to Fairfield. The company has leased nearly 80,000 square feet of office space in the Gilmore Pointe office building and is currently investing more than \$2 million to renovate the space. When renovation is complete later in 2016, Veritiv will relocate more than 400 highly-paid corporate office positions to Fairfield.

Ohio Casualty is a member of Liberty Mutual Group. Liberty Mutual is the second largest employer in terms of withholding tax in the City and continued to add some additional subsidiaries to the Fairfield location. Liberty Mutual currently employs approximately 1,400 employees in the City.

**Other.** Duke Realty is currently constructing a new 446,500 square foot new industrial warehouse facility on Union Centre Boulevard in Fairfield. The \$10 million investment should be completed by September 2016. More than half of the new space is already committed to CompuCom Systems, Inc., a Dallas-based information technology company. CompuCom is expected to relocate more than 200 jobs to this new facility. The remaining square footage in the building is being actively marketed for additional tenants.

Element Materials Technology is a global network of laboratories with experts specializing in materials testing, product qualification testing and failure analysis. It contracts with numerous customers in a wide variety of industries, including aerospace and defense, oil and gas, automotive parts, and biomedical devices. In 2014, Element purchased Fairfield-based Accutek Testing Laboratory and invested \$2.5 million in construction of new office space and the conversion of warehouse space into office and laboratory space during 2015. Its three existing facilities in the region will then be consolidated into the newly renovated facility in Fairfield, which will bring an additional 70 jobs to the City. To assist with Element's consolidation, the City granted a 6-year, 75% property tax exemption on the increased value of the renovated facility.

**Residential.** The City is also home to several new residential single-family subdivisions with recently completed homes and lots available for construction.

Emerald Lake, a 150-lot subdivision within walking distance to the Town Center and Harbin Park, is nestled on a former working farm. Construction is underway in many sections of Emerald Park, including The Reserves, a portion of the subdivision earmarked for custom-built homes.

Fairview Hills, a subdivision of 26 lots with only a few left for construction, has close and easy access to Interstate 275 and shopping centers.

Also with access to the highway and retail shopping areas is the 14-lot Lunsford Estates, where some lots are still available for construction.

The Olde Winton subdivision has small lots, rear-alley access, and white picket fences, giving it a neo-traditional feel. This subdivision offers detached houses or ranch-style duplexes throughout its 39 lots, some of which are still available for construction.

Located on a secluded hilltop in the City, the Bluffs at Harbin offers great views and adjacent access to Harbin Park, one of the City's premier parks. The Bluffs is a proposed 22-lot subdivision of pastoral land with 15 acres of land that will be preserved as open space.

Palomino Estates is a small subdivision located off of a shady lane nestled in a rural-like atmosphere. The subdivision contains only 9 lots and is located in the far western portion of the City, but is within walking distance to Joyce Park and the Great Miami River Recreation Trail.

## **Transportation**

The Metropolitan Area is an important rail freight center fed by three major trunk line railroads, operating twelve divisions with total mileage of 64,000 in 27 states. The Metropolitan Area is also served by the Amtrak passenger network.

The Metropolitan Area is also on the 15,000-mile Great Mississippi River Inland Waterway and Intracoastal Canal System. As a major Ohio River port with 37 commercial water terminals, Cincinnati is the second largest inland coal port. Towboats also handle petroleum, iron, steel, grain, chemicals, fertilizer and automobiles. One hundred seventy-five (175) million

tons are annually transported on the Ohio River. There are eight barge lines based in the area with 36 barge lines serving the area.

Four airports serve the City's residents. The most important of these is the Cincinnati/Northern Kentucky International Airport, located in Northern Kentucky and approximately 42 minutes from the City via two interstate routes. The airport is served by 10 major, regional and commuter scheduled air carriers providing non-stop service to 52 cities. Delta Airlines has established the Cincinnati/Northern Kentucky International Airport as a major regional hub for its network. Starting in August of 2014, Bahamas Air will begin seasonal service to the Bahamas.

The City is also served by the Hamilton-Butler Airport-Hogan Field. The airport maintains operation under the Butler County Regional Airport Authority. The airport is designated a relief airport for the Cincinnati/Northern Kentucky Airport and has air charter available to both Cincinnati and Dayton. The airport serves private aircraft with a 5,500 by 100 foot paved runway. In addition, the Dayton International Airport is located approximately 56 miles north of the City in Dayton, Ohio. The airport is within one hour from the City and is served by all major mid-west carriers.

Cincinnati Metro buses provide service to many areas of the City. Butler County Regional Transit Authority's ("BCRTA") Shuttle-on-Demand provides curb-to-curb service in Butler County. A system of five interstate highway routes (I-71, I-74, I-75, I-275 and I-471) and seven U.S. Routes (22, 25, 27, 42, 50, 52 and 127) serve the Metropolitan Area. There are also approximately 272 miles of county roads, including 377 bridges, facilitating transportation in Butler County. Of these highways, Interstate 275 has three interchanges at the southern border of the City providing access to Interstate 74 (twelve miles), Interstate 75 (two miles), Interstate 71 (eight miles) and the Butler Regional Highway; a four-lane, 16 mile, limited access highway that connects the City of Hamilton to I-75. U.S. Route 127 also passes through the City.

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

### **Approximate Distance from Fairfield to Major Urban Markets**

<u>City</u>	<u>Highway Miles</u>
Chicago, Illinois	292
Cincinnati, Ohio	25
Cleveland, Ohio	246
Columbus Ohio	104
Dayton, Ohio	44
Detroit, Michigan	253
Indianapolis, Indiana	107
Lexington, Kentucky	108
Louisville, Kentucky	123
Nashville, Tennessee	296
Pittsburgh, Pennsylvania	286
Toledo, Ohio	194

Source: Google Maps.

### **Utilities**

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

The City's municipally owned water plant provides water to city residents and businesses. The municipally owned sewer treatment facility provides sewer service to substantially the entire City. The City maintains all maintenance functions and all billing and collection functions relative to these services.

The City contracts with Rumpke, a private solid waste collection firm, for solid waste services for weekly collection of waste from residential dwellings, schools, hospitals and public institutions.

### **Fire and Police Services**

Fire protection in the City is provided by the City's fire department, which operates 3 fire stations and 1 mobile command unit (which are located in the City), and 20 vehicles including 3 fully equipped pumpers, 1 pumper with a 75 foot ladder, 1 heavy rescue vehicle and 1 grass fire unit. The fire department has mutual aid response agreements with other nearby municipalities. The fire department employs 1 chief, 1 full-time deputy chief, and 18 full-time fire fighters/paramedics with support from 44 part-time staff members and 7 full-time senior officers. Crews are on duty at the station 24 hours a day. The City's fire insurance rating is Class 2.

The City's nationally accredited police department consists of 58 commissioned officers, including the chief, 3 lieutenants, and 10 sergeants. The police department also employs 3 part-time park rangers, 10 full-time dispatchers, 9 full-time non-commissioned employees including a juvenile diversion counselor, and 9 part-time non-commissioned employees. The department has 3 canines assigned to evening and night shifts.

Programs offered at the department geared toward community service include a bicycle patrol program, business and vacation check services, crime prevention activities, safety tours and events, the Drug Abuse Resistance Education ("DARE") program, resource officers assigned to the city's intermediate and high schools, a juvenile diversion program, and a citizen police academy. The City's police department operates a fleet of 19 fully equipped marked patrol vehicles which provide general police services to the city on a 24-hour a day basis. The department has several specialty vehicles including an evidence van and traffic crash reconstruction van.

### **Print and Broadcast Media**

The Metropolitan Area has one daily newspaper of general circulation and approximately 40 community weeklies. Seven television stations from Cincinnati, six from Dayton, one from Newport, KY, one from Covington, KY, and one from Oxford - the nation's oldest educational station - are available in addition to cable and satellite television. Fifty-three AM and FM radio stations serve the area, including two stations based in the City. The City is also served by one local weekly paper.

### **Culture, Recreation and Education**

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

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

The City is rich in culture with its 40,000 square foot Community Arts Center which houses a 237-seat theater, an arts studio, a fitness studio, a children's room, a senior lounge, a community room and an art gallery.

The quality of life in the City is further enhanced by the Lane Public Library system with 410,000 volumes in five branches and two mobile offices throughout Butler County, with approximately 30,000 volumes at the branch located in the City.

The educational environment in the Metropolitan Area is set by more than 23 universities, colleges and vocational and technical schools. Approximately 72% of the 572 teachers in the City's public schools have more than a Baccalaureate degree, and the average years of teaching experience is fourteen years. For the school year 2015-2016, the total enrollment was approximately 9,805 students, grades pre-school through 12, in the Fairfield City School District.

The City's Parks and Recreation System consists of 29 park sites and recreational facilities, ranging from its 212 acre municipal park to its ¼ acre green space. The City also operates an 18-hole golf course, a 9-hole golf course and a public swimming pool. Its recreational offerings cover all ages and abilities.

Huffmann Park is adjacent to the South Trace Golf Course and features nature learning stations, such as a pond, an aeration windmill designed to keep the pond clean, and a fruit and nut orchard. The Parks and Recreation Department offer a variety of nature programs, educational workshops and summer camps at Huffman Park.

The Joe Nuxhall Pavilion is a concession stand for the Waterworks Park which will serve many baseball players and spectators attending the games at the complex. The Joe Nuxhall Pavilion, which is dedicated to the great Cincinnati Reds pitcher and long-time resident of the City, replaced the antiquated little league concession stand. The pavilion is 2,100 square feet with a 1,400 square foot covered picnic area. In addition, a bronze sculpture of Joe Nuxhall was commissioned in remembrance for all he has done for the community. The Pavilion was dedicated on June 16, 2009.

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

The Joyce Park Bike Path has been constructed along Forest Lake Lane giving cyclists, walkers and runners another connection to the Great Miami River Bike Path. The path, which is a joint venture with the City of Hamilton, begins at River Road and winds its way through Joyce Park where it connects to the existing path. The path originates to the south in Waterworks Park and extends to the north as it hugs the Great Miami River until it reaches the Fitton Center in downtown Hamilton. The new path provides a convenient connection to the bike path, while serving as a separate walking path for Forest Lake Lane, providing a safe means for visitors to walk to soccer fields, baseball fields, and the skate park.

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

The Metropolitan Area supports the Cincinnati Reds of Major League Baseball, the nation's first professional baseball team, as well as the Cincinnati Bengals of the National Football League and the Cincinnati Cyclones, a minor league team competing in the East Coast



Hockey League. Horse racing takes place at nearby Turfway Park, Belterra Park Gaming & Entertainment Center and Miami Valley Gaming.

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

### EMPLOYMENT STATISTICS

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

<u>Year</u>	<u>Fairfield City</u>	<u>Butler Co.</u>	<u>Hamilton Co.</u>	<u>State of Ohio</u>	<u>United States</u>
2011	8.5%	8.6%	8.6%	8.8%	8.9%
2012	6.8	7.3	7.2	7.4	8.1
2013	6.6	6.9	7.1	7.5	7.4
2014	5.0	5.4	5.3	5.7	6.2
2015	4.2	4.5	4.4	4.9	5.3

Source: Ohio Department of Job & Family Services.

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## **Largest Employers in Fairfield**

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
1. Cincinnati Financial Corporation	Insurance	3,555
2. Mercy Hospital Fairfield	Hospital	1,838
3. Fairfield City School District	Education	1,523
4. Koch Foods	Food Manufacturing	1,415
5. Liberty Mutual	Insurance	1,400
6. Pacific Industries	Manufacturing	723
7. Express Scripts	Prescription Management	668
8. City of Fairfield	Government	583
9. Martin Brower Company	Restaurant Service	420
10. Devco Holdings	Automotive	290

Source: City of Fairfield Finance Department, based on W-2s received by the City.

## **Largest Employers in Cincinnati Metropolitan Area**

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Approximate Number of Employees</u>
Kroger Co.	HQ – Retail	20,948
University of Cincinnati	Education	15,378
Cincinnati Children’s Hospital	Health Care	14,954
TriHealth Inc.	Healthcare	11,400
City of Cincinnati	Municipal Government	11,156
The Procter & Gamble Company	HQ – Consumer Products	11,000
UC Health	Healthcare	10,000
GE Aviation	HQ - Aerospace	8,670
Mercy Health	Healthcare	8,210
St. Elizabeth Healthcare	Health Care	7,270
Fifth Third Bancorp	HQ – Financial Institution	6,815
Christ Hospital Health Network	Healthcare	5,298
Internal Revenue Service	Federal Govt. - Taxation	5,100
U.S. Postal Service	Govt. – Postal Service	4,745
Hamilton County	Local Government	4,580
Cincinnati Public Schools	Education	4,500
Macy’s Inc.	HQ - Retailer	4,500
Miami University	Education	4,126
Fidelity Investments	Financial Services	4,100
Archdiocese of Cincinnati	Education	4,000

Source: Cincinnati USA Regional Chamber of Commerce, 2015 Business Courier Book of Lists.

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## Nonagricultural Employment and Average Weekly Earnings

2015 Cincinnati Primary  
Metropolitan Statistical Area  
(Includes the County)

<u>Industry</u>	<u>Employment</u> <sup>*</sup>	<u>Average Weekly Earnings</u> <sup>**</sup>
Goods-Producing Industry	901,000	N/A
Construction	200,200	\$977.66
Manufacturing	686,800	857.65
Durable Goods	467,400	898.76
Nondurable Goods	219,300	758.45
Service-Producing Industry	3,751,600	N/A
Trade, Transportation and Utilities	1,012,800	N/A
Wholesale Trade	235,600	901.54
Retail Trade	570,800	413.44
Transportation, Warehousing and Utilities	206,500	N/A
Information	71,600	N/A
Financial Activities	292,300	777.95
Professional and Business Services	715,400	N/A
Educational and Health Services	906,800	612.79
Leisure and Hospitality	539,600	N/A
Other Services	213,200	N/A
Government	768,600	N/A

\* Source: Ohio Department of Job & Family Services, Labor Market Review, 2015.

\*\* Source: Ohio Department of Job & Family Services, Average Weekly Earnings, 2015.

## Income and Housing Data

The following shows the Median Household Income, Per Capita Income, Median Home Value, and the Median Family Income for the City, according to the U.S. Census 2013 American Community Survey, in comparison to Butler County, the State of Ohio and the United States:

	<u>City of Fairfield</u>	<u>Butler County</u>	<u>State of Ohio</u>	<u>United States</u>
Median Household Income	\$56,318	\$56,610	\$48,308	\$53,046
Per Capita Income	28,663	26,813	26,046	28,155
Median Home Value	147,100	157,400	130,800	176,700
Median Family Income	65,878	69,799	61,371	64,719

Source: U.S. Census Bureau, 2013 American Community Survey.

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## **Building Permits, Home Construction and Housing Valuation**

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

<u>Year</u>	<u>Residential</u>	<u>Non-Residential</u>	<u>Combined Total Estimated Value</u>
2011	16	9	\$6,500,000
2012	16	7	6,400,000
2013	11	6	7,100,000
2014	9	2	1,655,000
2015	11	6	12,982,742

Source: City of Fairfield Building Department.

## **FINANCIAL MATTERS**

### **Introduction**

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

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

1. Overall planning and development, the City Council.
2. Assessment of real and personal property, the Butler County Auditor.
3. Financial control functions of the City, the Director of Finance.
4. Inspection and supervision of the accounts and reports of the City as required by law, the State of Ohio Office of the Auditor and by independent certified public accountants.
5. Public utility property assessment, the State of Ohio.

### **Budgeting, Tax Levy and Appropriations Procedures**

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

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

for review to the County Budget Commission comprised of the County Auditor, Treasurer and Prosecuting Attorney.

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

By statute, no later than each January, the City Council must adopt a temporary appropriation measure and by April 1, a permanent appropriation measure for that fiscal year. On December 14, 2015, the City adopted a final budget for 2016, alleviating the need to comply with the above-described steps. Annual appropriations should not exceed the County Budget Commission’s official estimates of resources and appropriation measures are to be certified by the County Auditor as not appropriating more moneys than set forth in those latest official estimates.

### **Financial Reports and Examinations of Accounts**

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

The City received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report for the Fiscal Years Ended December 31, 1986 through December 31, 2003 and December 31, 2005 through December 31, 2014.

The most recent examination of the Director of Finance’s accounts and records by an independent certified public accountant has been completed through December 31, 2015.

