

CITY OF FAIRFIELD, OHIO

2017

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 2016 (where possible, 2017 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, 2017.

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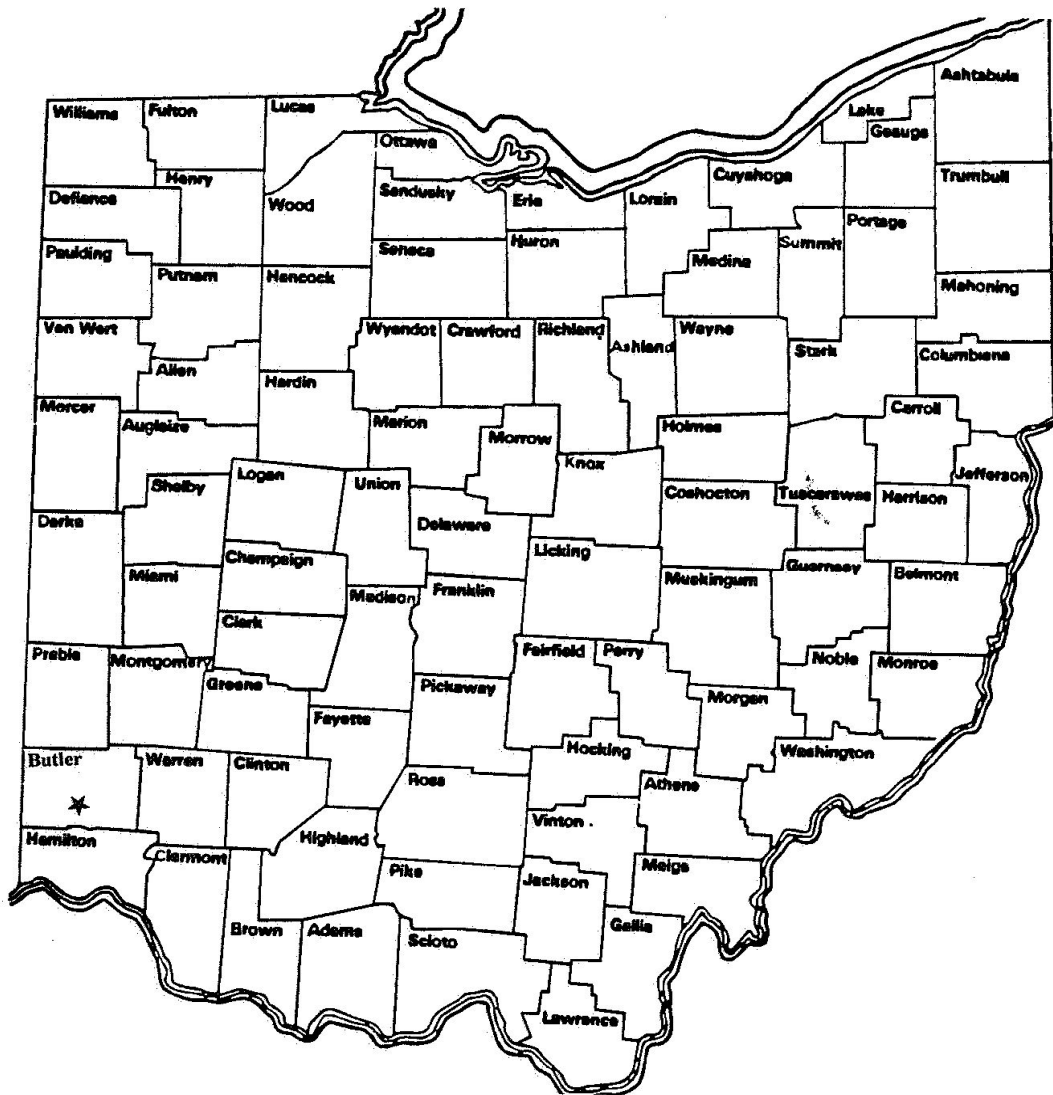
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CITY OF FAIRFIELD, OHIO



INTRODUCTORY STATEMENT

The Annual Information Statement of the City of Fairfield, Ohio (the “Annual Statement”), including the Appendices hereto, has been prepared by the City of Fairfield (the “City”) to provide, as of its date, financial and other information relating to the City. The City intends that this Annual Statement be used 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.

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	Greg Kathman

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 41 full-time employees and its 2016 annual payroll was \$1,595,309 for the Water Division and \$1,751,172 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 5.2 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 2016, the average daily demand at the wastewater treatment plant was 4.8 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 2016, 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 \$12,700,877 accounted for the largest share of the City's general fund expenditures in 2016 at approximately 44% 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, 2016, the City of Fairfield employed approximately 261 full-time and 308 part-time and seasonal employees in various job classifications. Its 2016 annual payroll was \$28,897,099.

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	4/1/17	3/31/18
AFL-CIO Local 20	Wastewater	22	3/1/17	2/28/18
FOP Lodge 166	Police	57	4/1/14	3/31/17*
AFSCME	Water, Street, Park, Clerical	90	4/1/17	3/31/18

* Currently in mediation

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.

Atrium Medical Center is located on a 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 2015 population of the City was 42,767 people. Statistics from the last four U.S. Censuses and the 2015 American Community Survey of population are indicated below.

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015</u>
City of Fairfield	30,777	39,729	42,097	42,510	42,767
Butler County	258,787	289,199	332,807	368,130	376,353
Cincinnati MSA	1,401,491	1,452,656	1,634,600	2,114,580	2,217,828

Source: U.S. Bureau of the Census, 2015 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 projects. 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 City currently has 13 active Community Reinvestment Area Programs and 1 active Enterprise Zone Program.

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 completed 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 and brought another production line in service in 2016. Koch Foods, one of the largest integrated poultry processing centers in the country, invested over \$42 million in its current location on Port Union Road in Fairfield. 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 will rebate of a portion of the company's sewer fees. The State of Ohio also assisted with a job creation tax credit.

Services. Veritiv Corporation is a business-to-business supplier that provides printing, publishing, packaging, and facility solutions for its customers. Recently named #331 on the 2017 Fortune 500 list, the company relocated a major customer service center to Fairfield. The company leased nearly 80,000 square feet of office space in the Gilmore Pointe office building and invested more than \$2 million to renovate the space. In late 2016, Veritiv relocated more than 400 highly-paid corporate office positions to Fairfield.

Other. Northpointe Development is constructing a new \$30 million industrial/logistics park near the intersection of Union Centre Boulevard and Seward Road in Fairfield. Construction began in 2017 no tenants have been announced as of yet.

Duke Realty constructed a new 446,500 square foot industrial warehouse facility on Union Centre Boulevard in Fairfield. The \$10 million investment was completed in 2016. CompuCom Systems, Inc., a Dallas-based information technology company currently occupies more than half of the new space. The remaining square footage is being actively marketed for additional tenants.

Residential. The City is also home to several residential single-family subdivisions with recently completed homes and lots available for construction as well as a new senior living facility.

The Bluffs at Harbin is a secluded hilltop in the City offering great views and adjacent access to Harbin Park, the City's largest park. The Bluffs a 22-lot subdivision with pastoral land is over seventy-five percent built and will preserve 15 acres of land as open space.

Located near Mercy Hospital Fairfield off of Mack Road are two subdivisions; Fairview Hills and Lunsford Estates. Fairview Hills is a subdivision of 26 lots on the north side of Mack Road with only two remaining lots available for construction. Lunsford Estates is a subdivision of 14 lots located on the south side of Mack Road with 5 remaining lots available for construction. Both subdivisions are located close to Interstate 275 and retail shopping areas.

Emerald Lake, a 150-lot subdivision within walking distance to the Town Center and Harbin Park, is nestled on a former working farm off of Pleasant Avenue. With over sixty percent of the construction complete, there are still many lots available, including some in a section called The Reserves, which is earmarked for custom-built homes.

The Olde Winton subdivision located off of Winton Road has 39 small lots, rear-alley access, and white picket fences, giving it a neo-traditional feel. This subdivision offers detached houses or ranch-style duplexes. This subdivision has approximately one-third of the lots available for construction.

Palomino Estates is a small, 9 lot subdivision located in the far western portion of the City, off of Shady Lane in a rural-like setting. These lots are within walking distance of Joyce Park and the Great Miami River Recreation Trail.

Construction began in 2016 on a 199 unit apartment complex for individuals over age 55 called Fairfield Village Senior Apartments located off of Patterson Drive. These apartments are designed for independent living and will provide residents with many amenities including a parking garage. Construction is expected to be completed in late fall of 2017.

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 56 cities. Delta Airlines has established the Cincinnati/Northern Kentucky International Airport as a major regional hub for its network. Southwest Airlines will begin service in June 2017.

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.

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, and 17 full-time fire fighters/paramedics with support from

59 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 2016-2017, the total enrollment was approximately 10,022 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 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>
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
2016	3.9	4.4	4.4	4.9	4.9

Source: Ohio Department of Job & Family Services.

Largest Employers in Fairfield

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
1. Cincinnati Financial Corporation	Insurance	3,740
2. Mercy Hospital Fairfield	Hospital	2,113
3. Koch Foods	Food Manufacturing	1,526
4. Fairfield City School District	Education	1,484
5. Liberty Mutual	Insurance	1,255
6. Jungle Jim's Market	Grocery	776
7. Pacific Industries	Manufacturing	716
8. Express Scripts	Prescription Management	587
9. City of Fairfield	Government	582
10. Takumi Stamping Inc.	Manufacturing	571

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

Largest Employers in Cincinnati Metropolitan Area

	<u>Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
1.	Kroger Company	Consumer Goods Distribution	21,646
2.	University of Cincinnati	Education	16,016
3.	Cincinnati Children's Hospital	Health Care	14,944
4.	TriHealth Inc.	Health Care	11,800
5.	The Procter & Gamble Company	Consumer Goods Distribution	11,000
6.	UC Health	Health Care	10,000
7.	GE Aviation	Aircraft Engines	7,800
8.	Mercy Health Partners	Health Care	7,500
9.	St. Elizabeth Healthcare	Health Care	7,479
10.	Fifth Third Bancorp	Financial Institution	6,882
11.	The City of Cincinnati	Government	6,530
12.	Christ Hospital Health Network	Health Care	5,300

Source: Cincinnati USA Regional Chamber of Commerce, 2016 Business Courier Book of Lists.

Nonagricultural Employment and Average Weekly Earnings

2016 Cincinnati Primary
Metropolitan Statistical Area
(Includes the County)

<u>Industry</u>	<u>Employment</u> [*]	<u>Average Weekly Earnings</u> ^{**}
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 2015 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	\$56,370	\$57,540	\$49,429	\$53,889
Per Capita Income	28,323	27,490	26,953	28,930
Median Home Value	144,700	157,200	129,900	178,600

Source: U.S. Census Bureau, 2015 American Community Survey.

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>
2012	16	7	\$6,400,000
2013	11	6	7,100,000
2014	9	2	1,655,000
2015	11	6	12,982,742
2016	18	12*	82,892,252*

*Note: 3 of the 12 non-residential buildings were new schools valued at \$64,000,000.

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 12, 2016, the City adopted a final budget for 2017, 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, 2016.

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, 2016. Appendix B presents a summary of the City's 2017 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 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 2016 totaled \$282,804.

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.

<u>Tax</u> <u>Duplicate</u> <u>Year</u>	<u>Collection</u> <u>Year</u>	<u>Real Estate</u>	<u>Public Utility</u> <u>Personal Property</u>	<u>Total</u>	<u>%</u> <u>Change</u>
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)
2016	2017	903,261,470	41,633,890	944,895,360	0.35

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 2016 (collection year 2017) assessed valuation of \$944,895,360 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	\$565,229,990	59.82%
Agricultural	2,677,380	0.28
Commercial	234,583,230	24.83
Industrial	100,698,430	10.66
Public Utility		
Real Property	74,440	0.01
Personal Property	<u>41,633,890</u>	<u>4.40</u>
TOTAL	\$944,895,360	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 2017 (tax year 2016):

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	\$40,152,520	\$3,446,690	4.25%
2. Boymel Family	8,055,750	524,794	.85
3. Cincinnati Financial	7,944,520	516,532	.84
4. Timber Hollow	6,629,210	431,862	.70
5. Sisters of Mercy	5,983,750	389,813	.63
6. Fath Village Park	5,915,680	385,379	.63
7. Camelot East	5,384,850	350,798	.57
8. Ohio Casulty	5,185,720	335,494	.55
9. BWIP Woodstock Glen	5,120,850	333,599	.54
10. Rajole LLC	<u>4,888,790</u>	<u>318,482</u>	<u>.52</u>
TOTAL	\$95,261,640	\$7,033,443	10.08%

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, is being completed during 2017.

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 2016, Collection Year 2017)

	<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	--	7.15	7.15
City Total	<u>1.29</u>	<u>7.15</u>	<u>8.44</u>
Board of Education *			
General Fund	6.79	52.21	59.00
Permanent Improvement	--	0.50	0.50
Bond Retirement	--	4.80	4.80
Joint Vocational School**	--	1.93	1.93
Board Total	<u>6.79</u>	<u>59.44</u>	<u>66.23</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>
TOTAL TAX RATES	10.00	75.84	85.84

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>	<u>Park</u>	<u>Library</u>	<u>Total</u>
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
2016	2017	8.44	9.72	64.30	1.93	0.70	0.75	85.84

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."* 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

* *Ohio Grocers Association v. Levin*, 123 Ohio St.3d 303 (2009).

related to motor vehicle fuel.* In 2013, the Ohio General Assembly remedied the situation by creating a separate fund into which such tax proceeds are deposited, separate from other 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

* *Beaver Excavating Co. v. Testa*, 134 Ohio St.3d 565 (2012).

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

.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>
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
2016	5,222,810	5,162,111	98.80	N/A	102,848

Source: Butler County Auditor.

Special Assessments

Collection Year	Current <u>Billed</u>	Total <u>Collected*</u>	<u>%</u>
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
2016	461,192	452,980	98.20

* Includes delinquent assessments.

Source: Butler County Auditor.

Service Payments in Lieu of Taxes (TIF)

Collection Year	Current <u>Billed</u>	Current <u>Collected</u>
2012	\$0	\$2,553
2013	11,250	3,927
2014	9,128	799
2015	160,592	30,768
2016	157,638	31,180

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 2016 was \$464,910. 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.

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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 2016, the total amount collected from these sources amounted to \$1,251,579.

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>
2012	1.5%	\$24,568,033
2013	1.5	25,473,460
2014	1.5	26,532,187
2015	1.5	27,461,579
2016	1.5	29,119,482

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 terms of the Fairfield JEDD agreement are currently being renegotiated. As of December 31, 2016, 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 2016 was \$208,260,615, with total collected taxes of \$2,173,874. 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%. The following table shows the revenues to the City:

West Chester Township JEDD

<u>Year</u>	<u>JEDD Revenues</u>
2012	\$139,145
2013	153,630
2014	177,942
2015	591,518
2016	201,607

These revenues are deposited into the City’s General Fund and expenditures are set forth in the City’s annual budget appropriations.

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>
2012	\$798,363
2013	606,350
2014	592,786
2015	648,390
2016	633,463

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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>
2012	\$11,615,323
2013	14,838,917
2014	14,828,533
2015	13,500,825
2016	14,298,164

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.

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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.

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 \$99,214,012 and the City’s net debt subject to such limitation presently outstanding is \$15,675,000 leaving a balance of approximately \$83,539,012 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 38 & 39 herein.

The total unvoted City general obligation debt that could be issued subject to the 5½% unvoted direct debt limitation is \$51,969,244. The net City debt subject to such limitation presently outstanding, is \$15,675,000, leaving a balance of approximately \$36,294,244 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 April 12, 2017, 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 6.0838 mills to be levied (2.7809 mills of which are attributable to the City), if the debt is not paid from other revenues, leaving 3.9162 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 11, 2017*

Net Debt of City	\$20,975,000
Per Capita City Debt	\$491
City Debt as a percentage of Tax Valuation	2.20%
Net Overlapping Debt (all political subdivisions)	\$81,310,877
Per Capita Overlapping Debt	\$1,905
Overlapping Debt as a percentage of Tax Valuation	8.52%

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, 2017, 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.

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, 2017

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	\$930,000
10/30/09	Various Purpose-'09B	6,065,000	2.00-5.00	J1 - D1	12/1/29	4,415,000
6/29/10	Road Improvements	9,125,000	2.00-6.09	J1 - D1	12/1/30	6,830,000
5/9/12	Various Purpose Ref.	<u>7,930,000</u>	2.00-3.00	J1 - D1	12/1/23	<u>3,800,000</u>
		\$35,850,000				\$15,975,000

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	\$18,808
12/15/15	Sidewalk*	<u>63,680</u>	2.00	J1 - D1	06/01/20	<u>38,208</u>
		\$156,923				\$57,016

* 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.

Bond Anticipation Notes

Original Date of <u>Issue</u>	Date of <u>Issue</u>	<u>Purpose</u>	Original Amount of <u>Issue</u>	Interest <u>Rate</u>	Maturity <u>Date</u>	Amount <u>Outstanding</u>
5/3/17	5/3/17	Various Purpose	\$5,000,000	1.50%	5/2/2018	\$5,000,000

OWDA Loans

Date of <u>Issue</u>	<u>Purpose</u>	Original Amount of <u>Issue</u>	Interest <u>Rate</u>	Maturity <u>Date</u>	Amount <u>Outstanding</u>
1/1/98	OWDA Loan 4	\$2,566,849	4.12%	7/1/18	\$182,417
1/1/99	OWDA Loan 5	<u>1,240,207</u>	3.79	7/1/19	<u>167,692</u>
		\$3,807,056			\$350,109

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, 2017
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>
12/31/17	\$150,000.00	\$1,820,000.00	\$0.00	\$0.00	\$1,970,000.00	90.79%
12/31/18	160,000.00	1,565,000.00	24,300.42	264,689.17	2,013,989.59	81.37
12/31/19	165,000.00	1,275,000.00	19,979.65	85,419.83	1,545,399.48	74.14
12/31/20	175,000.00	1,320,000.00	12,736.00	0.00	1,507,736.00	67.09
12/31/21	185,000.00	1,360,000.00	0.00	0.00	1,545,000.00	59.86
12/31/22	195,000.00	1,260,000.00	0.00	0.00	1,455,000.00	53.06
12/31/23	200,000.00	1,295,000.00	0.00	0.00	1,495,000.00	46.07
12/31/24	215,000.00	835,000.00	0.00	0.00	1,050,000.00	41.16
12/31/25	220,000.00	860,000.00	0.00	0.00	1,080,000.00	36.10
12/31/26	235,000.00	900,000.00	0.00	0.00	1,135,000.00	30.80
12/31/27	250,000.00	930,000.00	0.00	0.00	1,180,000.00	25.28
12/31/28	255,000.00	965,000.00	0.00	0.00	1,220,000.00	19.57
12/31/29	275,000.00	995,000.00	0.00	0.00	1,270,000.00	13.63
12/31/30	285,000.00	595,000.00	0.00	0.00	880,000.00	9.52
12/31/31	300,000.00	0.00	0.00	0.00	300,000.00	8.11
12/31/32	310,000.00	0.00	0.00	0.00	310,000.00	6.66
12/31/33	330,000.00	0.00	0.00	0.00	330,000.00	5.12
12/31/34	350,000.00	0.00	0.00	0.00	350,000.00	3.48
12/31/35	365,000.00	0.00	0.00	0.00	365,000.00	1.78
12/31/36	<u>380,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>380,000.00</u>	0.00
TOTALS	\$5,000,000.00	\$15,975,000.00	\$57,016.07	\$350,109.00	\$21,382,125.07	

* DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED AUGUST 1, 2017, FIRST INTEREST DECEMBER 1, 2017, FIRST MATURITY DECEMBER 1, 2017, LAST MATURITY DECEMBER 1, 2036, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON.

Debt Table C-2
SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS
AUGUST 1, 2017
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>
12/31/17	\$275,000.00	\$2,172,135.38	\$0.00	\$0.00	\$2,447,135.38	91.55%
12/31/18	402,500.00	2,199,726.76	25,628.82	275,928.32	2,903,783.90	81.52
12/31/19	399,500.00	1,853,066.26	20,706.40	87,855.49	2,361,128.15	73.37
12/31/20	401,250.00	1,847,246.26	12,990.72	0.00	2,261,486.98	65.56
12/31/21	402,500.00	1,837,512.26	0.00	0.00	2,240,012.26	57.82
12/31/22	403,250.00	1,683,757.26	0.00	0.00	2,087,007.26	50.61
12/31/23	398,500.00	1,667,633.26	0.00	0.00	2,066,133.26	43.48
12/31/24	403,500.00	1,154,863.26	0.00	0.00	1,558,363.26	38.10
12/31/25	397,750.00	1,138,644.26	0.00	0.00	1,536,394.26	32.79
12/31/26	401,750.00	1,135,824.26	0.00	0.00	1,537,574.26	27.48
12/31/27	405,000.00	1,120,866.26	0.00	0.00	1,525,866.26	22.21
12/31/28	397,500.00	1,106,299.76	0.00	0.00	1,503,799.76	17.02
12/31/29	404,750.00	1,084,648.50	0.00	0.00	1,489,398.50	11.87
12/31/30	401,000.00	631,235.50	0.00	0.00	1,032,235.50	8.31
12/31/31	401,750.00	0.00	0.00	0.00	401,750.00	6.92
12/31/32	396,750.00	0.00	0.00	0.00	396,750.00	5.55
12/31/33	401,250.00	0.00	0.00	0.00	401,250.00	4.16
12/31/34	404,750.00	0.00	0.00	0.00	404,750.00	2.77
12/31/35	402,250.00	0.00	0.00	0.00	402,250.00	1.38
12/31/36	<u>399,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>399,000.00</u>	0.00
TOTALS	\$7,899,500.00	\$20,633,459.24	\$59,325.94	\$363,783.81	\$28,956,068.99	

* DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED AUGUST 1, 2017, FIRST INTEREST DECEMBER 1, 2017, FIRST MATURITY DECEMBER 1, 2017, LAST MATURITY DECEMBER 1, 2036, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON.

Future Financing

The City intends to refinance the outstanding bond anticipation notes listed above upon maturity. The City may refund the 2009 General Obligation Bonds in the third quarter of 2017 if market conditions are advantageous to achieve interest cost savings. The City of not currently planning any new money debt issued.

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>
2012	14.00%	\$1,703,237
2013	14.00	1,721,572
2014	14.00	1,821,634
2015	14.00	1,828,837
2016	14.00	1,856,993

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 2016 payroll for employees under OPERS was \$13,264,236. The City's current-year covered payroll for employees under OP&F was \$5,235,800 for Police and \$2,488,771 for Fire. The City's total payroll for the year ended December 31, 2016 was \$22,996,570. The City's annual pension contribution, which totaled \$3,475,279 for 2016 is treated as a current expense and is included in its operating expenditure.

OP&F provides coverage for approximately 85 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>
2012	\$1,461,273
2013	1,673,396
2014	1,533,650
2015	1,573,492
2016	1,618,286

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 Dinsmore & Shohl LLP, as Bond Counsel in connection with the issuance of the bonds and notes of the City.

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, 2017

APPENDIX A
2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT

[SEE ATTACHED]

For audited financial statements of the City relating to prior fiscal years, please visit www.ohioauditor.gov.