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

Appendix A contains portions of the City’s Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015. Appendix B presents a summary of the City’s 2016 Budget.

## **Insurance**

The City carries insurance to cover general liability risks, fire protection, police professional liability, automobile fleet and errors and omissions for public officials. The City has thirteen separate policies to cover these risks, and the policies are purchased from private insurance companies with coverage ranging from \$1 million to \$10 million.

Pursuant to current law, the liability of political subdivisions, including counties in Ohio, has been significantly reduced. As a general rule, Ohio law provides that political subdivisions such as the City have an immunity from liability in damages for injury, death or loss to persons or property allegedly caused by an act or omission of such political subdivisions or their employees in connection with governmental and proprietary functions, as defined in the Ohio statutes. The statutes have no effect on any liability imposed by federal law or other federal cause of action. Pursuant to Ohio law, there are, however, 5 areas in which a political subdivision may be held liable for such loss. These include: (1) the negligent operation of a motor vehicle; (2) negligent performance of proprietary functions; (3) negligent failure to remove obstructions from public roads or to keep public roads, highways, streets, sidewalks, bridges or public grounds open, in repair and free from nuisance; (4) negligence of employees within or upon the grounds of buildings used in the performance of governmental functions which buildings have physical defects within or upon the grounds thereof, but excluding jails, juvenile detention workhouses and other detention facilities; (5) and liability specifically imposed by statute. Ohio law imposes a two-year statute of limitations, prohibits the garnishment or judicial sale of assets and funds of political subdivisions, and puts limits on the damages that may be recovered from such political subdivisions. The political subdivision is also required to indemnify and defend its officers and employees when the officer or employee was acting in good faith and within the scope of duties. No punitive or exemplary damages can be recovered, and any insurance benefits are deducted from any award against a political subdivision. Although there is no limitation with respect to compensatory damages representing a person's economic loss, there is a \$250,000 per person ceiling on the compensatory damage that represents a person's non-economic loss in cases other than wrongful death, in which case there is no maximum limitation.

## **INVESTMENT POLICIES OF THE CITY OF FAIRFIELD AND BUTLER COUNTY**

### **City Policy**

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

- (A) United States Treasury bills, notes, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

- (B) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (C) Interim deposits in the eligible institutions applying for interim moneys as provided in Section 135.08 of the Revised Code. The award of interim deposits shall be made in accordance with Section 135.09 of the Revised Code and the treasurer or the governing board shall determine the periods for which such interim deposits are to be made and shall award such interim deposits for such periods, provided that any eligible institution receiving an interim deposit award may, upon notification that the award has been made, decline to accept the interim deposit in which event the award shall be made as though such institution had not applied for such interim deposit;
- (D) Bonds and other obligations of the State or the political subdivisions of the State, provided that, with respect to bonds or other obligations of political subdivisions all of the following apply:
  - (1) The bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision.
  - (2) The bonds or other obligations are rated at the time of purchase in the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer.
  - (3) The aggregate value of the bonds or other obligations does not exceed twenty percent of interim moneys available for investment at the time of purchase.
  - (4) The treasurer or governing board is not the sole purchaser of the bonds or other obligations at original issuance.

No investment shall be made under division (D) of this section unless the treasurer or governing board has completed additional training for making the investments authorized by such division. The type and amount of additional training shall be approved by the treasurer of the State and may be conducted by or provided under the supervision of the treasurer of the State.

- (E) No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) of this section and repurchase agreements secured by such obligations, provided that investments in securities

described in this division are made only through eligible institutions mentioned in Section 135.03 of the Revised Code; and

- (F) The Ohio Subdivision's Fund as provided in Section 135.45 of the Revised Code.
- (G) Up to forty percent of interim moneys available for investment in either of the following:
  - (1) Commercial paper notes issued by an entity that is defined in division (D) of section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which notes all of the following apply:
    - (a) The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services.
    - (b) The aggregate value of the notes does not exceed ten per cent of the aggregate value of the outstanding commercial paper of the issuing corporation.
    - (c) The notes mature not later than two hundred seventy days after purchase.
    - (d) The investment in commercial paper notes of a single issuer shall not exceed in aggregate five percent of interim moneys available for investment at the time of purchase.
  - (2) Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than one hundred eighty days after purchase.

No investment shall be made pursuant to division (G) of this section unless the treasurer or governing board has completed additional training for making the investments authorized by such division. The type and amount of additional training shall be approved by the treasurer of the State and may be conducted by or provided under the supervision of the treasurer of the State.

Nothing in the classification of eligible obligations set forth in division (A) to (G) of this section shall be construed to authorize any investment in a derivative. "Derivative" means a financial instrument or contract or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself. Any security, obligation, trust account, or other instrument that is created from an issue of the United States treasury or is created from an obligation of a federal agency or instrumentality or is created from both is considered a derivative instrument. An eligible investment described in this section with a variable interest rate payment, based upon a single interest payment or



single index comprised of other eligible investments provided for in division (A) or (B) of this section, is not a derivative, provided that such variable rate investment has a maximum maturity of two years.

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

The City invests in United States Treasury obligations and eligible guaranteed obligations of the United States, commercial paper, bankers acceptances, the State Treasurer's investment pool ("Star Ohio") certificates of deposit, repurchase agreements and mutual funds which are invested exclusively in United States Treasury obligations. All investments comply with the limitations with respect to length of maturities contained in Chapter 135 of the Ohio Revised Code (the Uniform Depository Act). The City interprets the limits on federal guaranteed investments, bankers acceptances, commercial paper and all other legal investments very conservatively. The City has never owned any derivative type investments, interest only investments or reverse repurchase agreements. The City Auditor has attended special training in all of the investment areas to assure compliance with the strictly conservative philosophy of the City. All investments are transacted with banks which the City believes to be reputable or other financial institutions operating in the State of Ohio that are well versed in the statutory restrictions that Ohio political subdivisions operate under and which have an understanding of the City investments requirements.

The City values safety, liquidity and return, in that order. Interest earned by the City in 2015 totaled \$259,019.

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

## **County Policy**

Butler County (the "County") invests in United States Treasury obligations and eligible guaranteed obligations of the United States, the State Treasurer's investment pool ("Star Ohio"), certificates of deposit, repurchase agreements and mutual funds which are invested exclusively in United States obligations. All investments comply with the limitations with respect to length of maturities contained in Chapter 135 of the Ohio Revised Code (The Uniform Depository Act). The maximum maturity of any investment of the County will be three years. The County interprets the limit on federal guaranteed investments, and all legal investments, very conservatively.

The County has never owned, and does not plan to own, any derivative investments, interest only investments, collateralized mortgage obligations, or reverse repurchase agreements. The County Treasurer has attended special training in all of the investment areas to assure

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

## AD VALOREM TAXES

### Assessed Valuation

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

Tax Duplicate	Collection		Public Utility		%
<u>Year</u>	<u>Year</u>	Real Estate	<u>Personal Property</u>	<u>Total</u>	<u>Change</u>
2011	2012	\$923,794,720	\$30,787,720	\$954,582,440	(5.09%)
2012	2013	916,662,950	32,024,670	948,687,620	(0.62)
2013	2014	924,433,220	34,773,690	959,206,910	1.11
2014	2015	906,549,590	37,102,730	943,652,320	(1.62)
2015	2016	903,236,750	38,373,230	941,609,980	(0.22)

Source: Butler County Auditor.

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

The tax year 2015 (collection year 2016) assessed valuation of \$941,609,980 for the City is comprised of the following types of property in the indicated amounts:

<u>Type</u>	<u>Assessed Valuation</u>	<u>Percent of Total</u>
Residential	\$565,437,660	60.05%
Agricultural	2,633,120	0.28
Commercial	237,229,380	25.19
Industrial	97,858,630	10.39
Public Utility		
Real Property	77,960	0.01
Personal Property	<u>38,373,230</u>	<u>4.08</u>
TOTAL	\$941,609,980	100.00%

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## Largest Taxpayers

The following table shows property taxes payable, total assessed valuation, and the percentage owned of the City's total assessed valuation for the top ten taxpayers within the City for tax collection year 2016 (tax year 2015):

**Tax Table A**  
**Largest Taxpayers**

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Payable</u>	<u>% of Total Assessed Valuation</u>
1. Duke Energy Ohio	\$37,181,820	\$3,098,731.50	3.91%
2. Boymel Family	8,051,760	502,137.58	0.85
3. Cincinnati Financial	7,944,520	494,458.04	0.84
4. Timber Hollow SPE	6,629,210	413,422.02	0.70
5. Sisters of Mercy	5,983,750	373,168.72	0.63
6. Fath Village Park Apartments	5,915,680	369,923.62	0.62
7. Camelot East Owners	5,384,850	335,819.12	0.57
8. Ohio Casualty Insurance	5,185,720	321,125.36	0.55
9. BWIP Woodstock Glen Eagle	5,120,850	319,355.12	0.54
10. Rajole LLC	<u>4,888,790</u>	<u>304,882.96</u>	<u>0.51</u>
TOTAL	\$92,286,950	\$6,533,024.04	9.72%

Source: Butler County Auditor.

During 2014, Butler County experienced the statutory sexennial, on-site reappraisal of real property, whereby the true value of real property was adjusted to reflect current market values as of January 1, 2014. The laws of the State of Ohio presently require that the County Auditor reassess real property at any time the County Auditor finds that the true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed if ordered by the State Commissioner of Tax Equalization (the "Commissioner"). Such triennial update, which is not accomplished by on-site inspection, was completed during 2011.

Taxable value of real property may not exceed thirty-five per cent (35%) of its true value. The County Auditor must determine the true value of real property and improvements thereon, or the current agricultural use value of agricultural land, and reduce that value by the percentage established by the Tax Commissioner. Certain real property declared by the property owner and deemed to qualify as "forest land" under Section 5713.22 of the Revised Code is taxed at fifty percent (50%) of the local tax rate.

## Ad Valorem Tax Rates

Tax Table B sets forth the rates, in mills per \$1.00 of assessed valuation, of the levies in the County for ad valorem property taxes for the general categories of purposes with proper Reduction Factors.

**Tax Table B**  
**(Tax Year 2015, Collection Year 2016)**

	<u>Inside</u> <u>10-Mill</u>	<u>Outside</u> <u>10-Mill</u>	<u>Total</u>
City of Fairfield			
General Fund	0.99	--	0.99
Police Pension	0.30	--	0.30
Fire Levy	--	4.65	4.65
City Total	<u>1.29</u>	<u>4.65</u>	<u>5.94</u>
Board of Education *			
General Fund	6.79	52.21	59.00
Permanent Improvement	--	0.50	0.50
Bond Retirement	--	5.00	5.00
Joint Vocational School**	--	1.93	1.93
Board Total	<u>6.79</u>	<u>59.64</u>	<u>66.43</u>
Butler County			
General Fund	1.92	--	1.92
Child Services	--	2.00	2.00
Comprehensive Mental Health	--	1.50	1.50
Library	--	0.75	0.75
Park	--	0.50	0.50
Mental Retardation	--	3.00	3.00
Senior Citizens	--	1.30	1.30
County Total	<u>1.92</u>	<u>9.05</u>	<u>10.97</u>
<b>TOTAL TAX RATES</b>	<b>10.00</b>	<b>73.34</b>	<b>83.34</b>

Source: Ohio Municipal Advisory Council.

\* Fairfield City School District

\*\* Butler Technology Career Development

**Tax Table C**  
**Rates of Taxation (Mills) for City of Fairfield, Ohio**

<u>Duplicate</u> <u>Year</u>	<u>Collection</u> <u>Year</u>	<u>City</u> <u>Rate</u>	<u>County</u> <u>Rate</u>	<u>School</u> <u>Levy</u>	<u>JVSD</u> <sup>**</sup>	<u>Park</u>	<u>Library</u>	<u>Total</u>
2011	2012	5.94	9.72	63.10	1.93	0.50	0.75	81.94
2012	2013	5.94	9.72	63.30	1.93	0.50	0.75	82.14
2013	2014	5.94	9.72	62.80	1.93	0.50	0.75	81.64
2014	2015	5.94	9.72	65.80	1.93	0.50	0.75	84.64
2015	2016	5.94	9.72	64.50	1.93	0.50	0.75	83.34

Source: Butler County Auditor.

\* Fairfield City School District

\*\* Butler Technology Career Development

Current law requires that taxable real property be assessed at not more than 35% of its true value, except that taxable real property devoted exclusively to agricultural use is to be

assessed at not more than 35% of its current agricultural use value as determined by the County Auditor in accordance with rules adopted by the Ohio Commissioner of Tax Equalization (the "Commissioner") for such purpose. The assessment ratio has been fixed at 35% under existing rules of the Commissioner. The County Auditor is required to adjust (but without individual appraisal of properties, except in the sexennial reappraisal) taxable real property values triennial to reflect true values. Any taxable real property which the owner thereof, under rules and regulations promulgated by the Chief of the Ohio Division of Forestry, declares is devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its true value.

Given the standard assessment base determined under the provisions noted above, Ohio law provides for the following two-phase tax reduction of real property taxes, with respect to taxes other than taxes levied at a rate required to produce a specified amount of tax money (such as taxes for the payment of debt service charges), taxes levied inside the ten-mill limitation, or taxes authorized by a municipal charter:

(1) The County Auditor must annually classify all real property into two classes: (a) residential/ agricultural real property, and (b) nonresidential/agricultural real property. The Tax Commissioner then determines the amount of carryover property in each such case for each taxing district, "carryover property" being defined as all real property on the current year's tax list except: (a) land and improvements that were not taxed by the district in both the preceding year and the current year, and (b) land and improvements that were not in the same class in both the preceding year and the current year. The Tax Commissioner must determine annually by what percent (the "Tax Reduction Factor"), if any, the sums that would otherwise be levied by each tax against the carryover property in each class would have to be reduced to equal the amount that would be levied if the full rate thereof were imposed against the total taxable value of such property in the preceding tax year. Thereafter, the County Auditor must reduce the sum to be levied by such tax against each parcel of real property in the district by the Tax Reduction Factor certified by the Tax Commissioner for its class. However, if said reduction for either class of property could cause the total taxes charged and payable for current expenses of a school district, other than a joint vocational school district, prior to the statutory ten percent reduction discussed hereinafter, to be less than two percent of the taxable value of all real property in that class that is subject to taxation, the Tax Commissioner, upon notification thereof by the County Auditor, must adjust the Tax Reduction Factor so that such two percent limit will not be exceeded.

(2) The County Auditor must reduce the sums remaining thereafter to be levied against parcels of real property by ten percent; such reduction is reimbursed by the State to the County for distribution to the affected subdivisions. The taxes remaining after such reduction constitute the real and public utility property tax chargeable and payable on such property.

In addition, Ohio law provides real property tax reductions for certain owner-occupied properties and to certain elderly or disabled property owners. Any such reductions are reimbursed by the State to the County for distribution to the affected subdivisions.

In each Ohio county there is a board of tax appeals. According to a schedule established by that board, any property owner, if he or she feels the property is over assessed for tax purposes, can file for a reduction in assessed value. If the evidence which the property owner

submits justifies the decrease, the board of tax appeals will grant all or part of the reduction requested.

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

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

### **Changes to Ad Valorem Taxation**

As part of the various law changes that accompanied the deregulation of electric utility and natural gas companies in 1999-2000, property tax assessed value for electric generating equipment and natural gas property were reduced. Due to the reduction of public utility tangible property (“PUTP”) tax revenues to school districts and other local taxing units, the Ohio General Assembly enacted a program whereby school districts and other local taxing units were compensated for these losses, although the payments were to be phased out over time. Further, in 2005, the 126th General Assembly enacted Am. Sub. H.B. 66, which gradually repealed the business tangible personal property tax (“TPP”) on (i) manufacturing equipment, (ii) furniture and fixtures and (iii) inventory over a four-year period ending in 2009, causing schools and other local taxing units to face more reductions in property tax revenues. TPP taxes on a fourth category, telephone, telegraph and interexchange communication companies, was phased out over the period from 2007-2011. A subsequent reimbursement program similar to the one developed for lost PUTP revenues was implemented to replace the lost TPP revenues, which was also scheduled to be phased out. This program was funded, among other things, by the application of revenues derived by the State from the imposition of a new commercial activities tax (the “CAT”). The reimbursement payments for loss of the PUTP and TPP tax revenues are collectively referred to as “replacement payments.”