City of Fairfield, Ohio

Comprehensive Annual Financial Report



For the Year Ended December 31, 2016

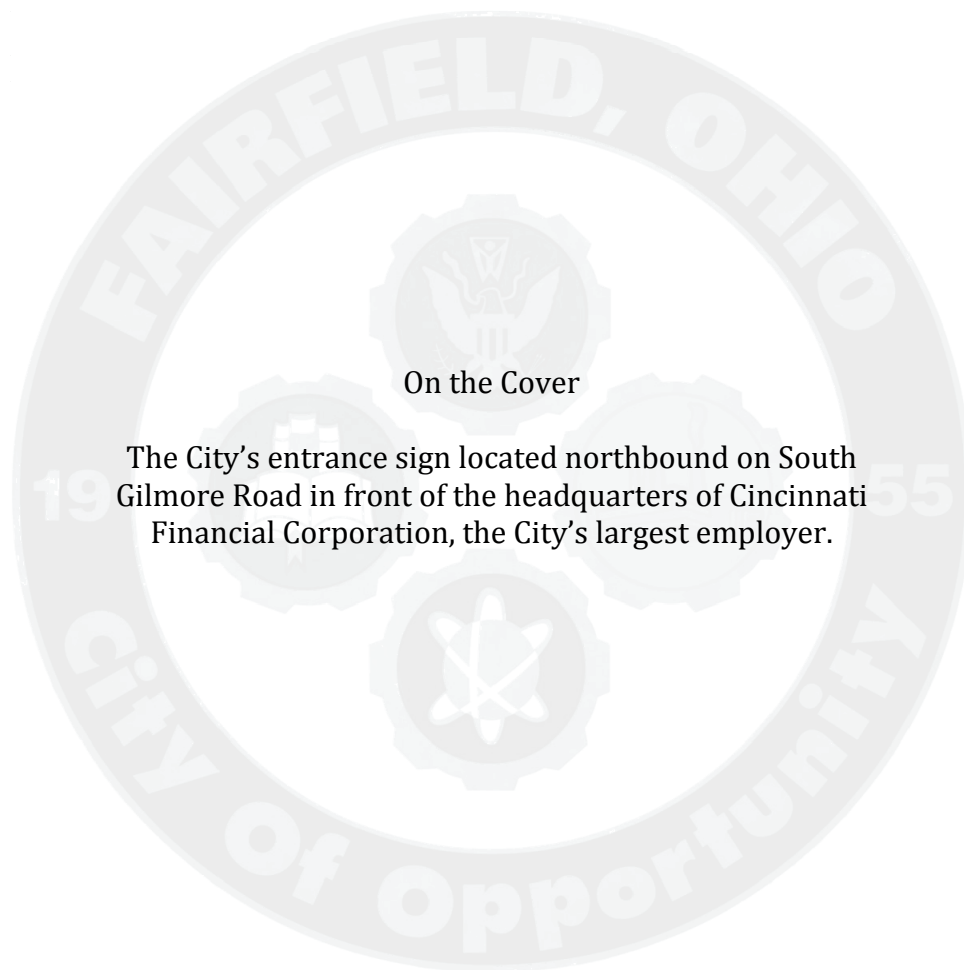
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City of Fairfield, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2016

Prepared By:
Department of Finance
Mary Hopton, Director



On the Cover

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

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Introductory Section

City of Fairfield, Ohio

June 28, 2017

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

The Comprehensive Annual Financial Report of the City of Fairfield, Ohio for the fiscal year ended December 31, 2016 is submitted herewith. The Department of Finance prepared the report. The responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the City of Fairfield, specifically with the Department of Finance. We believe that the enclosed data is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. We further believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

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

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

City Overview

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

Incorporated in 1955, the City operates under a charter and is served by a Council/City Manager form of government. The legislative body of Fairfield consists of a mayor and seven council members who are

responsible for the legislative affairs of the City. Council also makes appointments to various statutory and advisory boards and appoints the City Manager, Law Director and Clerk of Council. As chief executive officer, the City Manager is responsible for enforcement of all laws and ordinances, the efficient delivery of services, and preparation of capital and operating budgets.

The City provides many of the municipal services normally associated with a municipality, including emergency services, street construction and maintenance, engineering, building and planning services, economic development and recreational activities. In addition, water, sanitary sewer, solid waste collection and disposal, and recreation facilities are operated under an Enterprise fund concept with user charges set by City Council or the Park Board to ensure adequate coverage of expenses and payments on outstanding debt.

Economic Conditions and Outlook

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

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

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

Relevant Financial Policies

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

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

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

Major Initiatives

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

- 1) State Route 4 at South Gilmore-Holden Intersection Improvements at a cost of \$1.86 million with \$1.52 million in outside grant funding. Right-of-way was completed in 2015 and construction will begin in 2016. This project is considered critical as this location is currently ranked as the City's most dangerous intersection.
- 2) Water System Improvements for Route 4 estimated to cost of \$3.3 million will be financed with outside debt in 2017. The timing of the replacement of the water line from Nilles Road to By-Pass 4 in 2017 is crucial to the Route 4 Urban Paving project slated to begin in late 2017 into 2018. The Route 4 Urban Paving project is expected to cost \$3.8 million with \$2.1 million in state funding.

Future Projects

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

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

Internal Accounting and Budgetary Controls

We believe that the City's internal control structure adequately safeguarded assets and provided reasonable assurance of proper recording of financial transactions. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. It is further our intention to review these controls in depth on an ongoing basis for continued refinements and improvements.

Budgetary control is maintained at the department level by the use of encumbrances for purchase order amounts to vendors. Open encumbrances are reported as assignments of the fund balance for the governmental fund types at December 31, 2016.

City Income Tax

Under the Ohio Revised Code, Section 718, municipal governments can levy an income tax. Since 1960,

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

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

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

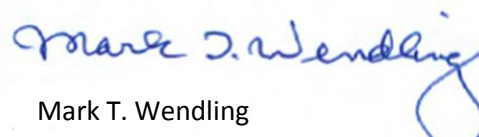
Independent Audit

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

Acknowledgements

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

Respectfully submitted,
CITY OF FAIRFIELD



Mark T. Wendling
City Manager



Mary Hopton
Director of Finance

**CITY OF FAIRFIELD
PUBLIC OFFICIALS**

MAYOR

Steve Miller

COUNCIL MEMBERS

Vice Mayor – Tim Abbott

Chad Oberson
Debbie Pennnington
Mike Synder

Craig Keller
Bob Myron
Bill Woeste

APPOINTED OFFICIALS

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

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

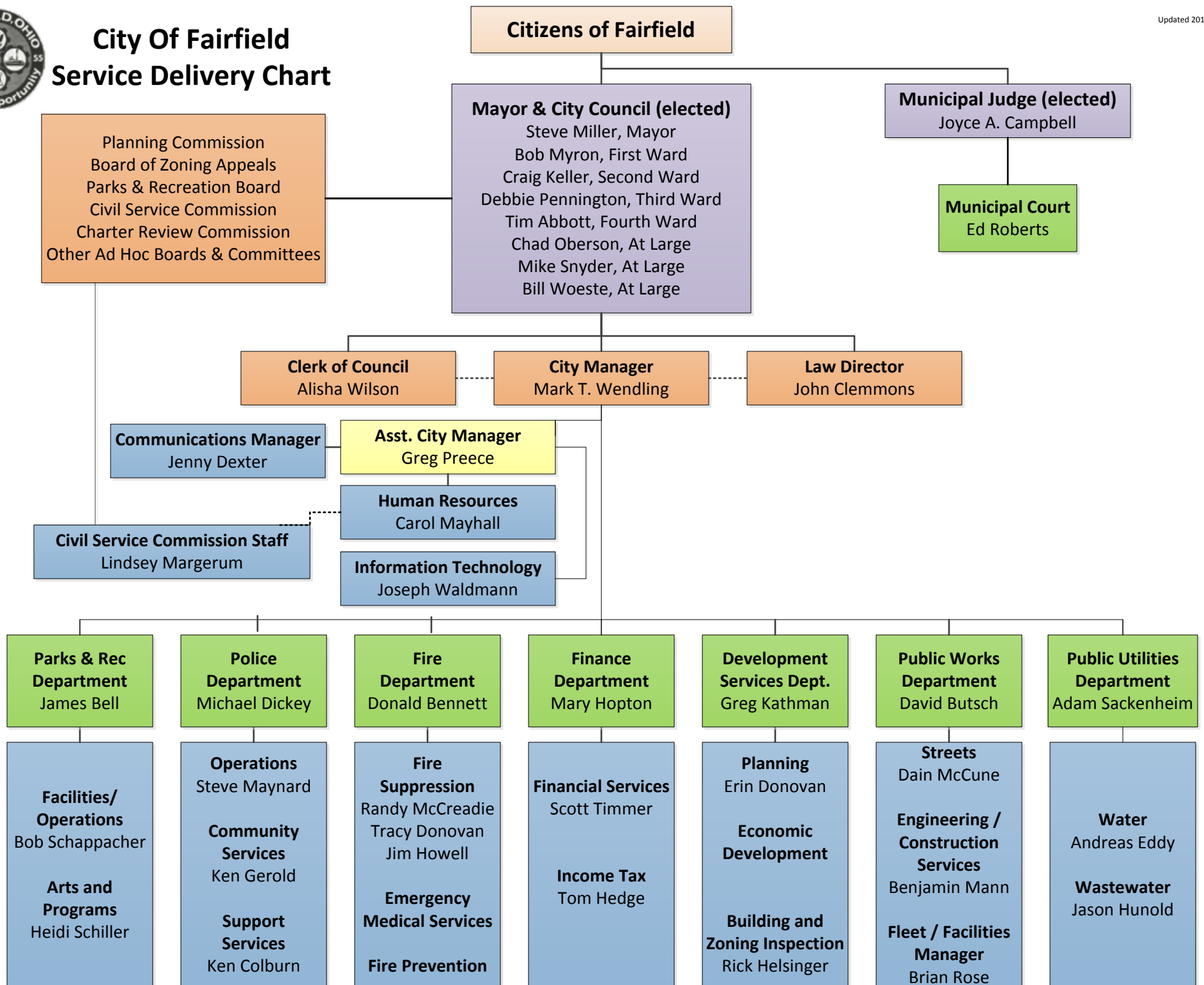
DEPARTMENT OF FINANCE

Mary Hopton, MBA
Scott Timmer
Tom Hedge
Karen Broughton

Finance Director
Financial Services Manager
Income Tax Administrator
Payroll Administrator



City Of Fairfield Service Delivery Chart





Government Finance Officers Association

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

Presented to

**City of Fairfield
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

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Financial Section

City of Fairfield, Ohio

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Plattenburg & Associates, Inc.

Cincinnati, Ohio
June 28, 2017

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

The City of Fairfield's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2016. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the transmittal letter and the City's financial statements.

Financial Highlights

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

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

- **Governmental Activities** - Most of the City's services are reported here including police, fire, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, building permits and interest finance most of these activities.
- **Business-Type Activities** - These services include water, sewer, waste collection utilities and the operation of recreation facilities. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

Fund Financial Statements

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

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

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

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

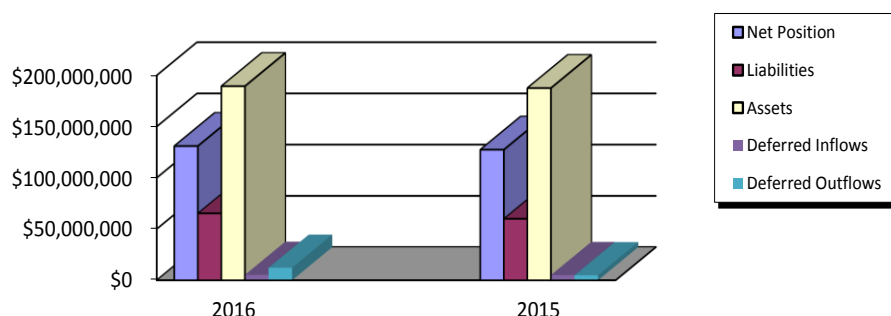
City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2016
(Unaudited)

The City as a Whole

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2016 compared to 2015.

Table 1
Net Position

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



Total net position of the City as a whole increased \$3,570,892. Net position of the City's governmental activities increased \$4,028,186, while the net position of the City's business-type activities decreased \$457,294 from 2015. The largest portion of the City's net position reflect its investment in capital assets, less any related debt to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens of the City. The City had an unrestricted net position balance of that may be used to meet the government's ongoing obligations to citizens and creditors.

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

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

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

Table 2
Changes in Net Position

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

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

Governmental Activities

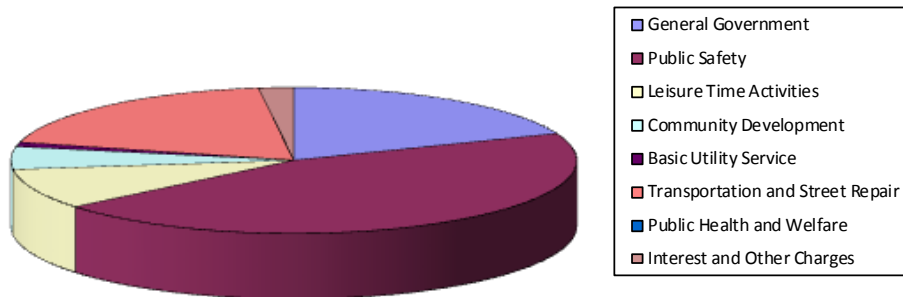
The City had an increase in revenues mainly due to an increase in charges for services revenues and income tax revenues that the City received in 2016. Total expenses increased mainly due to the City's public safety and leisure time (recreation) services, that they provide, increased from 2015.

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

Governmental Activities

Program Expenses for 2016

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



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

Income Tax

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

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

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

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

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

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

Business-Type Activities

The City's business-type activities include Water Utility, Sewer Utility, Solid Waste Management and Recreation Facilities operations. The City's business-type activities had operating loss of (\$642,376) for 2016. The operating revenues for business-type activities were \$15,574,576, while operating expenses were \$16,216,952 for 2016. The decrease in operating loss for 2016 was mainly due to an increase in the City's operating expenses, in 2016 as compared to 2015.

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

For the next nearly twenty years, the City operated the ion exchange plant as its primary source of drinking water. But as the City grew, the supply was not sufficient to keep up with demand. As a result, the City entered into an agreement with the City of Hamilton to purchase supplemental water supplies,

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

with more and more supplemental water required each year. In 1984, the City decided to become self-sufficient again for its water supply and initiated an expansion of the City's water plant. The expansion included construction of a separate wing providing treatment by lime/soda ash softening, as opposed to the existing process involving ion exchange treatment. This initial addition of the lime/soda ash plant consisted of a 4.5 MGD expansion. A second addition to the lime/soda ash plant was completed in 1990. Today, the plant has a combined capacity of 10.5 MGD day. This includes 1.5 MGD for the original ion exchange plant, and 4.5 MGD for each of the two phases of the lime/soda ash plant expansion.

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

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

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

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

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

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

Waste Collection – The City contracts with Rumpke, a private organization, to provide waste removal and recycling services to residential customers in the City of Fairfield. In 2012, Council authorized a

City of Fairfield, Ohio
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For the Fiscal Year Ended December 31, 2016
(Unaudited)

contract renewal for five additional years with Rumpke for Fairfield residents' waste and recycling collection services. Per the City's contract the 2014 rate was \$11.45 per month for curbside service and \$6.50 per month for dumpster service. The rates increased in September, 2014 to \$11.65 per month for curbside service and \$6.65 per month for dumpster service. The full costs of the services are passed-through to the residents. Annual increases are scheduled throughout the contract which will result in the curbside rate to be \$12.25 and the dumpster rate to be \$7.10 at the end of the five year contract.

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

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

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

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

The City's Funds

The City has three major governmental funds: the General Fund, Fire Levy Fund, and Street Improvement Fund. Assets of these funds comprised \$32,218,237 (71%) of the total governmental fund assets.

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

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

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

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

General Fund Budgeting Highlights

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

For the General Fund, the final budgeted expenditures were \$26,753,761 and the final actual expenditures were \$24,193,998. The difference was \$2,559,762. Variations from the final budgeted expenditures to the final actual expenditures are primarily due to the following: the City conservatively budgeted for the general services and the police expenditures for 2016. As the City completed the year, its General Fund balance reported an actual fund balance of \$13,826,264, on a Non-GAAP Budgetary Basis.

Capital Assets and Debt Administration

Capital Assets

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

Table 3
Capital Assets

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

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

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

Debt

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

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

Activities long-term debt

Table 4

Outstanding Debt at Year End

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

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

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

Economic Factors

The City of Fairfield worked through the economic conditions from 2010 through good budgeting and internal controls. The City's main revenue source, income tax, has stabilized primarily due to the employers base in the City. As the economy has stabilized, those employers are either holding employment levels consistent or growing their employment levels which has contributed to the steady increase in withholding tax to the City. During 2016, Veritiv, a company specializing in distribution services, relocated its regional operations to Fairfield bringing an estimated 400 jobs to Fairfield.

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

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

Contacting the City's Finance Department

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

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

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

See accompanying notes to the basic financial statements.

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

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

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

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying notes to the basic financial statements.

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

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

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

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2016

Total Governmental Fund Balance		\$32,549,756
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Amounts reported for governmental activities in the
statement of net position are different because:

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

Capital assets used in the operation of Governmental Funds		87,752,266
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Other long-term assets are not available to pay for current-
period expenditures and, therefore, are deferred in the funds.

Income Taxes	3,775,670	
Delinquent Property Taxes	156,524	
Interest	36,742	
Intergovernmental	1,422,160	
Other Receivables	<u>364,643</u>	
		5,755,739

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

Internal Service Net Position		2,713,994
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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.

(53,703)

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

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

199,254

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

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

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

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

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

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

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

See accompanying notes to the basic financial statements.

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

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

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

Governmental funds report capital asset additions as expenditures.

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

Capital assets used in governmental activities	4,804,221	
Depreciation Expense	<u>(4,808,419)</u>	(4,198)

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

(165,352)

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

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

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

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

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

1,740,000

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

4,853

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

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

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

Change in Net Position - Internal Service Funds	<u>1,027,991</u>	
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Change in Net Position of Governmental Activities	<u><u>\$4,028,186</u></u>	
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See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2016

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

The City participates in a joint venture called the West Chester Township Joint Economic Development District (JEDD). This joint venture is presented in Note 16.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

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, 2016

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, 2016

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, 2016

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferral on refunding and pension reported in the government-wide statement of net position and the proprietary statement of net position. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, income taxes, grants and other taxes, special assessments, investment revenue, pension, and accounts revenues. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements, while income taxes, special assessments, interest and accounts are only included on the governmental fund financial statements. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 11.)

Expenses/Expenditures

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

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

Equity in Pooled Cash and Investments

To improve cash management the City's cash and investments are pooled. Monies for all funds, except cash and investments held in segregated accounts, are maintained in this pool. Individual fund integrity

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

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

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

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

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

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

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

Inventory

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

Capital Assets

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

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

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

capitalize capital assets with a cost of \$1,000 or more, depending on the Asset Class.

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

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

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments

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

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Fund Balance

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

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

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

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

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

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

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

Restricted Assets

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

Net Position

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the City's \$19,184,939 in restricted net position, none was restricted by enabling legislation.

Operating Revenues and Expenses

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

Interfund Activity

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

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

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

Gain/Loss on Refunding

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

Estimates

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

Note 3 – Equity in Pooled Cash and Investments

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:

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

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

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

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

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

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of December 31, 2016, \$12,303,754 of the City's bank balance of \$13,059,169 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

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

Investments

As of December 31, 2016, the City had the following investments:

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

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

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

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

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

Concentration of Credit Risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 2% in Federal Home Loan Bank, 35% in Federal National Mortgage Association, 6% in Federal Home Loan Mortgage Corporation, 10% in Federal Farm Credit Bank, 9% in Negotiable CDs and 38% in STAR Ohio.

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

Note 4 – Receivables

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

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

Property Taxes

Property taxes include amounts levied against all real estate and public utility. Real property taxes (other than public utility) collected during 2016 were levied after October 1, 2015 on assessed values as of January 1, 2015, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

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

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

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

The City receives property taxes from Butler County. The County Treasurer collects property taxes on behalf of all taxing districts in the counties. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2016, and for which there is an enforceable legal claim. In the funds, the entire receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2016 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

Income Taxes

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

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

Note 5 – Risk Management

Description

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

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

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

Claim Liabilities

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

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

Unpaid Claim Liabilities

The following figures represent the changes in dental, health and worker's compensation claims liabilities for the City from January 1, 2014 to December 31, 2016:

<u>Dental</u>	
Claims Liability, 1/1/2014	\$12,971
Claims net of changes in estimates	259,951
Payments	<u>(259,090)</u>
Claims Liability, 12/31/2014	13,832
Claims net of changes in estimates	284,538
Payments	<u>(287,316)</u>
Claims Liability, 12/31/2015	\$11,054
Claims net of changes in estimates	269,019
Payments	<u>(268,546)</u>
Claims Liability, 12/31/2016	<u><u>\$11,527</u></u>
 <u>Health</u>	
Claims Liability, 12/31/2014	\$132,429
Claims net of changes in estimates	2,969,594
Payments	<u>(2,753,643)</u>
Claims Liability, 12/31/2015	\$348,380
Claims net of changes in estimates	2,553,468
Payments	<u>(2,679,196)</u>
Claims Liability, 12/31/2016	<u><u>\$222,652</u></u>

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

<u>Worker's Compensation</u>	
Claims Liability, 1/1/2014	\$93,201
Claims net of changes in estimates	269,985
Payments	<u>(295,215)</u>
Claims Liability, 12/31/2014	\$67,971
Claims net of changes in estimates	198,439
Payments	<u>(173,957)</u>
Claims Liability, 12/31/2015	\$92,453
Claims net of changes in estimates	36,354
Payments	<u>(17,184)</u>
Claims Liability, 12/31/2016	<u><u>\$111,623</u></u>

Note 6 – Capital Assets

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

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

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

Depreciation expense was charged to governmental functions as follows:

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

Note 7 – Compensated Absences

Accumulated Unpaid Vacation

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

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

Accumulated Unpaid Sick Leave

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

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

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

Note 8 – Notes Payable

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

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

The City issued a combined \$950,000 in short-term bond anticipation notes for the purpose of financing the City's cost of construction improvements to the Winton Road Interchange Project, \$250,000, and for improvements to the City's wastewater system, \$700,000.

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

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

Note 9 – Long-Term Debt

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

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
2012 Various Purpose Refunding	3.66%	\$390,000	\$0	(\$390,000)	\$0	\$0
2012 Community Arts Center	4.50%	3,525,000	0	(395,000)	3,130,000	410,000
2009 Various Purpose Refunding	3.23%	925,000	0	(295,000)	630,000	310,000
Premium/Discount		284,916	0	(41,020)	243,896	0
2009 Various Purpose Golf and Justice Center	3.56%	4,675,000	0	(260,000)	4,415,000	265,000
2010 A Roadway Improvement	4.64%	6,000,000	0	0	6,000,000	0
2010 B Roadway Improvement	3.74%	1,230,000	0	(400,000)	830,000	410,000
Total General Obligation Bonds		<u>17,029,916</u>	<u>0</u>	<u>(1,781,020)</u>	<u>15,248,896</u>	<u>1,395,000</u>
Net Pension Liability:						
OPERS		7,765,820	3,447,388	0	11,213,208	0
OP&F		18,137,085	4,932,226	0	23,069,311	0
Total Net Pension Liability		<u>25,902,905</u>	<u>8,379,614</u>	<u>0</u>	<u>34,282,519</u>	<u>0</u>
Compensated Absences		<u>4,667,226</u>	<u>999,111</u>	<u>(1,272,292)</u>	<u>4,540,400</u>	<u>1,151,578</u>
Total Governmental Activities		<u>\$47,600,047</u>	<u>\$9,378,725</u>	<u>(\$3,053,312)</u>	<u>\$54,071,815</u>	<u>\$2,546,578</u>
		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business Type Activities						
<u>Loans</u>						
OWDA Wastewater Improvement Bond	3.79-4.12%	<u>\$1,766,809</u>	<u>\$0</u>	<u>(\$934,997)</u>	<u>\$831,812</u>	<u>\$612,729</u>
<u>General Obligation Bonds</u>						
2012 Various Purpose Recreation - Refunding	3.66%	810,000	0	(140,000)	670,000	125,000
Premium on 2012 Refunding Bonds		44,162	0	(7,361)	36,801	0
2009 Various Purpose Water - Refunding	3.15%	590,000	0	(290,000)	300,000	300,000
Premium on Refunding Bonds		9,623	0	(4,811)	4,812	0
Total General Obligation Bonds		<u>1,453,785</u>	<u>0</u>	<u>(442,172)</u>	<u>1,011,613</u>	<u>425,000</u>
Net Pension Liability:						
OPERS		<u>3,523,869</u>	<u>1,564,308</u>	<u>0</u>	<u>5,088,177</u>	<u>0</u>
Total Net Pension Liability		<u>3,523,869</u>	<u>1,564,308</u>	<u>0</u>	<u>5,088,177</u>	<u>0</u>
Compensated Absences		<u>575,917</u>	<u>260,382</u>	<u>(218,009)</u>	<u>618,290</u>	<u>198,812</u>
Total Business-Type Activities		<u>\$7,320,380</u>	<u>\$1,824,690</u>	<u>(\$1,595,178)</u>	<u>\$7,549,892</u>	<u>\$1,236,541</u>

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

The City's bonds and loan will be paid from the General Bond Retirement Fund, Water Utility Fund, Sewer Utility Fund and Recreation Facilities Fund. Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund, a Special Revenue Fund, or an Enterprise Fund.