The application of the CAT to certain types of business receipts has been the subject of litigation. In 2009, the Ohio Supreme Court held that the CAT does not violate the State’s constitutional prohibitions against a sales or excise tax “upon the sale or purchase of food.”<sup>1</sup> Later, in 2012, the Ohio Supreme Court held that the application of revenues derived from imposition of the CAT on gross receipts from motor vehicle fuel sales towards replacement payments violates the State’s constitutional limitation on the use of revenues resulting from taxes related to motor vehicle fuel.<sup>2</sup> In 2013, the Ohio General Assembly remedied the situation by creating a separate fund into which such tax proceeds are deposited, separate from other

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<sup>1</sup> *Ohio Grocers Association v. Levin*, 123 Ohio St.3d 303 (2009).

<sup>2</sup> *Beaver Excavating Co. v. Testa*, 134 Ohio St.3d 565 (2012).

proceeds of the CAT. As is the case with many state-based gross receipts taxes, the CAT continues to be the subject of ongoing litigation, facing challenges regarding its general constitutionality.

With the election of a new State-level administration in 2010, the Ohio General Assembly took a different approach to accomplishing the reimbursement of lost revenues to school districts and other local taxing units as a result of the repeal of PUTP and TPP taxes. Effective June 30, 2011, Am. Sub. H.B. 153 was adopted to modify the reimbursement methodology. Though the application of the proceeds of the CAT to the replacement payments was scheduled to be phased-out in 2018, with the State's general fund receiving 100% of the CAT tax revenues thereafter, H.B. 153 accelerated that schedule and reduced the reimbursement payments. Am. Sub. H.B. 64, effective June 30, 2015, increases the amount of CAT tax revenues allocated to the State's general fund from 50% to 75% of such revenues; the percentage allocated to replacement payments dropped from 35% to 20% for school districts and from 15% to 5% for other local taxing units. A basic concept behind these changes is that fixed-rate levy replacement payments should be based on the relative need for school districts and other local taxing units (each, a "unit"), the primary beneficiaries of the tangible personal property taxes that have been phased out. Relative need is measured by calculating a unit's replacement payment as a percentage of total revenue sources available to the applicable unit for current operating purposes. H.B. 153 also made distinctions among types of levies in implementing the phase-out. Maintaining those distinctions, H.B. 64 slightly modified the phase-out of replacement payments with certain changes as described below.

*Fixed Rate, Current Expense Levies.* Under H.B. 153, replacement payments made to school districts for current expense levies were based on certain thresholds. For fiscal years 2012 and thereafter, school districts received payments only if the amount of current expenses received from such levies exceeded 2% of total resources of the school district. For fiscal years 2013 and thereafter, this threshold percentage was set at 4%. Replacement payments were made to other local taxing units in the same manner, but the threshold percentages were set at 4% and 6% for fiscal years 2012 and 2013, respectively. Any amounts over the established thresholds were reimbursed at 50% for school districts and 100% for all other local taxing units. H.B. 64 maintains a similar structure, but generally accelerates the phase-out of replacement payments for units whose existing replacement payments are a relatively small percentage of total resources. H.B. 64 established new threshold percentage schedules that allow for a complete phase-out.

For school districts, H.B. 64 incorporates a tax-raising capacity factor, where districts are placed in one of five quintiles based on such capacity and each quintile is assigned a threshold percentage from 1% to 2% in 0.25 % increments. While these are lower than the previously established thresholds, H.B. 64 requires that they increase by 1% annually until all replacement payments are phased out for these levies. For other local taxing units, H.B. 64 calls for replacement payments to be made under a similar structure as H.B. 153, except the threshold percentage is reset at 2% for fiscal year 2016, and increases an additional 2% annually until all replacement payments are phased out for these levies.

*Fixed Rate, Non-Current Expense Levies.* Under H.B. 153, replacement payments for these levies were subjected to a simpler reduction schedule, beginning in calendar year 2012 and reducing such payments by 25% each year until they would have ceased in fiscal year 2015. However, the reductions were not continued in the next biennial budget legislation and, as a result, for fiscal years 2014 and 2015, school districts received 50% of such levies in replacement payments. Because local taxing units other than school districts utilize the calendar year as their fiscal year, a third reduction for those local taxing units had already taken place when the phase-out was halted, resulting in the receipt of only 25% of such levies for those years.

For school districts, H.B. 64 completes the phase-out by providing for a final replacement payment with respect to these levies in fiscal year 2016 equal to 50% of the amount it received in fiscal year 2015. For other local taxing units, H.B. 64 completes the phase-out by eliminating replacement payments with respect to these levies.

*Fixed Sum Levies.* These include bond and emergency levies and were not affected by H.B. 153 or H.B. 64. For school districts, replacement payments for emergency levies are phased out in one-fifth increments over five years, starting in fiscal year 2017 for utility property-based replacement payments and in fiscal year 2018 for business property-based payments. For school district voter-approved debt levies, replacement payments will be maintained at the amount paid in 2014 until the levy is no longer imposed. Unvoted school district debt levies that qualified for reimbursement in fiscal year 2015 will be reimbursed through fiscal year 2016 for utility property-based replacements payments and through fiscal year 2018 for business property-based replacement payments. For other local taxing units, unvoted debt levies that qualified for reimbursement in 2015 will be reimbursed through 2016 for utility property-based replacements payments and through 2017 for business property-based replacement payments.

For additional information regarding expected changes to reimbursement amounts, please reference the following website: [http://www.tax.ohio.gov/personal\\_property/phaseout.aspx](http://www.tax.ohio.gov/personal_property/phaseout.aspx).

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

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## Collection of Ad Valorem Property Taxes and Special Assessments

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

### Real Estate and Public Utility

Collection Year	Current			Delinquent	
	<u>Billed</u>	<u>Collected</u>	<u>%</u>	<u>Billed</u>	<u>Collected</u>
2011	\$5,225,619	\$4,993,958	95.57%	N/A	\$175,800
2012	5,153,091	4,977,999	96.60	N/A	172,024
2013	5,157,273	5,048,531	97.89	N/A	153,557
2014	5,245,233	5,081,457	96.90	N/A	168,336
2015	5,219,376	5,099,800	97.70	N/A	115,661

Source: Butler County Auditor.

### Special Assessments

Collection Year	Current <u>Billed</u>	Total <u>Collected*</u>	<u>%</u>
2011	\$344,656	\$274,721	79.71%
2012	363,604	515,646	141.82
2013	392,127	365,890	93.31
2014	712,254	676,237	94.90
2015	354,389	470,410	132.76

\* Includes delinquent assessments.

Source: Butler County Auditor.

### Service Payments in Lieu of Taxes (TIF)

Collection Year	Current <u>Billed</u>	Current <u>Collected</u>
2011	\$8,505	\$0
2012	0	2,553
2013	11,250	3,927
2014	9,128	799
2015	160,592	30,768

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

Included in the above figures for ad valorem property taxes “Billed,” “Collected,” and “% Collected” are certain real property tax relief payments made by Ohio from State revenue sources; such payments are not made with respect to special assessments. The “Homestead Exemption” is made available for people over 65; people who are permanently disabled; or are the surviving spouse of a qualified homeowner who is at least 59. All must prove they earn less than \$30,000 a year beginning tax year 2014. Ohio law provides for the payment to taxing subdivisions from State funds of an amount equaling approximately 10% (12½% with respect to owner-occupied non-business residential property) of ad valorem real property taxes levied, thereby reducing the tax obligation of any real property owner in any given year by an equivalent percentage. As an indication of the extent of such State assistance as applied to the City’s share of the County’s tax collections, the “Homestead Exemption” and the “rollback” payment made by Ohio to the City in 2015 was \$466,573. Legislation eliminated the 12.5% “rollback” for all new and replacement levies approved at the November 5, 2013 election and thereafter.

### **Delinquency Procedures**

Taxes for real and utility property for fiscal year 2014 became a lien on January 1, 2015.

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

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

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

### **OTHER MAJOR CITY GENERAL FUND REVENUE SOURCES**

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

The City collects revenues from a number of fees, permits and licenses issued by the City’s various departments and agencies. The City also collects revenue from the operations of the Fairfield Municipal Court for fines, court costs and bond forfeitures. In 2015, the total amount collected from these sources amounted to \$1,249,286.

## **Income Tax**

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

The 1.5% locally levied tax applies to gross salaries, wages and other personal service compensation earned by residents, both in and out of the City and upon earnings of non-residents earned in the City. It also applies to net income of business organizations derived from business activities conducted in the City. In November of 2002, the citizens of Fairfield voted to change the allocation of the income tax revenues. The current 1.5% tax rate is now subdivided into three components. The first 1.1% is used for operating expenses of the General Fund. Another 0.2% is used for street construction, improvement and repair. The final 0.2% of the tax is earmarked for capital improvements of a permanent nature.

**City of Fairfield, Ohio  
City Income Tax  
(As Reported In Annual Report)**

<u>Year</u>	<u>Tax Rate</u>	<u>Tax Collections</u>
2011	1.5%	\$23,981,743
2012	1.5	24,568,033
2013	1.5	25,473,460
2014	1.5	26,532,187
2015	1.5	27,461,579

## **Joint Economic Development**

The City has entered into two separate Agreements with Fairfield Township and West Chester Township to create two JEDDs. Both the Fairfield Township JEDD Agreement and the West Chester Township JEDD were entered into in May 2009 for the purpose of facilitating economic development, creating and preserving jobs, and increasing growth for the communities, school districts, county, and State of Ohio. The JEDDs have allowed the City to diversify its tax revenues.

The Fairfield JEDD has not yet been assigned to any parcels and therefore, has not generated any income. The West Chester JEDD has been active since 2010 and the following table shows the revenues to the City:

#### **West Chester Township JEDD**

<u>Year</u>	<u>JEDD Revenues</u>
2011	\$134,402
2012	139,145
2013	153,630
2014	177,942
2015	591,518

These revenues are deposited into the City's General Fund and expenditures are set forth in the City's annual budget appropriations. Per the West Chester JEDD I agreement, 2015 revenues included a payment to Fairfield to cover any shortage in revenue based on the City's capital contribution. The 2015 payment from West Chester Township to Fairfield was \$393,539.

#### **Local Government Fund**

The Ohio Local Government Fund was created by statute and is composed of designated State revenues which are distributed to each county and then allocated to the county, cities, villages and townships located in that county. As of January 1, 2008, the State's funding formula was changed to consolidate the Local Government Revenue Assistance Fund, an additional unrestricted fund created by the State legislature, into the Local Government Fund. The following table shows the receipts and amounts received by the City under these programs:

<u>Year</u>	<u>Amount</u>
2011	\$1,229,084
2012	798,363
2013	606,350
2014	592,786
2015	648,390

#### **City General Fund**

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

<u>Year</u>	<u>Budget and General Fund Balance</u>
2011	\$9,014,754
2012	11,615,323
2013	14,838,917
2014	14,828,533
2015	13,500,825

Source: OMAC and City of Fairfield, Director of Finance.

## **SECURITY AND SOURCES OF PAYMENT FOR GENERAL OBLIGATION BONDS AND NOTES**

### **Ad Valorem Property Tax Security**

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

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

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

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

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

Section 133.36 of the Revised Code permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, and upon approval of the State Tax Commissioner, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts and to take such

further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision (also, see “Municipal Fiscal Emergency Legislation” herein). The taxing authority of such subdivision may, upon like approval of the State Tax Commissioner, refund its outstanding securities, whether matured or unmatured and exchange refunding bonds for the securities being refunded. In its order approving such refunding, the State Tax Commissioner shall fix the maturities of the bonds to be issued, which shall not exceed thirty years. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

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

### **Sources of Payment**

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

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

In addition, pursuant to Article XVIII, Section 12 of the Ohio Constitution, the City may issue Revenue Bonds payable solely from the revenues of the given utility or other projects permitted by that constitutional provision for which the bonds were issued. These bonds are not supported by the underlying taxing power of the City.

### **INVESTMENT CONSIDERATIONS**

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

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

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

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

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

### **Municipal Fiscal Emergency Legislation**

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

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

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

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

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

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

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

### **CITY DEBT AND OTHER LONG TERM OBLIGATIONS**

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

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

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

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



## **Statutory Direct Debt Limitations**

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

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

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

Appendix C of this Annual Statement is a Financial Statement for the City, certified by the Finance Director, calculating the amount of the outstanding obligations of the City (including the Notes) which are subject to the total direct debt limit (10½% limit) and the unvoted direct debt limit (5½% limit). The total principal amount of voted and unvoted general obligation debt that could be issued by the City, subject to the 10½% total direct debt limitation is \$98,869,048 and the City’s net debt subject to such limitation presently outstanding is \$15,675,000 leaving a balance of approximately \$83,194,048 borrowing capacity issuable within such limitation on combined voted and unvoted non-exempt debt. The City has no voted debt outstanding which is subject to such limitation as indicated on pages 42 & 43 herein.

The total unvoted City general obligation debt that could be issued subject to the 5½% unvoted direct debt limitation is \$51,788,549. The net City debt subject to such limitation presently outstanding, is \$15,675,000, leaving a balance of approximately \$36,113,549 of additional unvoted non-exempt debt that could be issued by the City under such 5½% limitation.

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

## **Indirect Debt Limitations and Overlapping Debt**

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

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

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

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

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

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

Appendix D of this Annual Information Statement is the most recent Ten-Mill Certificate, certified by the Butler County Auditor as of July 5, 2016, calculating the required tax rate, in mills, required to pay debt service for unvoted general obligation debt of the City and its overlapping political subdivisions for the fiscal year in which the debt service will be the highest. The Ten-Mill Certificate indicates all unvoted general obligation debt of the City and its overlapping subdivisions, require 5.9649 mills to be levied (2.669 mills of which are attributable to the City), if the debt is not paid from other revenues, leaving 4.0351 mills of unused debt capacity under the direct limitation to the City and its overlapping political subdivisions for the issuance of additional unvoted general obligation debt.

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

**Debt Table A**  
**Fairfield Debt and Overlapping Debt**  
**August 12, 2016\***

Net Debt of City	\$18,395,000
Per Capita City Debt	\$431
City Debt as a percentage of Tax Valuation	1.93%
Net Overlapping Debt (all political subdivisions)	\$80,715,969
Per Capita Overlapping Debt	\$1,893
Overlapping Debt as a percentage of Tax Valuation	8.48%

Source: Ohio Municipal Advisory Council (OMAC).

\*OMAC date of record is approximately three weeks ahead of actual date.

**Bond Anticipation Notes**

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

As of August 1, 2016, the City had no debt in the form of general obligation bond anticipation notes. The ability of the City to retire any bond anticipation notes from the proceeds of the sale of either renewal notes or bonds would be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing. Under Ohio law, the greater of ten and one-half percent or one percent below the base rate for advances and discounts to member banks in effect at the Federal Reserve Bank in the Second Federal Reserve District on its third business day preceding the day of adoption of the ordinances or resolution providing for the issuance of the bonds, notes or other obligations, is the highest annual interest rate permitted on general obligation bonds and notes of the City.

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

### **Water Pollution Loans**

The City applied for five loans totaling approximately \$13.9 million from the Water Pollution Loan Fund for improvements to the City Wastewater System. The City has received \$13,994,545 under the terms of five loans. The loans will be repaid over a twenty-year period which began in 1997; these loans are to be fully paid off within the next 3 years. The interest rates on the loans are 4.04% for the first two loans, 4.12% for the third and fourth loans and 3.79% for the fifth loan.

### **Debt Currently Outstanding**

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

**Debt Table B**  
**Principal Amount of Debt Outstanding**  
**as of August 1, 2016**

#### **General Obligation Bonds**

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Coupon Maturity</u>	<u>Final Bond</u>	<u>Amount Outstanding</u>
6/1/09	Various Purpose-Ref.	\$5,230,000	2.25-4.50%	J1 - D1	12/1/18	\$1,515,000
10/30/09	Various Purpose-'09B	6,065,000	2.00-5.00	J1 - D1	12/1/29	4,675,000
6/29/10	Road Improvements	9,125,000	2.00-6.09	J1 - D1	12/1/30	7,230,000
5/9/12	Various Purpose Ref.	<u>7,930,000</u>	2.00-3.00	J1 - D1	12/1/23	<u>4,725,000</u>
		\$35,850,000				\$18,145,000

#### **Special Assessment Bonds**

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Coupon Maturity</u>	<u>Final Bond</u>	<u>Amount Outstanding</u>
12/19/14	Sidewalk*	\$93,243	3.00%	J1 - D1	06/01/19	\$36,483
12/15/15	Sidewalk*	<u>63,680</u>	2.00	J1 - D1	06/01/20	<u>50,944</u>
		\$156,923				\$87,427

\* These bonds are held by the City Treasury.

### Bond Anticipation Notes

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

<u>Original Date of Issue</u>	<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
		None				

### OWDA Loans

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
1/1/97	OWDA Loan 1	\$6,814,444	4.04%	7/1/17	\$917,987
1/1/97	OWDA Loan 2	2,833,299	4.04	7/1/17	379,736
1/1/97	OWDA Loan 3	539,746	4.12	7/1/17	73,827
1/1/98	OWDA Loan 4	2,566,849	4.12	7/1/18	525,674
1/1/99	OWDA Loan 5	<u>1,240,207</u>	3.79	7/1/19	<u>323,254</u>
		\$13,994,545			\$2,220,478

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

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**Debt Table C-1**  
**SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS**  
**AUGUST 1, 2016**  
**BY PRINCIPAL ONLY**

<u>DATE</u>	<u>BOND ANTICIPATION NOTES*</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>SPECIAL ASSESSMENT BONDS</u>	<u>OWDA LOANS</u>	<u>TOTAL</u>	<u>% OF PRINCIPAL REMAINING</u>
12/31/16	\$0	\$2,170,000	\$0	\$0	\$2,170,000	89.39%
12/31/17	0	1,820,000	30,411	1,732,760	3,583,172	71.87
12/31/18	0	1,565,000	24,300	375,896	1,965,197	62.26
12/31/19	0	1,275,000	19,980	111,821	1,406,801	55.38
12/31/20	0	1,320,000	12,736	--	1,332,736	48.87
12/31/21	0	1,360,000	--	--	1,360,000	42.22
12/31/22	0	1,260,000	--	--	1,260,000	36.06
12/31/23	0	1,295,000	--	--	1,295,000	29.73
12/31/24	0	835,000	--	--	835,000	25.64
12/31/25	0	860,000	--	--	860,000	21.44
12/31/26	0	900,000	--	--	900,000	17.04
12/31/27	0	930,000	--	--	930,000	12.49
12/31/28	0	965,000	--	--	965,000	7.77
12/31/29	0	995,000	--	--	995,000	2.91
12/31/30	<u>0</u>	<u>595,000</u>	<u>--</u>	<u>--</u>	<u>595,000</u>	0.00
TOTALS	\$0	\$18,145,000	\$87,427	\$2,220,478	\$20,452,905	

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\* DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED JULY 22, 2016, FIRST INTEREST DECEMBER 1, 2016, FIRST MATURITY DECEMBER 1, 2016, LAST MATURITY DECEMBER 1, 2035, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON.

**Debt Table C-2**  
**SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS**  
**AUGUST 1, 2016**  
**BY TOTAL DEBT SERVICE**

<u>DATE</u>	<u>BOND ANTICIPATION NOTES*</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>SPECIAL ASSESSMENT BONDS</u>	<u>OWDA LOANS</u>	<u>TOTAL</u>	<u>% OF DEBT SERVICE REMAINING</u>
12/31/16	\$0	\$2,557,019	\$0	\$0	\$2,557,019	90.14%
12/31/17	0	2,524,271	32,525	1,804,812	4,361,607	73.33
12/31/18	0	2,199,727	25,629	391,521	2,616,876	63.25
12/31/19	0	1,853,066	20,706	115,010	1,988,782	55.58
12/31/20	0	1,847,246	12,991	--	1,860,237	48.41
12/31/21	0	1,837,512	--	--	1,837,512	41.33
12/31/22	0	1,683,757	--	--	1,683,757	34.84
12/31/23	0	1,667,633	--	--	1,667,633	28.41
12/31/24	0	1,154,863	--	--	1,154,863	23.96
12/31/25	0	1,138,644	--	--	1,138,644	19.57
12/31/26	0	1,135,824	--	--	1,135,824	15.20
12/31/27	0	1,120,866	--	--	1,120,866	10.88
12/31/28	0	1,106,300	--	--	1,106,300	6.61
12/31/29	0	1,084,649	--	--	1,084,649	2.43
12/31/30	<u>0</u>	631,236	<u>--</u>	<u>--</u>	<u>631,236</u>	0.00
TOTALS	\$0	\$23,542,613	\$91,851	\$2,311,342	\$25,945,806	

## **Future Financing**

The City intends to refinance the outstanding bond anticipation notes listed above upon maturity

## **Long Term Obligations Other Than Bonds and Notes**

The City has no other significant long-term obligations other than its pension obligations discussed below.

## **Pension Obligations**

### **Employers Contribution to Public Employees Retirement System**

<u>Year</u>	<u>Employer's Contribution</u>	<u>Contribution</u>
2011	14.00%	\$1,764,146
2012	14.00	1,703,237
2013	14.00	1,721,572
2014	14.00	1,821,634
2015	14.00	1,828,837

City employees are covered by the Public Employees Retirement System ("OPERS"). The Ohio Police and Firemen's Pension Fund ("OP&F") covers police and fire employees. This system includes both employee and employer payments. The City's contributions are current and fully met as required by law. Annual contributions include provision for reserves to properly fund pension and other benefits payable on account for creditable service. The system is annually evaluated by nationally recognized actuarial consultants.

OPERS provides coverage for approximately 180 present full and part-time employees of the City. Currently, employees contribute at a statutory rate of 10% of earnable salary or compensation. As indicated above, the City currently contributes at a rate of 14% of the same base, the rate statutorily established for OPERS. These rates are currently set to the statutory maximum by the OPRES Board. Benefits for members of OPERS are established under state laws.

The City's 2015 payroll for employees under OPERS was \$13,603,119. The City's current-year covered payroll for employees under OP&F was \$5,029,042 for Police and \$2,470,120 for Fire. The City's total payroll for the year ended December 31, 2015 was \$22,574,385. The City's annual pension contribution, which totaled \$3,402,329 for 2015 is treated as a current expense and is included in its operating expenditure.

OP&F provides coverage for approximately 83 full-time employees of the City's police and fire departments, who contributed at a statutory rate of 10% of gross earnings until July 2013, when the rate increased to 10.75%. As of July 2014, the rate increased to 11.5%. The City currently contributes (for the year 2014) at a rate of 19.5% for police employees and 24% for fire



employees. This rate is fixed by the Board of Trustees of the OP&F on the basis of actuarial evaluations required by law to be made each year.

The City has made the following contribution to OP&F over the last five years:

<u>Year</u>	<u>Amount</u>
2011	\$1,498,748
2012	1,461,273
2013	1,673,396
2014	1,533,650
2015	1,573,492

OP&F and OPERS are not presently subject to the funding and vesting requirements of the Federal Employee Retirement Income Security Act of 1974 (“ERISA”), however, such pension funds are complying with review legislation regulating pension funds for public bodies and governments. Additional financial information concerning OPERS and OP&F can be found on their respective websites and in their annual audits, which are available at the Ohio State Auditor’s website.

## **LEGAL MATTERS**

### **Litigation**

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

### **Bond Counsel**

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

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

## **RATINGS**

The City has a rating from Moody’s Investors Service, Inc. for its outstanding general obligation bonds. That rating reflects only the views of such rating agency. Any explanation of the significance of the rating may only be obtained from the rating agency. The City furnished to the rating agency certain information and materials, some of which may not have been included in this Annual Statement, relating to the outstanding general obligation bond issues and the City. Generally, the rating agency bases their ratings on such information and materials and investigation, studies and assumptions by the rating agency. There can be no assurance that a

rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the City's outstanding obligations.

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

At the present time, the City's general obligation bond issues are rated "Aa1" by Moody's Investors Service, Inc.

### **CONTINUING DISCLOSURE**

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

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## **CONCLUDING STATEMENT**

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

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

CITY OF FAIRFIELD, OHIO

By: /s/ Mary Hopton

Director of Finance

Dated: August 1, 2016

## **APPENDIX A**

### **2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For audited financial statements of the City relating to prior fiscal years, please visit [www.ohioauditor.gov](http://www.ohioauditor.gov).



# City of Fairfield, Ohio

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

**City of Fairfield, Ohio**

**Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2015**

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

### On the Cover

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

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	vii
Public Officials	xii
Service Delivery Chart	xiii
Certificate of Achievement for Excellence in Financial Reporting	xiv
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet - Governmental Funds	22
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	25
Statement of Net Position - Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
Statement of Fiduciary Assets and Liabilities	29
Notes to the Basic Financial Statements	31
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund	71
Schedule of the City's Proportionate Share of the Net Pension Liability Ohio Public Employees Retirement System - Traditional Plan	72
Schedule of the City's Proportionate Share of the Net Pension Liability Ohio Police and Fire Pension Fund	73
Schedule of City Contributions Ohio Public Employees Retirement System - Traditional Plan	74
Schedule of City Contributions Ohio Police and Fire Pension Fund	75
Notes to the Required Supplementary Information	76
Combining Statements and Individual Fund Schedules:	
Major Governmental Fund	79
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Street Improvement Fund	80
Nonmajor Governmental Funds	81
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	83



	<b>Page</b>
<b>Nonmajor Special Revenue Funds:</b>	
Fund Descriptions	84
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	90
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Street Construction, Maintenance and Repair Fund	93
State Highway Improvement Fund	94
County Motor Vehicle Registration Fund	95
Tax Recreation Fund	96
Law Enforcement Fund	97
Municipal Motor Vehicle Registration Fund	98
Law Enforcement and Education Fund	99
Drug and Alcohol Treatment Fund	100
Local Law Enforcement Fund	101
Probation Services Fund	102
Court Computer Fund	103
Special Projects Fund	104
Mediation Services Fund	105
Tax Increment Equivalent Fund	106
Indigent Driver Interlock Fund	107
<b>Nonmajor Debt Service Funds:</b>	
Fund Descriptions	109
Combining Balance Sheet	110
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	111
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
General Bond Retirement Fund	112
Special Assessment Fund	113
<b>Nonmajor Capital Projects Funds:</b>	
Fund Descriptions	115
Combining Balance Sheet	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	118
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Capital Improvement Fund	120
Flood Protection Fund	121
State Issue I Fund	122
Downtown Development Fund	123
Park Development Fund	124

	<u>Schedule</u>	<u>Page</u>
Other General Fund:		
Fund Description		125
Compensated Leave Fund		126
Nonmajor Funds:		
Fund Descriptions		127
Internal Service Funds:		
Combining Statement of Net Position		128
Combining Statement of Revenues, Expenses and Changes in Fund Net Position		129
Combining Statement of Cash Flows		130
Agency Funds:		
Statement of Changes in Assets and Liabilities		131
<b>STATISTICAL SECTION</b>		
Statistical Section Description Page		133
Net Position by Component	1	134
Changes in Net Position	2	135
Fund Balances, Governmental Funds	3	138
Changes in Fund Balances, Governmental Funds	4	140
Assessed Value and Estimated Actual Value of Taxable Property	5	142
Direct and Overlapping Property Tax Rates	6	143
Principal Property Tax Payers	7	144
Property Tax Levies and Collections	8	145
Income Tax by Payer Type and Income Tax Rate	9	146
Principal Income Taxpayers	10	147
Ratios of Outstanding Debt by Type	11	148
Ratios of General Bonded Debt Outstanding	12	149
Direct and Overlapping Governmental Activities Debt	13	150
Legal Debt Margin Information	14	151
Pledged-Revenue Coverage	15	152
Demographic and Economic Statistics - Butler County	16	153
Major Employers	17	154
Full-Time Equivalent City Government Employees by Function/Program	18	155
Operating Indicators by Function/Program	19	156
Capital Asset Statistics by Function/Program	20	158

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# Introductory Section

June 30, 2016

The Honorable Steve Miller, Mayor  
Members of City Council  
City of Fairfield  
5350 Pleasant Avenue  
Fairfield, Ohio 45014

The Comprehensive Annual Financial Report of the City of Fairfield, Ohio for the fiscal year ended December 31, 2015 is submitted herewith. The Department of Finance prepared the report. The responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the City of Fairfield, specifically with the Department of Finance. We believe that the enclosed data is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. We further believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

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

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

## **City Overview**

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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 stream, income tax. While many other communities experienced loss of jobs and/or industries, Fairfield has been fortunate to retain and attract desirable businesses and industries in the City.

To offset losses in State funding, the residents approved an income tax reapportionment of the 1.5% income tax in 2012. This reapportionment was effective in 2013 and reallocated monies to the General fund by reducing the Street and Capital Improvement funds each by 0.05%. It was understood at the time of the reapportionment should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. This will insure the continuation of the projects funded from the Street Improvement and Capital Improvement funds in the substantial five-year Capital Improvement Program.

### **Relevant Financial Policies**

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

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

## **Major Initiatives**

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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 2015:

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

## **Future Projects**

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

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

## **Internal Accounting and Budgetary Controls**

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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. It is further our intention to review these controls in depth on an ongoing basis for continued refinements and improvements.

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

## **City Income Tax**

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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:

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

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#### **Independent Audit**

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

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#### **Certificate of Achievement**

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

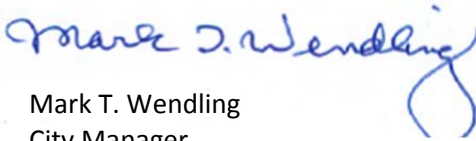
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#### **Acknowledgements**

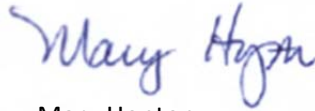
Preparation of this report could not have been accomplished without the professional, efficient and dedicated services of the entire staff of the Finance Department and various department heads and employees who assisted and contributed to its preparation. Further appreciation is extended to the Mayor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



Respectfully submitted,  
CITY OF FAIRFIELD

A handwritten signature in blue ink that reads "Mark T. Wendling". The signature is fluid and cursive, with a large loop at the end of the last name.

Mark T. Wendling  
City Manager

A handwritten signature in blue ink that reads "Mary Hopton". The signature is cursive, with the first name "Mary" being more prominent than the last name "Hopton".