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

Year Ending December 31	General Obligation Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest
2017	\$1,820,000	\$704,271	\$612,729	\$23,596
2018	1,565,000	634,727	175,970	5,923
2019	1,275,000	578,067	43,113	817
2020	1,320,000	527,246	0	0
2021	1,360,000	477,512	0	0
2022-2026	5,150,000	1,630,721	0	0
2027-2030	3,485,000	458,049	0	0
Total	<u>\$15,975,000</u>	<u>\$5,010,593</u>	<u>\$831,812</u>	<u>\$30,336</u>

Note 10 – Defeasance of Bonds

Special Assessment Bonds

The Special Assessment Fund purchased special assessment sidewalk bonds issued by the City. The value of the bonds at December 31, 2016 was \$87,427. Bonds are issued for the purpose of providing funds to pay the property owners share of the cost of sidewalk repairs in the City. The transaction has been eliminated for the financial statement purposes by removing any proceeds from the issuance of debt from the operating statement and the investment.

Note 11 - Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

events require adjusting this estimate annually.

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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

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

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City contractually required contribution was \$1,423,105 for 2016. Of this amount \$67,912 is reported as an accrued wage and benefits.

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

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

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

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

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

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

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

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

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

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

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

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

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

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

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

\$3,002,768 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

City of Fairfield, Ohio
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Actuarial Assumptions - OPERS

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

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

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

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

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

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

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

benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan, and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expense, for the Defined Benefit portfolio is 0.4% for 2015.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate

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

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

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

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

City of Fairfield, Ohio
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Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

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

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

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

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

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

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

Note: Assumptions are geometric

* levered 2x

** Numbers include inflation

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

Discount Rate

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

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

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

City of Fairfield, Ohio
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	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability :			
OP&F	\$30,425,331	\$23,069,311	\$16,838,038

Note 12 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description

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

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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

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

Funding Policy

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

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

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

Information from City's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$206,425 for 2016, \$240,030 for 2015, and \$260,176 for 2014. The full amount has been contributed for 2016, 2015 and 2014.

Ohio Police and Fire Pension Fund

Plan Description

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

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

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

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

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2016 thru December 31, 2016. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2016 was \$38,147, December 31, 2015 was \$37,946; and December 31, 2014 was \$37,496. The actual contributions for 2016, 2015 and 2014 were 100%.

Note 13 – Construction Commitments

The City had the following outstanding commitments at year end:

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

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

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, 2016, the audits of certain of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

Note 15 – Interfund Activity

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

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

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

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

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

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

Note 16 – Joint Venture

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

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

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

Distribution of Gross Tax:

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

Net Distribution:

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

Note 17 – Accountability

Accountability

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

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

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

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

Note 18 – Fund Balances

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

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

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

Note 19 – Tax Abatements

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

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

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

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

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

Note 20 – Implementation of New Accounting Principles

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

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

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Continued

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

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

Continued

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

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

See accompanying notes to the required supplementary information.

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

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

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Three Fiscal Years (1) (2)

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

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

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

City of Fairfield, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Three Fiscal Years (1) (2)

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

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

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

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

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

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

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

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

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

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

Note 1 – Budgetary Process

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

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

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

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

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

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

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

Net Change in Fund Balance

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

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COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

MAJOR GOVERNMENTAL FUND

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

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

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	County Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$100,000	\$100,000	\$0	(\$100,000)
Investment Earnings	30	30	802	772
Total Revenues	100,030	100,030	802	(99,228)
Expenditures:				
Capital Outlay	38,295	258,179	232,552	25,627
Total Expenditures	38,295	258,179	232,552	25,627
Net Change in Fund Balance	61,735	(158,149)	(231,750)	(73,601)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	205,509	205,509	205,509	0
Fund Balance End of Year	\$267,244	\$47,360	(\$26,241)	(\$73,601)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR DEBT SERVICE FUNDS

Fund Descriptions

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

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

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2016

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

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

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

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

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

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

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

NONMAJOR CAPITAL PROJECTS FUNDS

Fund Descriptions

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

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

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

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

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

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

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

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

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

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

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

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

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

	Flood Protection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$0	\$0	\$998	\$998
Total Revenues	\$0	\$0	\$998	\$998
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	998	998
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,311	2,311	2,311	0
Fund Balance End of Year	<u>\$2,311</u>	<u>\$2,311</u>	<u>\$3,309</u>	<u>\$998</u>

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

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

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

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

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

	Park Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	0	39,300	34,975	4,325
Total Expenditures	0	39,300	34,975	4,325
Excess of Revenues Over (Under) Expenditures	0	(39,300)	(34,975)	4,325
Other Financing Sources (uses):				
Transfers In	0	50,000	50,000	0
Total Other Financing Sources (Uses)	0	50,000	50,000	0
Net Change in Fund Balance	0	10,700	15,025	4,325
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,319	4,319	4,319	0
Fund Balance End of Year	<u>\$4,319</u>	<u>\$15,019</u>	<u>\$19,344</u>	<u>\$4,325</u>

OTHER GENERAL FUND

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

Fund Description

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

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

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

NONMAJOR FUNDS

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

Fund Descriptions

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

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

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

Fund Descriptions

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

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

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

City of Fairfield, Ohio
Combining Statement of Net Position
Internal Service Funds
December 31, 2016

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

City of Fairfield, Ohio
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended December 31, 2016

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

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

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

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

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

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

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

Continued

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



Statistical Section

STATISTICAL SECTION

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

Contents

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

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

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

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

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

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

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

	Calendar Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$60,813,629	\$61,855,826	\$65,966,427	\$66,371,105	\$64,296,950	\$67,275,297	\$69,235,249	\$70,400,669	\$70,871,957	\$72,702,624
Restricted	10,331,713	16,285,100	14,757,991	13,308,997	15,986,150	16,117,641	17,137,210	16,288,586	15,892,445	18,160,599
Unrestricted	22,442,784	15,315,197	9,942,780	9,016,660	12,370,308	13,959,061	17,136,178	16,492,976	(5,843,139)	(5,913,774)
Total Governmental Activities Net Position	<u>\$93,588,126</u>	<u>\$93,456,123</u>	<u>\$90,667,198</u>	<u>\$88,696,762</u>	<u>\$92,653,408</u>	<u>\$97,351,999</u>	<u>\$103,508,637</u>	<u>\$103,182,231</u>	<u>\$80,921,263</u>	<u>\$84,949,449</u>
Business-type activities										
Net Investment in Capital Assets	\$34,821,973	\$35,778,211	\$37,114,611	\$37,096,724	\$37,488,020	\$37,444,547	\$37,900,975	\$38,873,969	\$39,709,765	\$40,221,046
Restricted	1,207,193	1,270,771	1,018,871	1,018,149	1,018,291	1,018,832	1,021,404	1,022,736	1,023,003	1,024,340
Unrestricted	13,231,494	12,489,925	10,201,536	9,683,097	8,968,926	9,140,411	9,583,331	9,242,621	5,784,274	4,814,362
Total Business-Type Activities Net Position	<u>\$49,260,660</u>	<u>\$49,538,907</u>	<u>\$48,335,018</u>	<u>\$47,797,970</u>	<u>\$47,475,237</u>	<u>\$47,603,790</u>	<u>\$48,505,710</u>	<u>\$49,139,326</u>	<u>\$46,517,042</u>	<u>\$46,059,748</u>
Total Primary Government										
Net Investment in Capital Assets	\$95,635,602	\$97,634,037	\$103,081,038	\$103,467,829	\$101,784,970	\$104,719,844	\$107,136,224	\$109,274,638	\$110,581,722	\$112,923,670
Restricted	11,538,906	17,555,871	15,776,862	14,327,146	17,004,441	17,136,473	18,158,614	17,311,322	16,915,448	19,184,939
Unrestricted	35,674,278	27,805,122	20,144,316	18,699,757	21,339,234	23,099,472	26,719,509	25,735,597	(58,865)	(1,099,412)
Total Primary Government Net Position	<u>\$142,848,786</u>	<u>\$142,995,030</u>	<u>\$139,002,216</u>	<u>\$136,494,732</u>	<u>\$140,128,645</u>	<u>\$144,955,789</u>	<u>\$152,014,347</u>	<u>\$152,321,557</u>	<u>\$127,438,305</u>	<u>\$131,009,197</u>

Source: City Records

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	\$7,239,804	\$7,801,044	\$8,302,202	\$8,219,146	\$8,375,019	\$8,451,042	\$7,631,141	\$8,179,792	\$8,240,596	\$7,968,208
Public Safety	15,016,636	15,725,351	16,505,748	17,357,175	16,309,564	16,249,928	16,268,499	17,231,019	18,459,890	18,841,094
Leisure Time Activities	2,866,626	3,085,978	3,275,415	3,449,071	3,394,755	3,412,316	3,466,481	3,294,693	3,020,368	3,746,235
Community Development	1,617,775	1,702,850	1,489,030	1,438,118	1,366,224	1,359,819	1,341,884	1,483,394	1,094,499	1,950,158
Basic Utility Service	461,934	453,750	524,491	510,171	479,877	412,238	451,823	442,800	441,845	458,368
Transportation and Street Repair	10,279,823	10,437,041	9,604,526	8,622,712	7,610,384	7,447,779	6,045,380	8,004,851	8,667,858	8,097,174
Public Health and Welfare	24,166	23,457	23,074	22,441	21,998	21,784	21,476	21,581	21,248	21,125
Interest and Fiscal Charges	917,208	862,252	687,450	794,384	1,034,139	808,963	851,250	815,863	780,363	732,471
Total Governmental Activities Expenses	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	41,814,833
Business-Type Activities:										
Water Utility	4,269,598	4,263,391	4,780,644	4,450,415	4,622,668	4,510,147	4,626,165	5,044,656	5,225,446	6,407,038
Sewer Utility	5,113,311	4,966,224	4,987,541	5,030,761	4,951,150	5,100,875	5,139,515	5,272,460	5,591,952	5,735,840
Solid Waste Management	2,007,021	2,266,099	2,373,306	2,513,726	2,581,355	2,444,874	2,140,007	2,173,408	2,216,074	2,259,529
Recreation Facilities	1,936,693	2,095,997	2,222,772	2,358,398	2,066,756	2,142,869	2,177,176	2,280,222	2,174,232	1,873,055
Total Business-Type Activities Expenses	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	16,275,462
Total Primary Government Expenses	\$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	\$58,090,295
Program Revenues										
Governmental Activities:										
Charges for Services and Sales:										
General Government	\$1,253,147	\$2,146,381	\$2,135,946	\$2,002,295	\$2,333,954	\$1,881,872	\$1,734,805	\$1,802,079	\$1,795,353	\$1,422,096
Public Safety	1,790,379	1,108,266	1,264,931	1,144,876	1,224,775	1,183,079	1,189,223	1,162,252	1,144,227	1,130,784
Leisure Time Activities	218,759	238,651	248,862	278,973	252,125	272,605	281,499	248,952	497,097	958,658
Community Development	341,793	446,641	365,788	335,889	79,800	281,964	354,464	529,106	223,544	1,194,603
Basic Utility Service	733,410	491,304	512,159	640,082	384,635	670,950	565,538	566,935	77,917	0
Transportation and Street Repair	0	6,665	15,307	28,587	26,561	38,233	38,389	37,452	593,242	1,705,115
Operating Grants and Contributions	2,751,313	3,193,430	3,352,963	3,010,499	3,614,620	3,338,989	2,933,524	2,944,428	3,077,018	3,243,396
Capital Grants and Contributions	1,410,875	647,472	1,331,917	790,846	3,115,434	3,880,495	1,707,738	14,506	897,858	185,742
Total Governmental Activities Program Revenues	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	9,840,394

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities:										
Charges for Services and Sales:										
Water Utility	\$3,813,675	\$3,873,447	\$3,759,023	\$3,777,374	\$3,749,292	\$4,025,197	\$4,666,222	\$4,825,443	\$4,944,528	\$5,121,220
Sewer Utility	4,569,801	4,612,647	4,720,792	4,795,347	5,229,115	5,492,327	5,733,338	5,968,424	5,992,562	6,145,668
Solid Waste Management	1,567,007	1,620,155	1,774,420	1,937,507	2,294,545	2,373,948	2,119,641	2,165,612	2,218,507	2,261,648
Recreation Facilities	1,696,093	2,015,057	2,057,814	2,084,567	1,953,697	2,097,727	1,871,477	1,831,891	1,859,761	1,769,065
Operating Grants and Contributions	0	0	33,290	65,667	25,919	3,999	31,597	88,048	0	0
Capital Grants and Contributions	0	0	0	0	0	0	145,770	900	12,090	0
Total Business-Type Activities Program Revenues	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	15,297,601
Total Primary Government Program Revenues	<u>\$20,146,252</u>	<u>\$20,400,116</u>	<u>\$21,573,212</u>	<u>\$20,892,509</u>	<u>\$24,284,472</u>	<u>\$25,541,385</u>	<u>\$23,373,225</u>	<u>\$22,186,028</u>	<u>\$23,333,704</u>	<u>\$25,137,995</u>
Net (Expense)/Revenue										
Governmental Activities	(\$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)	(\$31,974,439)
Business-type activities	(1,680,047)	(1,470,405)	(2,018,924)	(1,692,838)	(969,361)	(205,567)	485,182	109,572	(180,256)	(977,861)
Total Primary Government Net Expenses	<u>(\$31,604,343)</u>	<u>(\$33,283,318)</u>	<u>(\$33,202,987)</u>	<u>(\$33,874,009)</u>	<u>(\$28,529,417)</u>	<u>(\$26,821,249)</u>	<u>(\$26,787,572)</u>	<u>(\$32,058,711)</u>	<u>(\$32,600,667)</u>	<u>(\$32,952,300)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$23,491,536	\$23,770,850	\$20,975,945	\$23,206,157	\$23,652,942	\$23,709,192	\$25,606,839	\$23,586,464	\$25,318,834	\$28,822,572
Property Taxes Levied for:										
General Purposes	1,560,761	1,106,422	1,547,487	1,551,760	1,474,934	1,385,870	1,476,744	1,987,282	1,636,590	1,439,432
Special Revenue Purposes	4,515,318	3,306,657	3,921,193	3,799,059	3,595,787	3,551,089	3,538,952	3,587,886	3,642,740	3,722,358
Grants and Entitlements not Restricted	3,111,723	3,008,438	1,571,533	2,143,796	2,412,622	1,725,889	1,404,103	1,580,380	1,194,667	1,413,792
Investment Earnings	1,676,017	1,416,837	403,898	216,726	177,580	241,232	126,654	140,964	185,456	147,846
Other Revenues	156,129	172,337	168,142	211,309	642,837	851,001	1,693,821	1,253,901	722,374	671,625
Transfers-Internal Activities	(640,000)	(1,280,000)	(568,060)	(918,072)	(440,000)	(150,000)	(145,000)	(295,000)	(315,000)	(215,000)
Total Governmental Activities	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	36,002,625
Business-Type Activities:										
Investment Earnings	685,420	359,838	120,747	95,397	61,252	(17,798)	9,546	24,544	11,405	28,592
Other Revenues	275,158	108,814	126,228	142,321	145,376	201,918	295,954	204,500	244,583	276,975
Transfers-Internal Activities	640,000	1,280,000	568,060	918,072	440,000	150,000	145,000	295,000	315,000	215,000
Total Business-Type Activities	1,600,578	1,748,652	815,035	1,155,790	646,628	334,120	450,500	524,044	570,988	520,567
Total Primary Government	<u>\$35,472,062</u>	<u>\$33,250,193</u>	<u>\$28,835,173</u>	<u>\$31,366,525</u>	<u>\$32,163,330</u>	<u>\$31,648,393</u>	<u>\$34,152,613</u>	<u>\$32,365,921</u>	<u>\$32,956,649</u>	<u>\$36,523,192</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Change in Net Position										
Governmental Activities	\$3,947,188	(\$311,372)	(\$3,163,925)	(\$1,970,436)	\$3,956,646	\$4,698,591	\$6,429,359	(\$326,406)	(\$34,750)	\$4,028,186
Business-Type Activities	(79,469)	278,247	(1,203,889)	(537,048)	(322,733)	128,553	935,682	633,616	390,732	(457,294)
Total Primary Government	<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>	<u>\$3,570,892</u>

Source: City Records

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

	2007	2008	2009	2010	2011 (1)	2012	2013	2014	2015	2016
General Fund										
Reserved	\$37,690	\$432,065	\$323,790	\$481,771	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	<u>13,655,083</u>	<u>12,692,924</u>	<u>10,262,820</u>	<u>8,748,151</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Assigned					251,377	92,799	358,413	1,276,408	673,678	1,779,678
Unassigned					<u>10,161,500</u>	<u>12,352,032</u>	<u>15,236,166</u>	<u>13,107,411</u>	<u>14,274,603</u>	<u>14,034,551</u>
Total General Fund	<u>13,692,773</u>	<u>13,124,989</u>	<u>10,586,610</u>	<u>9,229,922</u>	<u>10,412,877</u>	<u>12,444,831</u>	<u>15,594,579</u>	<u>14,383,819</u>	<u>14,948,281</u>	<u>15,814,229</u>
All Other Governmental Funds										
Reserved	2,606,357	3,801,329	1,753,678	8,672,323	0	0	0	0	0	0
Unreserved, Reported in:										
Special Revenue Funds	3,353,296	3,911,307	4,433,536	4,546,166	0	0	0	0	0	0
Debt Service Funds	1,498,864	1,528,211	1,453,973	1,485,833	0	0	0	0	0	0
Capital Projects Funds	<u>146,107</u>	<u>363,059</u>	<u>5,493,406</u>	<u>4,540,749</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Restricted					17,004,137	14,821,559	15,154,484	14,631,812	14,507,341	16,656,232
Assigned					212,497	209,911	193,969	186,814	164,254	148,835
Unassigned					<u>(907,538)</u>	<u>(1,043,316)</u>	<u>(437,769)</u>	<u>(346,988)</u>	<u>(431,443)</u>	<u>(69,540)</u>
Total all Other Governmental Funds	<u>\$7,604,624</u>	<u>\$9,603,906</u>	<u>\$13,134,593</u>	<u>\$19,245,071</u>	<u>\$16,309,096</u>	<u>\$13,988,154</u>	<u>\$14,910,684</u>	<u>\$14,471,638</u>	<u>\$14,240,152</u>	<u>\$16,735,527</u>

Source: City Records

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	\$28,828,205	\$28,500,970	\$26,861,747	\$28,266,333	\$28,583,571	\$28,664,812	\$30,423,136	\$28,234,609	\$31,186,625	\$33,784,963
Fines, Licenses & Permits	2,136,564	2,363,478	2,136,001	2,261,968	2,182,221	2,005,002	1,886,788	1,859,215	1,784,422	1,975,184
Charges for Services	1,962,620	1,809,440	2,211,605	1,790,882	2,370,058	2,561,018	2,619,848	2,675,730	2,747,915	2,598,343
Investment Earnings	1,635,445	1,456,745	406,997	367,848	211,364	245,561	135,821	142,171	175,768	135,229
Intergovernmental	6,767,796	7,270,321	6,560,501	6,189,211	7,382,476	8,716,682	6,548,135	5,461,873	5,446,943	5,934,448
Special Assessments	253,763	279,582	69,656	28,213	19,026	28,940	276,143	40,587	250,298	223,868
Other Revenues	312,794	319,880	662,331	385,809	1,193,989	420,692	671,902	441,998	462,221	1,032,869
Total Revenues	<u>\$41,897,187</u>	<u>\$42,000,416</u>	<u>\$38,908,838</u>	<u>\$39,290,264</u>	<u>\$41,942,705</u>	<u>\$42,642,707</u>	<u>\$42,561,773</u>	<u>\$38,856,183</u>	<u>\$42,054,192</u>	<u>\$45,684,904</u>
Expenditures:										
Current:										
General Government	\$6,697,012	\$7,302,449	\$7,932,771	\$7,591,020	\$7,868,338	\$7,492,947	\$7,297,563	\$8,062,959	\$8,338,732	\$7,926,097
Public Safety	14,094,273	14,932,090	15,262,238	15,724,127	15,276,912	14,999,429	15,441,781	16,157,770	16,829,972	17,148,478
Leisure Time Activities	2,215,832	2,449,825	2,600,220	2,683,583	2,527,523	2,279,421	2,416,016	2,526,615	2,588,912	2,565,624
Community Development	1,573,045	1,588,348	1,439,439	1,451,970	1,326,096	1,304,371	1,326,648	1,434,544	1,457,640	1,555,296
Basic Utility Service	461,934	453,750	524,491	510,171	479,877	412,238	451,823	442,800	441,845	458,368
Transportation and Street Repair	7,946,070	8,260,640	7,318,320	6,208,262	5,315,056	4,388,564	3,063,645	5,314,576	3,351,636	3,211,071
Public Health and Welfare	24,166	23,457	23,074	22,441	21,998	21,784	21,476	21,581	21,248	21,125
Capital Outlay	5,363,198	2,368,797	6,902,977	6,092,909	7,697,920	9,258,968	5,277,220	3,633,918	5,739,648	6,690,901
Debt Service:										
Principal Retirement	890,000	870,000	954,515	1,233,549	1,577,547	1,716,763	1,686,207	1,654,765	1,680,000	1,740,000
Interest and Fiscal Charges	954,928	855,696	565,524	776,107	1,024,387	839,474	876,493	835,371	800,002	747,541
Total Expenditures	<u>\$40,220,458</u>	<u>\$39,105,052</u>	<u>\$43,523,569</u>	<u>\$42,294,139</u>	<u>\$43,115,654</u>	<u>\$42,713,959</u>	<u>\$37,858,872</u>	<u>\$40,084,899</u>	<u>\$41,249,635</u>	<u>\$42,064,501</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (Deficiency) of Revenues Over Expenditures	\$1,676,729	\$2,895,364	(\$4,614,731)	(\$3,003,875)	(\$1,172,949)	(\$71,252)	\$4,702,901	(\$1,228,716)	\$804,557	\$3,620,403
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	\$12,002	\$16,134	\$346	\$18,115	\$25,929	\$122,264	\$54,377	\$73,910	\$68,419	\$155,920
Issuance of Capital Leases	0	0	378,346	0	0	0	0	0	0	0
Issuance of Long-Term Capital-Related Debt	0	0	6,065,000	9,125,000	0	0	0	0	0	0
Sale of Refunding Bonds	0	0	2,750,000	0	0	6,540,000	0	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	(2,829,535)	0	0	(6,852,466)	0	0	0	0
Premium/(Discount) on Sale of Refunded Bonds	0	0	35,083	37,037	0	422,277	0	0	0	0
Transfers In	4,818,767	5,922,490	9,330,293	3,374,427	3,591,239	4,721,472	5,515,626	6,531,244	3,900,000	8,074,458
Transfers (Out)	(5,648,587)	(7,402,490)	(10,048,353)	(4,644,233)	(4,197,239)	(5,061,472)	(6,200,626)	(7,026,244)	(4,440,000)	(8,489,458)
Total Other Financing Sources (Uses)	(817,818)	(1,463,866)	5,681,180	7,910,346	(580,071)	(107,925)	(630,623)	(421,090)	(471,581)	(259,080)
Net Change in Fund Balances	\$858,911	\$1,431,498	\$1,066,449	\$4,906,471	(\$1,753,020)	(\$179,177)	\$4,072,278	(\$1,649,806)	\$332,976	\$3,361,323
Debt service as a percentage of noncapital expenditures (1)	5.9%	5.3%	4.7%	4.2%	5.5%	7.3%	7.7%	6.9%	6.5%	6.7%