Mary Hopton  
Director of Finance

**CITY OF FAIRFIELD  
PUBLIC OFFICIALS**

**MAYOR**

Steve Miller

**COUNCIL MEMBERS**

Vice Mayor – Debbie Pennington

Chad Oberson  
Terry Senger  
Mike Synder

Marty Judd  
Adam Jones  
Bill Woeste

**APPOINTED OFFICIALS**

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

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

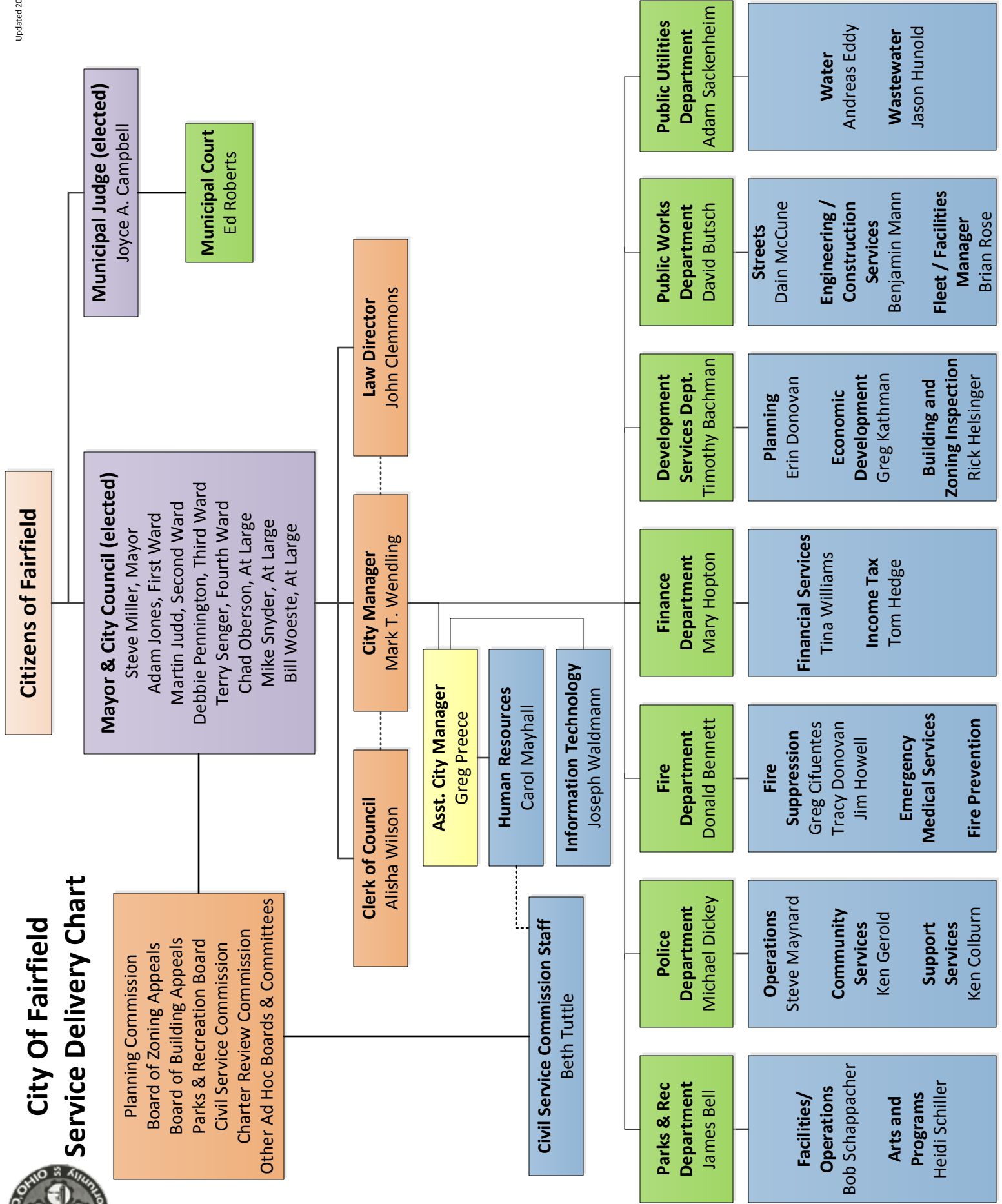
**DEPARTMENT OF FINANCE**

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

Finance Director  
Financial Services Manager  
Income Tax Administrator  
Payroll Administrator



# City Of Fairfield Service Delivery Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Fairfield  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

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## Financial Section



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fairfield, Butler County, Ohio (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### **Opinion**

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

### **Emphasis of Matter**

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

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

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

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Dave Yost", is written over a light gray rectangular background.

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 30, 2016

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

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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, 2015. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter and the City's financial statements.

**Financial Highlights**

- The City's total net position increased \$355,982. Net position of governmental activities decreased \$34,750, net position of business-type activities increased by \$390,732.
- The general fund reported a fund balance of \$14,948,281.
- Business-type operations reflected operating income of \$208,229.
- The City had \$40,726,667 in expenses relating to governmental activities; program revenues offset \$8,306,256 of these expenses. General revenues of \$32,700,661 were also used to provide for these programs.

**Overview of the Financial Statements**

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

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

**Government-wide Financial Statements**

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

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

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

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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, Solid Waste Management and Recreation Facilities.

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

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

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

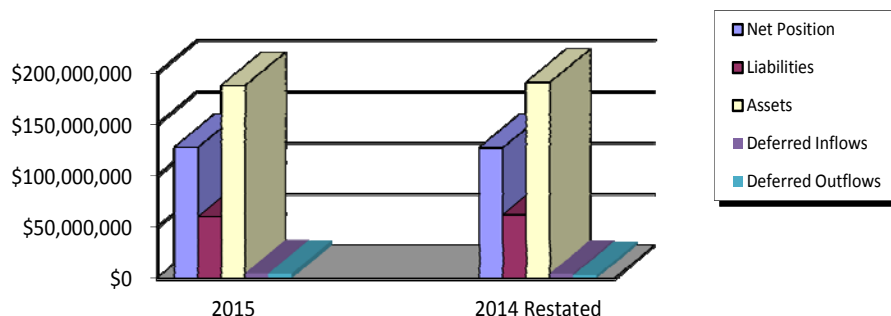
**City of Fairfield, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2015**  
**(Unaudited)**

**The City as a Whole**

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2015 compared to 2014.

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

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



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

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

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

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

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

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

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

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

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

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

Total net position of the City as a whole increased \$355,982. Net position of the City's governmental activities decreased \$34,750, while the net position of the City's business-type activities increased \$390,732 from 2014. The largest portion of the City's net position reflect its investment in capital assets, less any related debt to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens of the City. The City had an unrestricted net position balance of that may be used to meet the government's ongoing obligations to citizens and creditors. Capital Assets decreased mainly due to current year depreciation expense being greater than additions. Total Long-Term Liabilities decreased mainly due to the decrease in net pension liability.

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

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

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

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

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

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

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

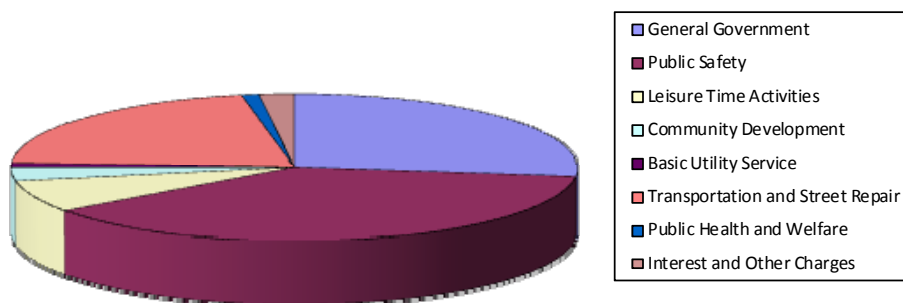
**Governmental Activities**

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

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

**Governmental Activities**  
**Program Expenses for 2015**

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





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

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

**Income Tax**

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

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

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

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

***Business-Type Activities***

The City's business-type activities include Water Utility, Sewer Utility, Solid Waste Management and Recreation Facilities operations. The City's business-type activities had operating income of \$208,229 for 2015. The operating revenues for business-type activities were \$15,259,941, while operating

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

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

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

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

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

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

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

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

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

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

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

**Waste Collection** – The City contracts with Rumpke, a private organization, to provide waste removal and recycling services to residential customers in the City of Fairfield. In 2012, Council authorized a contract renewal for five additional years with Rumpke for Fairfield residents' waste and recycling collection services. Per the City's contract the 2014 rate was \$11.45 per month for curbside service and \$6.50 per month for dumpster service. The rates increased in September, 2014 to \$11.65 per month for curbside service and \$6.65 per month for dumpster service. The full costs of the services are passed-through to the residents. Annual increases are scheduled throughout the contract which will result in the curbside rate to be \$12.25 and the dumpster rate to be \$7.10 at the end of the five year contract.

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

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

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

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

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

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**The City's Funds**

The City has three major governmental funds: the General Fund, Fire Levy Fund, and Street Improvement Fund. Assets of these funds comprised \$29,751,625 (70%) of the total governmental fund assets.

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

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

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

**General Fund Budgeting Highlights**

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

For the General Fund, the final budgeted expenditures were \$31,212,067 and the final actual expenditures were \$29,049,648. The difference was \$2,162,419. Variations from the final budgeted expenditures to the final actual expenditures are primarily due to the following: the City conservatively budgeted for the general services and the police expenditures for 2015. As the City completed the year, its General Fund balance reported an actual fund balance of \$13,300,334, on a Non-GAAP Budgetary Basis.

**Capital Assets and Debt Administration**

**Capital Assets**

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

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

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

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

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

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

***Debt***

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

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

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

		2015	2014
Governmental Activities:			
<u>Bonds and Notes:</u>			
Various Purpose Golf and Justice Center - 2009	3.56%	\$4,675,000	\$4,920,000
Various Purpose Refunding - 2009	3.23%	925,000	1,210,000
Roadway Improvement Bonds - 2010A	4.64-6.09%	6,000,000	6,000,000
Roadway Improvement Bonds - 2010B	3.74-4.44%	1,230,000	1,230,000
Roadway Improvement Bonds - 2010C	2.00-2.25%	0	395,000
Various Purpose Refunding - 2012	3.66%	390,000	760,000
Community Arts Center Refunding 2012	4.50%	3,525,000	3,910,000
Premium/(Discount)	n/a	284,916	331,339
Total Bonds and Notes:		<u>\$17,029,916</u>	<u>\$18,756,339</u>
Business Type Activities:			
OWDA Wastewater Improvement Loan	3.79-4.12%	\$1,766,809	\$2,665,171
Water Refunding Mortgage Revenue Bond - 2009	3.15%	590,000	875,000
Premium on Various Purpose Water Refunding - 2009	n/a	9,623	14,434
Various Purpose Refunding - 2012	3.66%	810,000	950,000
Premium on Various Purpose Water Refunding - 2012	n/a	44,162	51,523
Total Business Type Activities		<u>\$3,220,594</u>	<u>\$4,556,128</u>

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

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

**Economic Factors**

The City of Fairfield has worked through the economic conditions over the past several years through good budgeting and internal controls. The City's main revenue source, income tax, has stabilized primarily due to the employers base in the City. As the economy has stabilized, those employers are either holding employment levels consistent or growing their employment levels which has contributed to the steady increase in withholding tax to the City.

Back in 2012 and 2013, the State operating budget cut local funding and eliminated the estate tax, the City lost approximately \$1,500,000 in revenue. At that time the City apportioned the income tax to the General, Street Improvement and Capital funds. Due to the loss of revenue, the City residents approved a reapportionment to replace the lost revenue in the General fund in 2013. The reapportionment of the income tax beginning in 2013 became 1.2% to the General fund and 0.15% each to the Street Improvement and Capital Improvement funds. It was understood at the time of the reapportionment

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

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should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. This will insure the continuation of the projects funded from the Street Improvement and Capital Improvement funds in the substantial five-year Capital Improvement Program.

**Contacting the City's Finance Department**

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

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

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

See accompanying notes to the basic financial statements.

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

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

General Revenues:  
Income Taxes  
Property Taxes Levied for:  
General Purposes  
Special Revenue Purposes  
Grants and Entitlements, Not Restricted  
Revenue in Lieu of Taxes  
Investment Earnings  
Other Revenues  
Transfers-Internal Activities  
  
Total General Revenues and Transfers  
  
Change in Net Position  
  
Net Position - Beginning of Year, Restated  
  
Net Position - End of Year

See accompanying notes to the basic financial statements.

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

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

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$13,890,426	\$17,800	\$4,564,489	\$10,283,513	\$28,756,228
Receivables (Net):					
Taxes	5,981,774	3,675,965	612,083	612,083	10,881,905
Accounts	445,308	0	0	0	445,308
Interest	16,485	0	8,414	2,396	27,295
Intergovernmental	112,668	187,044	0	1,576,933	1,876,645
Interfund	239,169	0	0	0	239,169
Total Assets	<u>20,685,830</u>	<u>3,880,809</u>	<u>5,184,986</u>	<u>12,474,925</u>	<u>42,226,550</u>
Liabilities:					
Accounts Payable	275,891	17,482	207,124	287,389	787,886
Accrued Wages and Benefits	904,205	272,040	0	101,173	1,277,418
Retainage Payable	0	0	104,067	51,257	155,324
Accrued Interest Payable	0	0	1,090	0	1,090
Due to Other Governments	27,613	0	0	0	27,613
Interfund Payable	0	0	0	239,169	239,169
Claims Payable	53,296	12,646	0	7,593	73,535
General Obligation Notes Payable	0	0	250,000	0	250,000
Total Liabilities	<u>1,261,005</u>	<u>302,168</u>	<u>562,281</u>	<u>686,581</u>	<u>2,812,035</u>
Deferred Inflows of Resources:					
Property Taxes	1,085,110	3,675,965	0	0	4,761,075
Income Taxes	2,906,976	0	363,372	363,372	3,633,720
Grants and Other Taxes	107,013	187,044	0	1,150,235	1,444,292
Special Assessments	221,138	0	0	0	221,138
Accounts	141,732	0	0	0	141,732
Investment Earnings	14,575	0	8,414	1,136	24,125
Total Deferred Inflows of Resources	<u>4,476,544</u>	<u>3,863,009</u>	<u>371,786</u>	<u>1,514,743</u>	<u>10,226,082</u>
Fund Balances:					
Restricted	0	0	4,250,919	10,256,422	14,507,341
Assigned	673,678	0	0	164,254	837,932
Unassigned	14,274,603	(284,368)	0	(147,075)	13,843,160
Total Fund Balances	<u>14,948,281</u>	<u>(284,368)</u>	<u>4,250,919</u>	<u>10,273,601</u>	<u>29,188,433</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$20,685,830</u>	<u>\$3,880,809</u>	<u>\$5,184,986</u>	<u>\$12,474,925</u>	<u>\$42,226,550</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, 2015

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Total Governmental Fund Balance		\$29,188,433
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets used in the operation of Governmental Funds		87,921,816
--	--	------------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Income Taxes	3,633,720	
Delinquent Property Taxes	99,075	
Interest	24,125	
Intergovernmental	1,099,907	
Other Receivables	389,367	
Pension	136,430	
		5,382,624

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

Internal Service Net Position		1,686,003
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In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.

(58,556)

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

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

230,057

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

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

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

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

Net Position of Governmental Activities		\$80,921,263
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See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital asset additions as expenditures.  
However, in the statement of activities, the cost of those assets is  
allocated over their estimated useful lives as depreciation  
expense. This is the amount of the difference between capital  
asset additions and depreciation in the current period.

Capital assets used in governmental activities	3,223,393	
Depreciation Expense	<u>(4,770,243)</u>	
		(1,546,850)

Governmental funds only report the disposal of assets to the  
extent proceeds are received from the sale. In the statement  
of activities, a gain or loss is reported for each disposal. The  
amount of the proceeds must be removed and the gain or loss  
on the disposal of capital assets must be recognized. This is the  
amount of the difference between the proceeds and the gain or loss.

(177,482)

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

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

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

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

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

1,680,000

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

4,019

Some expenses reported in the statement of activities do not require the  
use of current financial resources and, therefore, are not reported as  
expenditures in governmental funds.

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

The internal service fund used by management to charge back costs  
to individual funds is not reported in the entity-wide statement of  
activities. Governmental fund expenditures and the related internal  
service fund revenues are eliminated. The net revenue (expense) of  
the internal service fund is allocated among the governmental activities.

Change in Net Position - Internal Service Funds	<u>682,654</u>
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Change in Net Position of Governmental Activities	<u><u>(\$34,750)</u></u>
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See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.



City of Fairfield, Ohio  
Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2015

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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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 17.

**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**  
**For the Fiscal Year Ended December 31, 2015**

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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**  
**For the Fiscal Year Ended December 31, 2015**

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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**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2015**

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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**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2015**

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

Expenses/Expenditures

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

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

**Equity in Pooled Cash and Investments**

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

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

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

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

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

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

### **Inventory**

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

### **Capital Assets**

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

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

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

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

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

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**Compensated Absences**

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

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

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

**Accrued Liabilities and Long-Term Obligations**

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

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

**Pensions**

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

**Fund Balance**

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

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

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

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

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

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

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

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

### **Restricted Assets**

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

### **Net Position**

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the City's \$16,915,448 in restricted net position, none was restricted by enabling legislation.

### **Operating Revenues and Expenses**

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

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

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**Interfund Activity**

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

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

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

**Gain/Loss on Refunding**

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

**Estimates**

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

**Note 3 – Equity in Pooled Cash and Investments**

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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:

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

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

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

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

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

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

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

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

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**Deposits**

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

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

**Investments**

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

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

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

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

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

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

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

**Note 4 – Receivables**

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

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

**Property Taxes**

Property taxes include amounts levied against all real estate and public utility. Real property taxes (other than public utility) collected during 2015 were levied after October 1, 2014 on assessed values as of January 1, 2014, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

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

Real Property	\$903,236,750
Public Utility	38,373,230
Total Valuation	<u>\$941,609,980</u>

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

The City receives property taxes from Butler County. The County Treasurer collects property taxes on behalf of all taxing districts in the counties. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2015, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2015 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent



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

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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.