Source: City Records

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

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

Calendar Year (1)	Real Property Assessed Value	Tangible Personal Property Assessed Value	Public Utilities Personal Assessed Value	Total Assessed Value	Total Estimated Actual Value	Total Direct Rate
2007	\$940,328,360	\$83,540,896	\$26,584,060	\$1,050,453,316	\$3,001,295,189	5.94
2008	953,317,810	63,486,119	24,221,990	1,041,025,919	3,040,020,341	5.94
2009	1,021,253,020	0	24,308,010	1,045,561,030	3,036,815,632	5.94
2010	976,992,690	0	25,642,990	1,002,635,680	2,786,117,887	5.94
2011	977,696,820	0	28,055,930	1,005,752,750	2,794,779,582	5.94
2012	923,744,720	0	30,787,720	954,532,440	2,652,448,898	5.94
2013	916,662,950	0	32,024,670	948,687,620	2,636,207,348	5.94
2014	914,754,880	0	34,544,460	949,299,340	2,637,907,192	5.94
2015	903,236,750	0	38,373,230	941,609,980	2,616,540,045	5.94
2016	903,187,030	0	41,633,890	944,820,920	2,625,462,586	8.44

Source: County Auditor

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

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

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

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

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

Source: County Auditor

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

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

2016 (1)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio	\$37,181,820	3.95%
Boymel	8,051,760	0.86%
Cincinnati Financial	7,944,520	0.84%
Timber Hollow	6,629,210	0.70%
Sisters of Mercy	5,983,750	0.64%
Fath Village Park	5,915,680	0.63%
Camelot East	5,384,850	0.57%
Ohio Casualty Insurance	5,185,720	0.55%
BWIP Woodstock	5,120,850	0.54%
Rajole	4,888,790	0.52%
	<u>\$92,286,950</u>	<u>9.80%</u>

2007 (2)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy	\$23,129,960	2.20%
Cincinnati Financial Corp.	16,913,280	1.61%
Sam Boymel Trustee	9,720,740	0.93%
Ohio Casualty Insurance Co.	7,533,520	0.72%
Faith-Village Park Apartments	5,709,930	0.54%
Alliance TP Portfolio LTD	5,540,810	0.53%
TGM Camelot, Inc.	5,260,550	0.50%
Teacher Retirement System	5,105,830	0.49%
Rajole LLC	4,691,700	0.45%
Meijer Stores LTD PRT	4,691,700	0.45%
	<u>\$88,298,020</u>	<u>8.42%</u>

Source: County Auditor

(1) - Calendar Year 2016

(2) - Collection Year 2007

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

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Delinquent Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$5,528,641	\$5,197,981	94.02%	\$155,648	\$5,353,629	96.83%
2008	5,435,599	4,973,339	91.50%	242,262	5,215,601	95.95%
2009	5,174,402	4,860,458	93.93%	173,884	5,034,342	97.29%
2010	5,184,904	4,963,811	95.74%	63,638	5,027,449	96.96%
2011	5,225,619	4,993,958	95.57%	175,800	5,169,758	98.93%
2012	5,153,091	4,977,999	96.60%	172,024	5,150,023	99.94%
2013	5,120,551	5,048,532	98.59%	153,557	5,120,551	100.00%
2014	5,245,233	5,081,457	96.88%	168,336	5,245,233	100.00%
2015	5,163,152	5,099,800	98.77%	63,352	5,163,152	100.00%
2016	5,200,000	5,162,354	99.28%	37,646	5,200,000	100.00%

Source: County Auditor

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

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

Source: City Finance Department

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

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

Source: City Finance Department

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

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

Calendar Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Loans	General Obligation Bonds	Mortgage Revenue Bonds			
2007	\$12,530,000	\$0	\$0	\$8,041,787	\$1,795,000	\$3,045,000	\$35,911,787	0.30%	\$853
2008	11,660,000	0	0	7,362,653	1,700,000	2,800,000	32,022,653	0.25%	761
2009	16,840,566	0	348,831	6,655,829	3,843,489	0	29,588,715	0.23%	703
2010	24,832,967	0	275,282	5,920,185	3,483,678	0	36,212,112	0.28%	852
2011	23,323,331	0	197,735	5,154,545	3,113,867	0	35,539,478	0.26%	836
2012	22,074,185	0	115,972	4,357,688	2,755,301	0	31,986,052	0.22%	752
2013	20,427,762	0	29,765	3,528,338	2,328,129	0	26,313,994	0.18%	619
2014	18,756,339	0	0	2,665,171	1,890,957	0	23,312,467	0.15%	548
2015	17,029,916	0	0	1,766,809	1,453,785	0	20,250,510	N/A	476
2016	15,248,896	0	0	831,812	1,011,613	0	17,092,321	N/A	402

Source: City Finance Department

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

N/A - Information not available

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

Calendar Year	General Bonded Debt Outstanding Total General Obligation Bonds	Debt Service Fund Balance	General Bonded Debt Outstanding Net General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2007	\$17,370,000	\$1,374,488	\$15,995,512	0.53%	\$473
2008	16,160,000	1,410,471	14,749,529	0.49%	415
2009	20,684,055	1,420,961	19,263,094	0.63%	558
2010	28,316,645	1,430,938	26,885,707	0.96%	765
2011	26,437,198	1,464,498	24,972,700	0.89%	683
2012	24,462,392	1,558,685	22,948,959	0.87%	591
2013	22,755,891	1,774,344	20,981,547	0.79%	534
2014	20,647,296	1,615,879	19,031,417	0.72%	466
2015	18,483,701	1,666,201	16,817,500	0.64%	405
2016	16,260,509	1,709,522	14,550,987	0.56%	N/A

Source: City Finance Department

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

City of Fairfield, Ohio
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016
Schedule 13

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

Source: Ohio Municipal Advisory Council

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Debt Limit (1)										
Debt Limit (10.5%)	\$110,297,598	\$109,307,721	\$109,783,908	\$105,276,746	\$100,225,906	\$100,225,906	\$99,612,200	\$99,676,431	\$98,869,048	\$99,206,197
Total Net Debt Applicable to Limit	27,870,000	24,660,000	22,584,055	30,016,645	26,437,198	24,462,392	22,755,891	20,647,296	18,483,701	16,260,509
Legal Debt Margin	<u>\$82,427,598</u>	<u>\$84,647,721</u>	<u>\$87,199,853</u>	<u>\$75,260,101</u>	<u>\$73,788,708</u>	<u>\$75,763,514</u>	<u>\$76,856,309</u>	<u>\$79,029,135</u>	<u>\$80,385,347</u>	<u>\$82,945,688</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	25.3%	22.6%	20.6%	28.5%	26.4%	24.4%	22.8%	20.7%	18.7%	16.4%
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$57,774,932	\$57,256,426	\$57,505,857	\$55,144,962	\$52,499,284	\$52,499,284	\$52,177,819	\$52,211,464	\$51,788,549	\$51,965,151
Total Net Debt Applicable to Limit	27,870,000	24,660,000	22,584,055	30,016,645	26,437,198	24,462,392	22,755,891	20,647,296	18,483,701	16,260,509
Legal Debt Margin	<u>\$29,904,932</u>	<u>\$32,596,426</u>	<u>\$34,921,802</u>	<u>\$25,128,317</u>	<u>\$26,062,086</u>	<u>\$28,036,892</u>	<u>\$29,421,928</u>	<u>\$31,564,168</u>	<u>\$33,304,848</u>	<u>\$35,704,642</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	48.2%	43.1%	39.3%	54.4%	50.4%	46.6%	43.6%	39.5%	35.7%	31.3%

Source: City Records

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

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

Calendar Year	Special Assessment Bonds			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2007	\$165,387	\$0	\$0	N/A
2008	142,506	0	0	N/A
2009	37,251	0	0	N/A
2010	25,576	0	0	N/A
2011	274,721	0	0	N/A
2012	506,161	0	0	N/A
2013	369,777	0	0	N/A
2014	676,237	0	0	N/A
2015	500,594	0	0	N/A
2016	236,705	0	0	N/A

Source: County Auditor

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

N/A - Information not available

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

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2007	42,097	\$12,114,458	\$33,848	5.10%
2008	42,097	12,811,630	35,511	6.20%
2009	42,097	12,653,202	34,512	9.30%
2010	42,510	12,959,978	35,138	8.80%
2011	42,510	13,538,158	36,590	7.90%
2012	42,510	14,398,043	38,852	6.00%
2013	42,510	14,592,549	39,304	7.10%
2014	42,510	15,294,977	40,878	4.50%
2015	42,510	15,631,343	41,534	4.50%
2016	42,510	N/A	N/A	4.10%

Sources: (1) - Population estimates provided by U.S. Census Bureau (2000 Census for years 2002 - 2009 and 2010 Census for years 2010 - 2011)
(2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts
(3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts
(4) - Ohio Bureau of Employment Services

N/A - Information not available

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

2016			
Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Employment
AK Steel Holding Corp	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
GE Aviation	Mfg	(3)	(4)
Hamilton City Schools	Govt	(3)	(4)
Lakota Local Schools	Govt	(3)	(4)
Liberty Mutual/Ohio Casualty Corp	Ins	(3)	(4)
Mercy Regional Hospital	Serv	(3)	(4)
Miami University	Govt	(3)	(4)
Middletown Regional Health System	Serv	(3)	(4)
Miller Coors	Mfg	(3)	(4)
Pierre Foods	Mfg	(3)	(4)

2007			
Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Population
AK Steel Holding Corp	Mfg	(3)	(4)
Amylin Pharmaceuticals Inc	Mfg	(3)	(4)
Armor Holdings Inc	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Fairfield City Schools	Govt	(3)	(4)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
Hamilton City Schools	Govt	(3)	(4)
Lakota Local Schools	Govt	(3)	(4)
Liberty Mutual/Ohio Casualty Corp	Ins	(3)	(4)
Mercy Regional Hospital	Serv	(3)	(4)
Miami University	Govt	(3)	(4)
Middletown Regional Health System	Serv	(3)	(4)

Source: Ohio Department of Development

(1) - For all of Butler County

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

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

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

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

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

Source: City Finance Department

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

Function/Program	Calendar Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Community Environment										
Planning and Development										
Building permits issued	1,739	1,902	1,890	1,806	1,787	2,068	1,771	1,720	1,712	1,834
Building inspections conducted	3,491	4,196	2,841	3,250	2,665	2,904	2,820	2,542	2,554	3,229
Economic Development										
Value of Residential Construction	\$8,266,873	\$5,987,184	\$7,878,345	\$7,131,659	\$6,581,580	\$8,020,432	\$6,689,302	\$5,589,157	\$7,516,667	\$9,058,653
Value of Commercial Construction	\$31,323,193	\$40,943,871	\$10,637,756	\$18,436,106	\$16,158,312	\$22,505,453	\$27,617,808	\$25,374,335	\$35,644,173	\$122,371,102
General Government										
Finance Department - Income Tax										
Income Tax Refunds	1,163	932	1,060	1,108	948	1,063	928	959	1,022	847
Dollar Amount of Refunds	\$650,850	\$886,280	\$838,260	\$733,150	\$488,939	\$493,998	\$475,670	\$3,322,818	\$1,538,826	\$564,945
Average Refund Amount	\$560	\$951	\$791	\$662	\$516	\$465	\$513	\$3,465	\$1,506	\$667
Court										
Number of Criminal Cases	4,063	4,123	4,702	4,478	4,334	3,359	3,215	3,590	2,869	3,303
Number of Civil Cases	2,014	2,136	1,837	1,660	1,667	1,459	1,223	1,185	1,152	1,188
Construction Services										
Square Footage of Sidewalk Repairs	17,198	26,999	32,598	19,432	31,350	13,951	24,976	17,460	19,036	25,700
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	1,929	3,798	3,612	3,458	3,476	2,802	2,732	2,485	2,430	2,851
Juvenile	441	497	387	355	26	222	258	295	255	265
Citations	3,438	3,847	3,432	3,208	2,555	2,310	3,043	2,842	2,980	3,048
Accidents	1,403	1,628	1,283	1,207	1,232	1,237	1,144	1,322	1,440	1,358
Fire										
Emergency responses	5,257	3,929	4,355	4,676	5,378	5,465	5,437	5,870	4,972	5,593
Fire Calls	1,244	2,366	1,022	879	869	906	866	944	915	806
Inspections	2,841	2,032	2,100	2,124	2,136	1,526	1,855	1,934	1,846	1,460
Transportation										
Public Works										
Number of Street Miles Resurfaced	8	7	6	7	5	4	13	15	12	11
Tons of Street Salt Used	5,648	6,663	5,277	8,146	3,671	1,177	4,686	4,315	4,368	2,213
Cubic Yards of Leaves Picked-up	5,300	4,056	6,074	4,396	2,929	3,952	3,959	4,152	5,346	5,676

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

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

Source: Various City Departments

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

(b) - Not available.