**Claim Liabilities**

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

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

**Unpaid Claim Liabilities**

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

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

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

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

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

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

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**Note 6 – Capital Assets**

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

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

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

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

Depreciation expense was charged to governmental functions as follows:

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

**Note 7 – Compensated Absences**

**Accumulated Unpaid Vacation**

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

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

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

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

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

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

**Note 9 – Long-Term Debt**

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

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

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

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

**Note 10 – Defeasance of Bonds**

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

**Note 11 – Defined Benefit Pension Plans**

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

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

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

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

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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



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

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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.

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

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

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

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

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

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

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

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

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

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

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

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

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

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

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

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

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

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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

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

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

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

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2016	\$101,011	\$195,423	\$296,434
2017	101,011	195,423	296,434
2018	101,011	195,423	296,434
2019	<u>101,011</u>	<u>195,423</u>	<u>296,434</u>
Total	<u>\$404,044</u>	<u>\$781,692</u>	<u>\$1,185,736</u>

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

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

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

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

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

**Actuarial Assumptions – OPF**

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the

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

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expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014 are summarized below:

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

\* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.



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

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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 - police	\$15,710,208	\$11,358,271	\$7,673,505
City's proportionate share of the net pension liability - fire	9,376,125	6,778,814	4,579,681

**Note 12 – Post Employment Benefits**

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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.

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

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

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

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

Funding Policy

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

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

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

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

Information from City's Records

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

OPERS Board of Trustees Adopt Changes to the Health Care Plan

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

**Ohio Police and Fire Pension Fund**

Plan Description

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

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

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

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

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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 contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

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

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

Information from City's Records

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

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

**Note 13 – Construction Commitments**

The City had the following outstanding commitments at year end:

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

**Note 14 – Contingent Liabilities**

**Litigation**

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

**Federal and State Grants**

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2015, the audits of certain of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**Note 15 – Interfund Activity**

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

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

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

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

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

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

**Note 16 – Joint Venture**

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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

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

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**Note 17 – Compliance and Accountability**

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**Compliance**

Noncompliance – Appropriations in Excess of Estimated Resources.

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

**Accountability**

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

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

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

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

**Note 18 – Fund Balances**

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

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

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

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

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

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

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

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

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

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## ***REQUIRED SUPPLEMENTARY INFORMATION***

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

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

Continued

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

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

Continued

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

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

See accompanying notes to the required supplementary information.

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

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

See accompanying notes to the required supplementary information.

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

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

(1) - Information prior to 2013 is not available

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

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

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

(1) - Information prior to 2013 is not available

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

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

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

(1) - Information prior to 2014 is not available



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

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

(1) - Information prior to 2014 is not available

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

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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, 2014**

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

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## ***COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES***

## **MAJOR GOVERNMENTAL FUND**

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

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

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

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

### **Debt Service Funds**

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

### **Capital Projects Funds**

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

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

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



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

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

## **NONMAJOR SPECIAL REVENUE FUNDS**

### **Fund Descriptions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Continued

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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## **NONMAJOR DEBT SERVICE FUNDS**

### **Fund Descriptions**

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

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

City of Fairfield, Ohio  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2015

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

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

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

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

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

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

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

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## **NONMAJOR CAPITAL PROJECTS FUNDS**

### **Fund Descriptions**

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

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

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

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

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

City of Fairfield, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2015

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

## **OTHER GENERAL FUND**

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

### **Fund Description**

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

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

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

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

## **NONMAJOR FUNDS**

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

### **Fund Descriptions**

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

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

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

### **Fund Descriptions**

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

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

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

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

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

City of Fairfield, Ohio  
Combining Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Internal Service Funds  
For the Fiscal Year Ended December 31, 2015

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

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

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



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

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

Continued

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



## Statistical Section

## STATISTICAL SECTION

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

### **Contents**

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

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

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

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

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

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

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

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

Source: City Records

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

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

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

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

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

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

Source: City Records



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

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

Source: City Records

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Taxes	\$27,105,520	\$28,828,205	\$28,500,970	\$26,861,747	\$28,266,333	\$28,583,571	\$28,664,812	\$30,423,136	\$28,234,609	\$31,186,625
Fines, Licenses & Permits	2,437,555	2,136,564	2,363,478	2,136,001	2,261,968	2,182,221	2,005,002	1,886,788	1,859,215	1,784,422
Charges for Services	1,525,192	1,962,620	1,809,440	2,211,605	1,790,882	2,370,058	2,561,018	2,619,848	2,675,730	2,747,915
Investment Earnings	1,441,262	1,635,445	1,456,745	406,997	367,848	211,364	245,561	135,821	142,171	175,768
Intergovernmental	6,489,289	6,767,796	7,270,321	6,560,501	6,189,211	7,382,476	8,716,682	6,548,135	5,461,873	5,446,943
Special Assessments	173,721	253,763	279,582	69,656	28,213	19,026	28,940	276,143	40,587	250,298
Other Revenues	1,322,942	312,794	319,880	662,331	385,809	1,193,989	420,692	671,902	441,998	462,221
<b>Total Revenues</b>	<b>\$40,495,481</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>Expenditures:</b>										
<b>Current:</b>										
General Government	\$7,355,804	\$6,697,012	\$7,302,449	\$7,932,771	\$7,591,020	\$7,868,338	\$7,492,947	\$7,297,563	\$8,062,959	\$8,338,732
Public Safety	13,570,140	14,094,273	14,932,090	15,262,238	15,724,127	15,276,912	14,999,429	15,441,781	16,157,770	16,829,972
Leisure Time Activities	2,083,769	2,215,832	2,449,825	2,600,220	2,683,583	2,527,523	2,279,421	2,416,016	2,526,615	2,588,912
Community Development	1,183,209	1,573,045	1,588,348	1,439,439	1,451,970	1,326,096	1,304,371	1,326,648	1,434,544	1,457,640
Basic Utility Service	508,183	461,934	453,750	524,491	510,171	479,877	412,238	451,823	442,800	441,845
Transportation and Street Repair	6,058,791	7,946,070	8,260,640	7,318,320	6,208,262	5,315,056	4,388,564	3,063,645	5,314,576	3,351,636
Public Health and Welfare	24,363	24,166	23,457	23,074	22,441	21,998	21,784	21,476	21,581	21,248
Capital Outlay	7,349,867	5,363,198	2,368,797	6,902,977	6,092,909	7,697,920	9,258,968	5,277,220	3,633,918	5,739,648
Debt Service:										
Principal Retirement	945,591	890,000	870,000	954,515	1,233,549	1,577,547	1,716,763	1,686,207	1,654,765	1,680,000
Interest and Fiscal Charges	998,885	954,928	855,696	565,524	776,107	1,024,387	839,474	876,493	835,371	800,002
<b>Total Expenditures</b>	<b>\$40,078,602</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>

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

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

Source: City Records

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

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

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

Source: County Auditor

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

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

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

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

Calendar Year	Direct Rate			Overlapping Rates		
	General Fund	Police Levy	Fire/EMS Levy	Total	County Levy	School Levy
2006	0.99	0.30	4.65	5.94	9.44	1.93
2007	0.99	0.30	4.65	5.94	10.95	1.93
2008	0.99	0.30	4.65	5.94	10.45	1.93
2009	0.99	0.30	4.65	5.94	9.75	1.93
2010	0.99	0.30	4.65	5.94	9.75	1.93
2011	0.99	0.30	4.65	5.94	9.72	1.93
2012	0.99	0.30	4.65	5.94	9.72	1.93
2013	0.99	0.30	4.65	5.94	9.72	1.93
2014	0.99	0.30	4.65	5.94	9.72	1.93
2015	0.99	0.30	4.65	5.94	9.72	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

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

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

Source: County Auditor

(1) - Calendar Year 2015

(2) - Collection Year 2006

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

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

Source: County Auditor





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

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

Source: City Finance Department

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

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

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

Source: City Finance Department

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

N/A - Information not available

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

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

Source: City Finance Department

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

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

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

Source: Ohio Municipal Advisory Council

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

Legal Debt Margin Calculation for Calendar Year 2015

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

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

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

Source: City Records

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

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

Calendar Year	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2006	\$76,373	\$0	\$0	N/A
2007	165,387	0	0	N/A
2008	142,506	0	0	N/A
2009	37,251	0	0	N/A
2010	25,576	0	0	N/A
2011	274,721	0	0	N/A
2012	506,161	0	0	N/A
2013	369,777	0	0	N/A
2014	676,237	0	0	N/A
2015	500,594	0	0	N/A

Source: County Auditor

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

N/A - Information not available

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

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Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2006	42,097	\$11,707,628	\$33,130	4.50%
2007	42,097	12,114,458	33,848	5.10%
2008	42,097	12,811,630	35,511	6.20%
2009	42,097	12,653,202	34,512	9.30%
2010	42,510	12,959,978	35,138	8.80%
2011	42,510	13,538,158	36,590	7.90%
2012	42,510	14,398,043	38,852	6.00%
2013	42,510	14,592,549	39,304	7.10%
2014	42,510	15,294,977	40,878	4.50%
2015	42,510	N/A	N/A	4.50%

Sources: (1) - Population estimates provided by U.S. Census Bureau (2000 Census for years 2002 - 2009 and 2010 Census for years 2010 - 2011)  
(2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts  
(3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts  
(4) - Ohio Bureau of Employment Services

N/A - Information not available



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

2015			
Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Employment
AK Steel Holding Corp	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
GE Aviation	Mfg	(3)	(4)
Hamilton City Schools	Govt	(3)	(4)
Lakota Local Schools	Govt	(3)	(4)
Liberty Mutual/Ohio Casualty Corp	Ins	(3)	(4)
Mercy Regional Hospital	Serv	(3)	(4)
Miami University	Govt	(3)	(4)
Middletown Regional Health System	Serv	(3)	(4)
Miller Coors	Mfg	(3)	(4)
Pierre Foods	Mfg	(3)	(4)

2006			
Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Population
AK Steel Holding Corp	Mfg	(3)	(4)
Amylin Pharmaceuticals Inc	Mfg	(3)	(4)
Armor Holdings Inc	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Fairfield City Schools	Govt	(3)	(4)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
Hamilton City Schools	Govt	(3)	(4)
Lakota Local Schools	Govt	(3)	(4)
Liberty Mutual/Ohio Casualty Corp	Ins	(3)	(4)
Mercy Regional Hospital	Serv	(3)	(4)
Miami University	Govt	(3)	(4)
Middletown Regional Health System	Serv	(3)	(4)

Source: Ohio Department of Development

(1) - For all of Butler County

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

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

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

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

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

Source: City Finance Department

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

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

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

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

Source: Various City Departments

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

(b) - Not available.

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

Function/Program	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Municipal Building (square footage)	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,281	19,284
Municipal Building Annex (square footage)	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033
Police Cruisers	26	26	26	26	26	27	24	24	21	25
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	4	5	5	5	5	5	4	4	4	4
Number of EMS Vehicles	4	4	4	4	4	4	4	4	4	4
Public Works										
Area of City (square miles)	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18
Streets (miles)	160.5	160.5	160.5	160.5	160.5	160.6	160.7	166.3	166.3	180.0
Highways (miles)	7.14	7.14	7.14	7.14	7.14	7.27	7.27	7.27	7.27	7.27
Streetlights	1,525	1,525	1,525	1,525	1,525	2,962	2,962	2,962	2,983	2,983
Traffic signals	55	58	58	58	58	60	61	61	63	61
Parks and Recreation										
Number of Parks	25	25	25	25	25	25	26	29	29	37
Area of Parks (acreage)	468.50	469	469	469	469	469	577	676	538	665
Playgrounds	12	12	12	12	12	12	15	14	21	14
Baseball/softball diamonds	16	16	16	16	16	16	16	18	21	20
Soccer/football fields	11	11	11	11	11	11	11	12	17	15
Aquatic Center /Swimming pools	1	1	1	1	1	1	1	1	1	1
Community Arts centers	1	1	1	1	1	1	1	1	1	1
Golf Courses	2	2	2	2	2	2	2	2	2	2
Municipal Water										
Storage Capacity (millions of gallons)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water Mains (miles)	172.00	172.00	172.00	172.00	172.00	172.00	172.00	172.00	169.00	169.00
Fire hydrants	2,326	2,326	2,384	2,384	2,384	1,965	1,965	1,966	2,000	2,000
Sewers										
Treatment Capacity (millions of gallons)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Sanitary Sewers (miles)	166.10	166.10	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00

Source: Various City Departments

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

## **APPENDIX B**

### **2016 BUDGET APPROPRIATION SUMMARY**

## Ordinance Number 107-15

### AN ORDINANCE TO MAKE ESTIMATED APPROPRIATIONS FOR THE EXPENSES AND OTHER EXPENDITURES OF THE CITY FAIRFIELD, OHIO DURING THE PERIOD BEGINNING JANUARY 1, 2016 AND ENDING DECEMBER 31, 2016.

BE IT ORDAINED by the Council of the City of Fairfield, Ohio,:

**Section 1.** That to provide for the estimated expenses and other expenditures of the City of Fairfield, Ohio during the beginning January 1, 2016 and ending December 31, 2016, the following sums are hereby set aside and appropriated as follows, TO WIT:

**Section 2.** That sums are hereby appropriated from the various funds of the City to accounts of the City for the purposes therein described as follows:

---

FROM: UNAPPROPRIATED FUND		100	GENERAL FUND	<u>28,071,778.00</u>
TO:				
110	MAYOR & CITY COUNCIL			212,236.00
	Personnel		188,896	
	Other		23,340	
115	MAYOR			15,624.00
	Personnel		11,324	
	Other		4,300	
120	CITY MANAGER			475,621.00
	Personnel		453,752	
	Other		21,869	
125	GENERAL SERVICES			5,010,157.00
	Personnel		33,939	
	Other		4,976,218	
130	LAW DIRECTOR			515,150.00
	Personnel		500	
	Other		514,650	
145	HUMAN RESOURCES			299,736.00
	Personnel		237,536	
	Other		62,200	
150	PLANNING & ECONOMIC DEVL			688,205.00
	Personnel		643,305	
	Other		44,900	
155	BUILDING & ZONING INSPECTION			891,945.00
	Personnel		794,956	
	Other		96,989	
160	SPECIAL APPROPRIATION			0.00

	Personnel	0	
	Other	0	
210	FINANCE ADM & ACCOUNTING		741,060.00
	Personnel	709,710	
	Other	31,350	
211	INCOME TAX		701,562.00
	Personnel	633,002	
	Other	68,560	
213	INFORMATION TECHNOLOGY		611,660.00
	Personnel	550,385	
	Other	61,275	
310	POLICE		11,137,713.00
	Personnel	10,380,789	
	Other	756,924	
315	MUNICIPAL COURT		1,822,642.00
	Personnel	1,525,942	
	Other	296,700	
316	JUSTICE CENTER		847,000.00
	Personnel	0	
	Other	847,000	
410	PUBLIC WORKS ADMINISTRATION		209,100.00
	Personnel	179,725	
	Other	29,375	
411	CONSTRUCTION SERVICES		717,471.00
	Personnel	582,746	
	Other	134,725	
412	MUNICIPAL BUILDING		282,414.00
	Personnel	102,664	
	Other	179,750	
510	PARKS & RECREATION ADM		958,915.00
	Personnel	826,115	
	Other	132,800	
512	PARKS MAINTENANCE OPERATIONS		1,070,771.00
	Personnel	690,771	
	Other	380,000	
513	MARSH PARK FISHING LAKE		99,328.00
	Personnel	53,078	
	Other	46,250	
530	COMMUNITY ARTS CENTER		763,468.00



Personnel	245,725	
Other	517,743	
<b>TOTAL GENERAL FUND</b>		<b>28,071,778.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>201 STREET CONST, MAINT &amp; REPAIR</b>	<b>3,250,008.00</b>
TO:		
420 STREETS & TRANSPORTATION		3,250,008.00
Personnel	1,870,768	
Other	1,379,240	
<b>TOTAL STREET CONST, MAINT &amp; REPAIR</b>		<b>3,250,008.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>202 STATE HIGHWAY IMP</b>	<b>152,175.00</b>
TO:		
420 STREETS & TRANSPORTATION		152,175.00
Personnel	152,175	
Other	0	
<b>TOTAL STATE HIGHWAY IMP</b>		<b>152,175.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>203 FIRE LEVY</b>	<b>5,871,762.00</b>
TO:		
320 FIRE/EMS OPERATIONS		5,871,762.00
Personnel	4,874,712	
Other	997,050	
330 PARAMEDIC PREVENTION		0.00
Personnel	0	
Other	0	
<b>TOTAL FIRE LEVY</b>		<b>5,871,762.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>205 COUNTY MOTOR VEHICLE</b>	<b>16,000.00</b>
TO:		
160 SPECIAL APPROPRIATION		15,000.00
Personnel	0	
Other	15,000	
160 SPECIAL APPROPRIATIONS		1,000.00
Personnel	0	
Other	1,000	
<b>TOTAL COUNTY MOTOR VEHICLE</b>		<b>16,000.00</b>

FROM: UNAPPROPRIATED FUND	206	TAX RECREATION	<u>1,000.00</u>
TO:			
160	SPECIAL APPROPRIATIONS		1,000.00
	Personnel	0	
	Other	1,000	
TOTAL TAX RECREATION			<u>1,000.00</u>
FROM: UNAPPROPRIATED FUND	211	LAW ENFORCEMENT	<u>22,000.00</u>
TO:			
310	POLICE		22,000.00
	Personnel	0	
	Other	22,000	
TOTAL LAW ENFORCEMENT			<u>22,000.00</u>
FROM: UNAPPROPRIATED FUND	212	MUNICIPAL MOTOR VEHICLE	<u>329,713.00</u>
TO:			
420	STREETS & TRANSPORTATION		329,713.00
	Personnel	329,713	
	Other	0	
TOTAL MUNICIPAL MOTOR VEHICLE			<u>329,713.00</u>
FROM: UNAPPROPRIATED FUND	213	LAW ENFORCEMENT & EDU	<u>40,000.00</u>
TO:			
310	POLICE		40,000.00
	Personnel	0	
	Other	40,000	
TOTAL LAW ENFORCEMENT & EDU			<u>40,000.00</u>
FROM: UNAPPROPRIATED FUND	214	DRUG & ALCOHOL TREATMENT	<u>20,000.00</u>
TO:			
315	MUNICIPAL COURT		20,000.00
	Personnel	0	
	Other	20,000	
TOTAL DRUG & ALCOHOL TREATMENT			<u>20,000.00</u>
FROM: UNAPPROPRIATED FUND	215	LOCAL LAW ENFORCE BLOCK	<u>11,912.00</u>
TO:			
160	SPECIAL APPROPRIATION		0.00

	Personnel	0	
	Other	0	
310	POLICE		11,912.00
	Personnel	0	
	Other	11,912	
<b>TOTAL LOCAL LAW ENFORCE BLOCK</b>			<u>11,912.00</u>
<b>FROM: UNAPPROPRIATED FUND 216 PROBATION SERVICES</b>			<u>396,977.00</u>
<b>TO:</b>			<b>396,977.00</b>
315	MUNICIPAL COURT		
	Personnel	345,977	
	Other	51,000	
<b>TOTAL PROBATION SERVICES</b>			<u>396,977.00</u>
<b>FROM: UNAPPROPRIATED FUND 217 COURT COMPUTER</b>			<u>95,000.00</u>
<b>TO:</b>			<b>95,000.00</b>
315	MUNICIPAL COURT		
	Personnel	0	
	Other	95,000	
<b>TOTAL COURT COMPUTER</b>			<u>95,000.00</u>
<b>FROM: UNAPPROPRIATED FUND 218 SPECIAL PROJECTS</b>			<u>98,714.00</u>
<b>TO:</b>			<b>98,714.00</b>
315	MUNICIPAL COURT		
	Personnel	66,714	
	Other	32,000	
<b>TOTAL SPECIAL PROJECTS</b>			<u>98,714.00</u>
<b>FROM: UNAPPROPRIATED FUND 219 MEDIATION SERVICES</b>			<u>2,500.00</u>
<b>TO:</b>			<b>2,500.00</b>
315	MUNICIPAL COURT		
	Personnel	0	
	Other	2,500	
<b>TOTAL MEDIATION SERVICES</b>			<u>2,500.00</u>
<b>FROM: UNAPPROPRIATED FUND 220 TAX INCREMENT EQUIVALENT</b>			<u>98,000.00</u>
<b>TO:</b>			<b>98,000.00</b>
160	TAX INCREMENT EQUIVALENT		

Personnel		0	
Other		98,000	
<b>TOTAL TAX INCREMENT EQUIVALENT</b>			<b>98,000.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>221</b>	<b>INDIGENT DRIVER INTERLOCK</b>	<b>5,000.00</b>
TO:			
315	INDIGENT DRIVER INTERLOCK		5,000.00
	Personnel	0	
	Other	5,000	
<b>TOTAL INDIGENT DRIVER INTERLOCK</b>			<b>5,000.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>301</b>	<b>GENERAL BOND RETIREMENT</b>	<b>2,891,050.00</b>
TO:			
160	SPECIAL APPROPRIATION		2,891,050.00
	Personnel	0	
	Other	2,891,050	
<b>TOTAL GENERAL BOND RETIREMENT</b>			<b>2,891,050.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>401</b>	<b>STREET IMPROVEMENT</b>	<b>1,830,000.00</b>
TO:			
160	SPECIAL APPROPRIATION		1,830,000.00
	Personnel	0	
	Other	1,830,000	
<b>TOTAL STREET IMPROVEMENT</b>			<b>1,830,000.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>402</b>	<b>CAPITAL IMPROVEMENT</b>	<b>1,743,500.00</b>
TO:			
160	SPECIAL APPROPRIATION		1,743,500.00
	Personnel	0	
	Other	1,743,500	
<b>TOTAL CAPITAL IMPROVEMENT</b>			<b>1,743,500.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>407</b>	<b>WATER EXPANSION</b>	<b>30,000.00</b>
TO:			
160	SPECIAL APPROPRIATION		30,000.00
	Personnel	0	
	Other	30,000	
<b>TOTAL WATER EXPANSION</b>			<b>30,000.00</b>

<b>FROM: UNAPPROPRIATED FUND</b>	<b>408</b>	<b>SEWER EXPANSION</b>	<u><u>15,000.00</u></u>
TO:			
160	SPECIAL APPROPRIATION		15,000.00
	Personnel	0	
	Other	15,000	
<b>TOTAL SEWER EXPANSION</b>			<u><u>15,000.00</u></u>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>409</b>	<b>FLOOD PROTECTION</b>	<u><u>0.00</u></u>
TO:			
160	SPECIAL APPROPRIATION		0.00
	Personnel	0	
	Other	0	
<b>TOTAL FLOOD PROTECTION</b>			<u><u>0.00</u></u>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>410</b>	<b>STATE ISSUE I</b>	<u><u>50,000.00</u></u>
TO:			
160	SPECIAL APPROPRIATION		50,000.00
	Personnel	0	
	Other	50,000	
<b>TOTAL STATE ISSUE I</b>			<u><u>50,000.00</u></u>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>411</b>	<b>DOWNTOWN DEVELOPMENT</b>	<u><u>0.00</u></u>
TO:			
160	SPECIAL APPROPRIATION		0.00
	Personnel	0	
	Other	0	
<b>TOTAL DOWNTOWN DEVELOPMENT</b>			<u><u>0.00</u></u>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>413</b>	<b>PARK DEVELOPMENT FUND</b>	<u><u>0.00</u></u>
TO:			
160	SPECIAL APPROPRIATION		0.00
	Personnel	0	
	Other	0	
<b>TOTAL PARK DEVELOPMENT FUND</b>			<u><u>0.00</u></u>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>501</b>	<b>SPECIAL ASSESSMENT</b>	<u><u>651,000.00</u></u>
TO:			
160	SPECIAL APPROPRIATION		651,000.00

	Personnel	0	
	Other	651,000	
<b>TOTAL SPECIAL ASSESSMENT</b>			<u><u>651,000.00</u></u>
<b>FROM: UNAPPROPRIATED FUND      601    WATER REVENUE</b>			<u><u>5,277,494.00</u></u>
<b>TO:</b>			
212	UTILITY COLLECTION		<b>320,964.00</b>
	Personnel	168,809	
	Other	152,155	
610	PUBLIC UTILITY ADMINISTRATION		<b>208,486.00</b>
	Personnel	100,636	
	Other	107,850	
611	WATER SUPERVISION		<b>763,928.00</b>
	Personnel	359,328	
	Other	404,600	
612	WATER PUMPING TREATMENT		<b>2,146,888.00</b>
	Personnel	819,148	
	Other	1,327,740	
613	WATER DISTRIBUTION & MAINT		<b>1,224,228.00</b>
	Personnel	804,238	
	Other	419,990	
619	WATER DEBT SERVICE		<b>613,000.00</b>
	Personnel	0	
	Other	613,000	
<b>TOTAL WATER REVENUE</b>			<u><u>5,277,494.00</u></u>
<b>FROM: UNAPPROPRIATED FUND      602    WATER BOND &amp; INTEREST</b>			<u><u>312,570.00</u></u>
<b>TO:</b>			
619	WATER DEBT SERVICE		<b>312,570.00</b>
	Personnel	0	
	Other	312,570	
<b>TOTAL WATER BOND &amp; INTEREST</b>			<u><u>312,570.00</u></u>
<b>FROM: UNAPPROPRIATED FUND      603    WATER BOND REDEMPTION</b>			<u><u>0.00</u></u>
<b>TO:</b>			
619	WATER DEBT SERVICE		<b>0.00</b>
	Personnel	0	
	Other	0	

<b>TOTAL WATER BOND REDEMPTION</b>			<u>0.00</u>
<b>FROM: UNAPPROPRIATED FUND      604    WATER REPLACEMENT &amp; IMP</b>			<u>5,000.00</u>
TO:			5,000.00
160	WATER REPLACEMENT & IMP		
	Personnel	0	
	Other	5,000	
<b>TOTAL WATER REPLACEMENT &amp; IMP</b>			<u>5,000.00</u>
<b>FROM: UNAPPROPRIATED FUND      605    WATER SURPLUS</b>			<u>4,000.00</u>
TO:			4,000.00
160	SPECIAL APPROPRIATION		
	Personnel	0	
	Other	4,000	
<b>TOTAL WATER SURPLUS</b>			<u>4,000.00</u>
<b>FROM: UNAPPROPRIATED FUND      606    WATER GUARANTEED TRUST</b>			<u>65,000.00</u>
TO:			65,000.00
212	UTILITY COLLECTION		
	Personnel	0	
	Other	65,000	
<b>TOTAL WATER GUARANTEED TRUST</b>			<u>65,000.00</u>
<b>FROM: UNAPPROPRIATED FUND      620    SEWER REVENUE</b>			<u>6,806,847.00</u>
TO:			1,137,241.00
212	UTILITY COLLECTION		
	Personnel	138,116	
	Other	999,125	
			139,736.00
610	PUBLIC UTILITY ADMINISTRATION		
	Personnel	100,636	
	Other	39,100	
			991,481.00
621	SEWER SUPERVISION		
	Personnel	450,781	
	Other	540,700	
			1,719,655.00
622	SEWER PLANT		
	Personnel	924,941	
	Other	794,714	
			1,258,734.00
623	SEWER COLLECTION & MAINT		

	Personnel	1,012,284	
	Other	246,450	
629	SEWER DEBT SERVICE		1,560,000.00
	Personnel	0	
	Other	1,560,000	
<b>TOTAL SEWER REVENUE</b>			<u><u>6,806,847.00</u></u>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>621 SEWER BOND &amp; INTEREST</b>		<u><u>1,258,250.00</u></u>
<b>TO:</b>			<b>1,258,250.00</b>
629	SEWER DEBT SERVICE		
	Personnel	0	
	Other	1,258,250	
<b>TOTAL SEWER BOND &amp; INTEREST</b>			<u><u>1,258,250.00</u></u>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>622 SEWER BOND REDEMPTION</b>		<u><u>0.00</u></u>
<b>TO:</b>			<b>0.00</b>
629	SEWER DEBT SERVICE		
	Personnel	0	
	Other	0	
<b>TOTAL SEWER BOND REDEMPTION</b>			<u><u>0.00</u></u>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>623 SEWER REPLACEMENT &amp; IMP</b>		<u><u>201,536.00</u></u>
<b>TO:</b>			<b>201,536.00</b>
160	SEWER REPLACEMENT & IMP		
	Personnel	0	
	Other	201,536	
<b>TOTAL SEWER REPLACEMENT &amp; IMP</b>			<u><u>201,536.00</u></u>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>624 SEWER SURPLUS</b>		<u><u>22,000.00</u></u>
<b>TO:</b>			<b>22,000.00</b>
160	SPECIAL APPROPRIATION		
	Personnel	0	
	Other	22,000	
<b>TOTAL SEWER SURPLUS</b>			<u><u>22,000.00</u></u>
<b>FROM: UNAPPROPRIATED FUND</b>	<b>630 SOLID WASTE MANAGEMENT</b>		<u><u>2,216,000.00</u></u>
<b>TO:</b>			<b>0.00</b>
212	UTILITY COLLECTION		



	Personnel	0	
	Other	0	
630	SOLID WASTE MANAGEMENT		2,216,000.00
	Personnel	0	
	Other	2,216,000	
<b>TOTAL SOLID WASTE MANAGEMENT</b>			<b>2,216,000.00</b>
<b>FROM: UNAPPROPRIATED FUND 640 RECREATIONAL FACILITIES</b>			<b>1,531,238.00</b>
TO:			
511	AQUATIC CENTER OPERATIONS		175,303.00
	Personnel	112,053	
	Other	63,250	
514	AQUATIC CENTER DEBT		9,600.00
	Personnel	0	
	Other	9,600	
515	GOLF PRO SHOP		650,126.00
	Personnel	356,676	
	Other	293,450	
520	GOLF MAINTENANCE		696,209.00
	Personnel	379,984	
	Other	316,225	
<b>TOTAL RECREATIONAL FACILITIES</b>			<b>1,531,238.00</b>
<b>FROM: UNAPPROPRIATED FUND 641 RECREATION ACTIVITY</b>			<b>514,375.00</b>
TO:			
510	PARKS & RECREATION ADM		514,375.00
	Personnel	294,875	
	Other	219,500	
<b>TOTAL RECREATION ACTIVITY</b>			<b>514,375.00</b>
<b>FROM: UNAPPROPRIATED FUND 702 EMPLOYEES BENEFITS</b>			<b>5,602,583.00</b>
TO:			
160	SPECIAL APPROPRIATION		5,602,583.00
	Personnel	5,597,583	
	Other	5,000	
<b>TOTAL EMPLOYEES BENEFITS</b>			<b>5,602,583.00</b>

<b>FROM: UNAPPROPRIATED FUND</b>		<b>705</b>	<b>MUNICIPAL GARAGE SERVICES</b>	<b>1,035,430.00</b>
<b>TO:</b>				<b>1,035,430.00</b>
	430	FLEET MANAGEMENT		
		Personnel	643,702	
		Other	391,728	
<b>TOTAL MUNICIPAL GARAGE SERVICES</b>				<b>1,035,430.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>		<b>706</b>	<b>COMPENSATED LEAVE</b>	<b>0.00</b>
<b>TO:</b>				<b>0.00</b>
	160	COMPENSATED LEAVE		
		Personnel	0	
		Other	0	
<b>TOTAL COMPENSATED LEAVE</b>				<b>0.00</b>
<b>FROM: UNAPPROPRIATED FUND</b>		<b>707</b>	<b>WEST CHESTER JEDD I</b>	<b>2,020,000.00</b>
<b>TO:</b>				<b>6,060.00</b>
	211	WEST CHESTER JEDD I		
		Personnel	0	
		Other	6,060	
	211	WEST CHESTER JEDD I		<b>2,013,940.00</b>
		Personnel	0	
		Other	2,013,940	
<b>TOTAL WEST CHESTER JEDD I</b>				<b>2,020,000.00</b>
<b>TOTAL APPROPRIATIONS</b>				<b>72,565,412.00</b>

**Section 3.** That the Finance Director is hereby directed to make payment from any of the foregoing appropriations upon receiving proper certification and vouchers approved by board or officers authorized by law to approve the same or an ordinance or resolution of Council to make expenditures; provided that no warrants shall be drawn or paid for salaries or wages except to persons employed by authority of and in accordance with law or ordinance. Provided further, that an appropriation for contingencies can only be expended for the purposes constituting a legal obligation against the City, and for no other purposes other than those covered by the specific appropriations herein made.

**Section 4.** That this Ordinance shall take effect at the earliest period allowed by law and is hereby declared to be necessary for the orderly fiscal management of said City and in order to assure the proper payment of financial obligations of the City of Fairfield, Ohio including salaries and wages of employees and is necessary for the general welfare of the citizens and shall take effect immediately upon its passage.

Passed 12/14/13

Posted 12/10/13

  
Mayor's Approval

First Reading 12/14/15

Rules Suspended 12/14/15

Second Reading       

Third Reading       

ATTEST: *Heather Wilson*  
Clerk of Council

This is to certify that this Ordinance has been duly published by posting and summary publication as provided by Charter.

*Heather Wilson*  
Clerk of Council

**APPENDIX C**  
**FINANCIAL STATEMENT**

**FINANCIAL STATEMENT  
MUNICIPALITY  
OHIO REVISED CODE § 133.05**

State of Ohio  
County of Butler

I, Mary Hopton, Director of Finance, of the Municipality of Fairfield, State of Ohio, do hereby certify that the following statement concerning the finances of said municipality are true and correct as they appear from the records in my office:

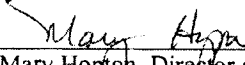
1. ASSESSED VALUATION of the taxable property of the municipality, as shown on the tax duplicate for the year **2015:** **\$ 941,609,980**
2. Total of all bonds and notes or other evidence of indebtedness and outstanding, INCLUDING THE PRESENT \$0.00 in bond anticipation notes **\$ 19,573,990**
3. Exempt Debt:  
Self-supporting securities issued for any purpose including, without limitations, any of the following general purposes:
  - a. Water systems or facilities: **\$ 590,000**
  - b. Sanitary sewer systems or facilities **2,517,447**
  - j. Recreational sports facilities **810,000**

Special assessment bonds or notes issued in  
Anticipation of levy or collection of special  
Assessments, either in original or refunded  
form **132,028**

**TOTAL EXEMPT DEBT **\$ 4,049,475****
4. Total bonds and notes subject to 10 ½% limitation **\$ 17,805,000**  
Amount in bond retirement fund applicable to the payment of principal 2,130,000  
Net amount subject to 10 ½% limitation **\$ 15,675,000**
5. Bonds and notes included in item 4 about but not issued  
WITHOUT AUTHORITY OF AN ELECTION **\$ 17,805,000**  
Amount in bond retirement fund applicable to the payment of principal 2,130,000  
Net amount subject to 5 ½% limitations **\$ 15,675,000**
6. Bonds and notes included in items 4 and 5 above issues during  
PRESENT CALENDAR YEAR WITHOUT AUTHORITY OF AN ELECTION **\$ 2,130,000**

I FURTHER CERTIFY that the income from waterworks, sewer and recreational systems for which bonds were issued as included in item 3 above is sufficient to cover all operating expenses of such facilities and interest charges on such bonds and to provide a sufficient amount for retirement or sinking fund to retire \$3,121,672 principal amount of such bonds as they become due.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 1st day of August, 2016.

  
\_\_\_\_\_  
Mary Hopton, Director of Finance

**APPENDIX D**

**TEN MILL CERTIFICATE**

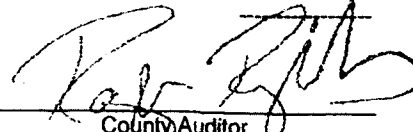
# TEN -MILL CERTIFICATE

## FOR POLITICAL SUBDIVISIONS ISSUING UNVOTED GENERAL OBLIGATION BONDS & NOTES

The undersigned, COUNTY AUDITOR OF Butler County, Ohio, hereby certifies in connection with a proposed issue of Bonds, Notes of Fairfield City in the principal amount of \$0 dated, that the tax rates required to produce an amount to pay the highest annual aggregate debt charges for the proposed issue and all other general obligation securities of the Issuer and the subdivision and the subdivisions overlapping it, which are payable from taxes subject to the 10 mill limitation of Article XII, Section 2, Ohio Constitution and applicable Revised Code provisions, based upon the facts hereinafter set forth and assuming that all levies were to be made for those debit charges on the general tax list and duplicate are as follows:

Overlapping Subdivisions	Assessed Valuation	Bonds and Notes Outstanding	Present Principal Amount	Debt Charges for fiscal year in which they will total the highest, to-wit, 2017 For Principal For Interest		Required Tax Rate for Two Previous Columns
Butler County	7,451,279,840	(a) Special Assessment bonds & notes in original or refunded form:	\$6,677,850	\$973,230	\$253,880	0.1647 MILLS
		(b) All other bonds & notes payable from or secured by taxes inside 10 mill limitation:	\$90,765,900	\$9,398,140	\$3,011,397	1.6654 MILLS
Fairfield City	951,401,160	(a) Special Assessment bonds & notes in original or refunded form:				0.0000 MILLS
		(b) All other bonds & notes payable from or secured by taxes inside 10 mill limitation:	\$18,395,000	\$1,832,500	\$706,771	2.6690 MILLS
Lakota School District	2,617,912,220	Bonds & notes payable from taxes inside 10 mill limitation:	\$32,415,000	\$2,410,000	\$1,207,252	1.3817 MILLS
Butler Technology School JVS	8,132,319,100	Bonds & notes payable from taxes inside 10 mill limitation:	\$9,195,000	\$385,000	\$298,399	0.0840 MILLS
		Proposed issue	\$0	\$0	\$0	0.0000 MILLS
TOTAL						5.9649 MILLS

Dated this 5th day of July

  
County Auditor

## **APPENDIX E**

### **RATES OF TAXATION IN BUTLER COUNTY, OHIO**



RATES OF TAXATION IN BUTLER COUNTY, OHIO  
TAX YEAR 2015

TAX DISTRICT	COUNTY	SCHOOL	JVS	TOWNSHIP	MUNICIPAL	PARK	LIBRARY	TOTAL GROSS	TOTAL EFFECTIVE RATE CLASS I	TOTAL COMPOSITE RATE CLASS I	TOTAL EFFECTIVE RATE CLASS II	TOTAL COMPOSITE RATE CLASS II
FAIRFIELD TOWNSHIP												
A02 FAIRFIELD TWP FFCD CSD	9.72	64.50	1.93	11.09	0.00	0.5	0.75	88.49	61.289493	0.307385	66.427163	0.249326
A03 FAIRFIELD TWP FFCD CSD	9.72	64.50	1.93	16.09	0.00	0.5	0.75	93.49	66.287398	0.290968	71.427163	0.235991
A05 FAIRFLD TWP NW SD	9.72	58.87	1.93	11.09	0.00	0.5	0.00	82.11	58.210714	0.291064	64.041658	0.220050
A06 FAIRFLD TWP ROSS SD	9.72	49.73	1.93	11.09	0.00	0.5	0.75	73.72	47.365078	0.357500	50.366213	0.316790
FAIRFIELD CORPORATION												
A07 FAIRFIELD CORP FRFLD CSD	9.72	64.50	1.93	0.00	5.94	0.5	0.75	83.34	56.844431	0.317921	62.363681	0.251696
A09 FAIRFIELD CORP NW SD	9.72	58.87	1.93	0.00	5.94	0.5	0.00	76.96	53.765652	0.301382	59.978176	0.220658
HANOVER TOWNSHIP												
B10 HANOVER TWP TAL CSD	9.72	55.30	1.93	4.47	0.00	0.5	0.75	72.67	44.555478	0.386879	48.321219	0.335060
B11 HANOVER TWP TAL CL	9.72	55.30	1.93	4.47	0.00	0.5	0.75	72.67	44.555478	0.386879	48.321219	0.335060
B12 HANOVER TWP HAM CSD	9.72	54.81	0.00	4.47	0.00	0.5	0.75	70.25	53.621357	0.236707	60.843463	0.133901
B13 HANOVER TWP ROSS SD	9.72	49.73	1.93	4.47	0.00	0.5	0.75	67.10	41.948244	0.374840	44.981419	0.329636
B14 HANOVER TWP EDGE SD	9.72	46.66	1.93	4.47	0.00	0.5	0.75	64.03	49.541079	0.226283	57.140833	0.107593
B15 HANOVER ROSS MILLVI	9.72	49.73	1.93	0.42	5.30	0.5	0.75	68.35	43.263878	0.367024	46.231419	0.323608
LEMON TOWNSHIP												
C17 LEMON TWP MIDDLE CSD	9.72	54.54	1.93	6.72	0.00	0.5	0.75	74.16	73.561208	0.008074	73.974946	0.002495
C18 MONROE CORP LSD	9.72	48.12	1.93	0.60	9.32	0.5	0.75	70.94	65.855262	0.071677	70.622466	0.004476
C19 LEMON TWP MONROE LSD	9.72	48.12	1.93	6.72	0.00	0.5	0.75	67.74	65.741214	0.029507	67.554946	0.002732
LIBERTY TOWNSHIP												
D20 LIBERTY LAKOTA LSD	9.72	70.14	1.93	11.59	0.00	0.5	0.75	94.63	64.912838	0.314035	72.677350	0.231984
D70 LIBERTY MONROE LAKOTA SD	9.72	70.14	1.93	0.59	8.00	0.5	0.75	91.63	60.127764	0.343798	70.277218	0.233033
MADISON TOWNSHIP												
E22 MADISON TWP LSD	9.72	40.64	1.93	5.26	0.00	0.5	0.75	58.80	56.162718	0.044852	58.280585	0.008834
E23 MADISON TWP EDGEWOOD	9.72	46.66	1.93	5.26	0.00	0.5	0.75	64.82	49.785428	0.231943	57.588605	0.111561
MILFORD TOWNSHIP												
F26 MILFORD TWP TAL CSD	9.72	55.30	1.93	7.74	0.00	0.5	0.75	75.94	46.309363	0.390185	50.670530	0.332756
F27 MILFORD TWP TAL CL	9.72	55.30	1.93	7.74	0.00	0.5	0.75	75.94	46.309363	0.390185	50.670530	0.332756
F28 MILFORD TWP EDGEWOOD	9.72	46.66	1.93	7.74	0.00	0.5	0.75	67.30	51.294964	0.237816	59.490144	0.116045
F29 MILFORD TAL SOMER	9.72	55.30	1.93	0.80	7.09	0.5	0.75	76.09	48.033700	0.368725	51.411075	0.324339
MORGAN TOWNSHIP												
G32 MORGAN TWP ROSS LSD	9.72	49.73	1.93	7.97	0.00	0.5	0.75	70.60	45.386380	0.357133	48.481419	0.313294
G33 MORGAN TWP S W LSD	9.72	44.18	2.70	7.97	0.00	0.5	0.00	65.07	43.460841	0.332091	47.386832	0.271756
OXFORD TOWNSHIP												
H35 OXFORD TAL CL	9.72	55.30	1.93	13.59	0.00	0.5	0.75	81.79	49.181408	0.398687	51.697211	0.367927
H36 OXFORD TAL DL	9.72	55.30	1.93	13.59	0.00	0.5	0.75	81.79	49.181408	0.398687	51.697211	0.367927
H37 OXFORD CC CL	9.72	32.10	0.00	13.59	0.00	0.5	0.00	55.91	43.538678	0.221272	45.382647	0.188291
H38 OXFORD CC CORP DL	9.72	32.10	0.00	0.24	21.40	0.5	0.00	63.96	47.229816	0.261573	51.310926	0.197765
H39 OXFORD CC CORP CL	9.72	32.10	0.00	0.24	21.40	0.5	0.00	63.96	47.229816	0.261573	51.310926	0.197765
OXFORD CORPORATION												
H40 OXFORD CORP TAL CSD	9.72	55.30	1.93	0.24	3.65	0.5	0.75	72.09	44.041472	0.389077	47.741219	0.337755
H41 OXFORD CORP TAL DL	9.72	55.30	1.93	0.24	3.65	0.5	0.75	72.09	44.041472	0.389077	47.741219	0.337755
REILY TOWNSHIP												
J43 REILY TWP TAL CSD	9.72	55.30	1.93	6.64	0.00	0.5	0.75	74.84	46.624971	0.377005	50.491219	0.325344
ROSS TOWNSHIP												
K46 ROSS TWP ROSS LSD	9.72	49.73	1.93	11.22	0.00	0.5	0.75	73.85	48.352301	0.345263	51.583516	0.301510
K47 ROSS MILLVILLE ROSS	9.72	49.73	1.93	0.92	4.80	0.5	0.75	68.35	43.263878	0.367024	46.231419	0.323608
ST CLAIR TOWNSHIP												
L49 ST CLAIR NEW MIAMI	9.72	28.44	1.93	7.97	0.00	0.5	0.75	49.31	46.447061	0.058060	46.018277	0.066756
L50 ST CLAIR ROSS SD	9.72	49.73	1.93	7.97	0.00	0.5	0.75	70.60	45.287977	0.358527	48.481419	0.313294
L52 ST CLAIR EDGEWOOD	9.72	46.66	1.93	7.97	0.00	0.5	0.75	67.53	52.880812	0.216929	60.640833	0.102016
L53 ST CLAIR NM CORP NM	9.72	28.44	1.93	4.51	9.30	0.5	0.75	55.15	51.845391	0.059920	51.404212	0.067920
L54 ST CLAIR 7 MILE EDG	9.72	46.66	1.93	0.51	5.73	0.5	0.75	65.80	51.374409	0.219234	58.902966	0.104818
WEST CHESTER TOWNSHIP												
M55 FAIRFIELD C LAKOTA	9.72	70.14	1.93	0.00	5.94	0.5	0.75	88.98	59.999494	0.325697	67.611010	0.240155
M56 WST CHSTR LAKOTA LSD	9.72	70.14	1.93	14.59	0.00	0.5	0.75	97.63	69.091477	0.292313	76.138479	0.220132
M57 WST CHSTR MASON LSD	9.72	83.11	2.70	14.59	0.00	0.5	0.00	110.62	69.482642	0.371880	73.805789	0.332799
M58 W CHSTR PRINCETON SD	9.72	62.58	2.70	14.59	0.00	0.5	0.00	90.09	65.273044	0.275468	75.930599	0.157170
M75 SHARONVILLE PRINCE	9.72	62.58	2.70	0.00	0.00	0.5	0.00	75.50	50.805283	0.327082	61.611818	0.183949
WAYNE TOWNSHIP												
N59 WAYNE EDGEWOOD FD	9.72	46.66	1.93	5.14	0.00	0.5	0.75	64.70	50.273804	0.222971	57.740355	0.107568
N60 WAYNE SHAWNEE FD	9.72	20.50	2.58	5.14	0.00	0.5	0.00	38.44	37.503481	0.024363	38.135559	0.007920
N61 WAYNE EDGEWOOD SD	9.72	46.66	1.93	5.14	0.00	0.5	0.75	64.70	50.273804	0.222971	57.740355	0.107568
N62 WAYNE JACKSON EDGE	9.72	46.66	1.93	0.51	2.00	0.5	0.75	62.07	47.644409	0.232408	55.172966	0.111117
N63 WAYNE 7 MILE EDGE	9.72	46.66	1.93	0.51	5.73	0.5	0.75	65.80	51.374409	0.219234	58.902966	0.104818
HAMILTON CORPORATION												
P64 HAMILTON C HAM CSD	9.72	54.81	0.00	0.00	6.81	0.5	0.75	72.59	55.914631	0.229720	63.183463	0.129584
P65 HAMILTON C EDGEWOOD	9.72	46.66	1.93	0.00	6.24	0.5	0.75	65.80	51.264353	0.220906	58.910833	0.104699
P66 HAMILTON C TAL CSD	9.72	55.30	1.93	0.00	6.81	0.5	0.75	75.01	46.848752	0.375433	50.661219	0.324607
P67 HAMILTON C ROSS LSD	9.72	49.73	1.93	0.00	5.72	0.5	0.75	68.35	43.151518	0.368668	46.231419	0.323608
P69 HAMILTON C NEW MIAMI	9.72	28.44	1.93	0.00	5.81	0.5	0.75	47.15	44.400602	0.058312	43.858277	0.069814
MIDDLETOWN CORPORATION												
Q65 MIDDLETOWN C CSD	9.72	54.54	1.93	0.00	6.90	0.5	0.75	74.34	73.741208	0.008055	74.153704	0.002506
TRENTON CORPORATION												
R80 TRENTON C EDGEWOOD D	9.72	46.66	1.93	0.00	7.74	0.5	0.75	67.30	52.874409	0.214348	60.402966	0.102482
R85 TRENTON C MADISON SD	9.72	40.64	1.93	0.00	5.76	0.5	0.75	59.30	57.271699	0.034204	59.114946	0.003121