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

Function/Program	Calendar Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Municipal Building (square footage)	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,281	19,284	19,284
Municipal Building Annex (square footage)	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033
Police Cruisers	26	26	26	26	27	24	24	21	25	28
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	5	5	5	5	5	4	4	4	4	4
Number of EMS Vehicles	4	4	4	4	4	4	4	4	4	4
Public Works										
Area of City (square miles)	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18
Streets (miles)	160.5	160.5	160.5	160.5	160.6	160.7	166.3	166.3	180.0	180.0
Highways (miles)	7.14	7.14	7.14	7.14	7.27	7.27	7.27	7.27	7.27	7.27
Streetlights	1,525	1,525	1,525	1,525	2,962	2,962	2,962	2,983	2,983	2,986
Traffic signals	58	58	58	58	60	61	61	63	61	61
Parks and Recreation										
Number of Parks	25	25	25	25	25	26	29	29	37	35
Area of Parks (acreage)	469	469	469	469	469	577	676	538	665	659
Playgrounds	12	12	12	12	12	15	14	21	14	14
Baseball/softball diamonds	16	16	16	16	16	16	18	21	20	20
Soccer/football fields	11	11	11	11	11	11	12	17	15	15
Aquatic Center /Swimming pools	1	1	1	1	1	1	1	1	1	1
Community Arts centers	1	1	1	1	1	1	1	1	1	1
Golf Courses	2	2	2	2	2	2	2	2	2	2
Municipal Water										
Storage Capacity (millions of gallons)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water Mains (miles)	172.00	172.00	172.00	172.00	172.00	172.00	172.00	169.00	169.00	169.00
Fire hydrants	2,326	2,384	2,384	2,384	1,965	1,965	1,966	2,000	2,000	2,000
Sewers										
Treatment Capacity (millions of gallons)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Sanitary Sewers (miles)	166.10	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00

Source: Various City Departments

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

APPENDIX B
2017 BUDGET APPROPRIATION SUMMARY

[SEE ATTACHED]

Ordinance Number 103-16

AN ORDINANCE TO MAKE ESTIMATED APPROPRIATIONS FOR THE EXPENSES AND OTHER EXPENDITURES OF THE CITY FAIRFIELD, OHIO DURING THE PERIOD BEGINNING JANUARY 1, 2017 AND ENDING DECEMBER 31, 2017.

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, 2017 and ending December 31, 2017, 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		29,671,194.00
<hr/>		
TO: 110 MAYOR & CITY COUNCIL		218,170.00
Personnel	194,830.00	
Other	23,340.00	
115 MAYOR		15,624.00
Personnel	11,324.00	
Other	4,300.00	
120 CITY MANAGER		556,121.00
Personnel	515,013.00	
Other	41,108.00	
125 GENERAL SERVICES		6,435,595.00
Personnel	62,477.00	
Other	6,373,118.00	
130 LAW DIRECTOR		516,150.00
Personnel	500.00	
Other	515,650.00	
145 HUMAN RESOURCES		307,211.00
Personnel	234,511.00	
Other	72,700.00	
150 PLANNING & ECONOMIC DEVL		672,617.00
Personnel	617,917.00	
Other	54,700.00	
155 BUILDING & ZONING INSPECTION		885,781.00
Personnel	789,431.00	
Other	96,350.00	
160 SPECIAL APPROPRIATION		0.00
Personnel	0.00	
Other	0.00	
210 FINANCE ADM & ACCOUNTING		718,674.00
Personnel	688,774.00	
Other	29,900.00	
211 INCOME TAX		707,266.00

	Personnel	631,116.00	
	Other	76,150.00	
213	INFORMATION TECHNOLOGY		581,145.00
	Personnel	519,870.00	
	Other	61,275.00	
310	POLICE		11,120,997.00
	Personnel	10,369,147.00	
	Other	751,850.00	
315	MUNICIPAL COURT		1,845,378.00
	Personnel	1,532,678.00	
	Other	312,700.00	
316	JUSTICE CENTER		931,000.00
	Personnel	0.00	
	Other	931,000.00	
410	PUBLIC WORKS ADMINISTRATION		212,431.00
	Personnel	182,556.00	
	Other	29,875.00	
411	CONSTRUCTION SERVICES		725,078.00
	Personnel	592,353.00	
	Other	132,725.00	
412	MUNICIPAL BUILDING		288,206.00
	Personnel	105,656.00	
	Other	182,550.00	
510	PARKS & RECREATION ADM		957,600.00
	Personnel	819,800.00	
	Other	137,800.00	
512	PARKS MAINTENANCE OPERATIONS		1,083,309.00
	Personnel	711,309.00	
	Other	372,000.00	
513	MARSH PARK FISHING LAKE		106,421.00
	Personnel	54,671.00	
	Other	51,750.00	
530	COMMUNITY ARTS CENTER		786,420.00
	Personnel	251,907.00	
	Other	534,513.00	
TOTAL GENERAL FUND			<u>29,671,194.00</u>
FROM: UNAPPROPRIATED FUND 201 - STREET CONST, MAINT & REPAIR			<u>3,270,686.00</u>
TO: 420	STREETS & TRANSPORTATION		3,270,686.00
	Personnel	1,853,746.00	
	Other	1,416,940.00	
TOTAL STREET CONST, MAINT & REPAIR			<u>3,270,686.00</u>
FROM: UNAPPROPRIATED FUND 202 - STATE HIGHWAY IMP			<u>152,175.00</u>
TO: 420	STREETS & TRANSPORTATION		152,175.00

Personnel	152,175.00	
Other	0.00	
TOTAL STATE HIGHWAY IMP		<u>152,175.00</u>
FROM: UNAPPROPRIATED FUND 203 - FIRE LEVY		<u>6,313,194.00</u>
TO: 320 FIRE SUPPRESSION	6,313,194.00	
Personnel	5,309,144.00	
Other	1,004,050.00	
TOTAL FIRE LEVY		<u>6,313,194.00</u>
FROM: UNAPPROPRIATED FUND 205 - COUNTY MOTOR VEHICLE		<u>16,000.00</u>
TO: 160 SPECIAL APPROPRIATION	15,000.00	
Personnel	0.00	
Other	15,000.00	
160 SPECIAL APPROPRIATIONS	1,000.00	
Personnel	0.00	
Other	1,000.00	
TOTAL COUNTY MOTOR VEHICLE		<u>16,000.00</u>
FROM: UNAPPROPRIATED FUND 206 - TAX RECREATION		<u>1,000.00</u>
TO: 160 SPECIAL APPROPRIATIONS	1,000.00	
Personnel	0.00	
Other	1,000.00	
TOTAL TAX RECREATION		<u>1,000.00</u>
FROM: UNAPPROPRIATED FUND 211 - LAW ENFORCEMENT		<u>28,000.00</u>
TO: 310 POLICE	28,000.00	
Personnel	0.00	
Other	28,000.00	
TOTAL LAW ENFORCEMENT		<u>28,000.00</u>
FROM: UNAPPROPRIATED FUND 212 - MUNICIPAL MOTOR VEHICLE		<u>329,713.00</u>
TO: 420 STREETS & TRANSPORTATION	329,713.00	
Personnel	329,713.00	
Other	0.00	
TOTAL MUNICIPAL MOTOR VEHICLE		<u>329,713.00</u>
FROM: UNAPPROPRIATED FUND 213 - LAW ENFORCEMENT & EDU		<u>35,000.00</u>
TO: 310 POLICE	35,000.00	

Personnel	0.00	
Other	35,000.00	
TOTAL LAW ENFORCEMENT & EDU		35,000.00
FROM: UNAPPROPRIATED FUND 214 - DRUG & ALCOHOL TREATMENT		20,000.00
TO: 315 MUNICIPAL COURT	20,000.00	
Personnel	0.00	
Other	20,000.00	
TOTAL DRUG & ALCOHOL TREATMENT		20,000.00
FROM: UNAPPROPRIATED FUND 215 - LOCAL LAW ENFORCE BLOCK		17,488.00
TO: 310 POLICE	17,488.00	
Personnel	0.00	
Other	17,488.00	
TOTAL LOCAL LAW ENFORCE BLOCK		17,488.00
FROM: UNAPPROPRIATED FUND 216 - PROBATION SERVICES		394,703.00
TO: 315 MUNICIPAL COURT	394,703.00	
Personnel	351,703.00	
Other	43,000.00	
TOTAL PROBATION SERVICES		394,703.00
FROM: UNAPPROPRIATED FUND 217 - COURT COMPUTER		105,000.00
TO: 315 MUNICIPAL COURT	105,000.00	
Personnel	0.00	
Other	105,000.00	
TOTAL COURT COMPUTER		105,000.00
FROM: UNAPPROPRIATED FUND 218 - SPECIAL PROJECTS		99,371.00
TO: 315 MUNICIPAL COURT	99,371.00	
Personnel	67,371.00	
Other	32,000.00	
TOTAL SPECIAL PROJECTS		99,371.00
FROM: UNAPPROPRIATED FUND 219 - MEDIATION SERVICES		3,000.00
TO: 315 MUNICIPAL COURT	3,000.00	
Personnel	0.00	
Other	3,000.00	
TOTAL MEDIATION SERVICES		3,000.00

FROM: UNAPPROPRIATED FUND 220 - TAX INCREMENT EQUIVALENT **99,000.00**

TO: 160 TAX INCREMENT EQUIVALENT 99,000.00
 Personnel 0.00
 Other 99,000.00

TOTAL TAX INCREMENT EQUIVALENT **99,000.00**

FROM: UNAPPROPRIATED FUND 221 - INDIGENT DRIVER INTERLOCK **0.00**

TO: 315 INDIGENT DRIVER INTERLOCK 0.00
 Personnel 0.00
 Other 0.00

TOTAL INDIGENT DRIVER INTERLOCK **0.00**

FROM: UNAPPROPRIATED FUND 301 - GENERAL BOND RETIREMENT **1,927,700.00**

TO: 160 SPECIAL APPROPRIATION 1,927,700.00
 Personnel 0.00
 Other 1,927,700.00

TOTAL GENERAL BOND RETIREMENT **1,927,700.00**

FROM: UNAPPROPRIATED FUND 401 - STREET IMPROVEMENT **1,155,985.00**

TO: 160 SPECIAL APPROPRIATION 1,155,985.00
 Personnel 0.00
 Other 1,155,985.00

TOTAL STREET IMPROVEMENT **1,155,985.00**

FROM: UNAPPROPRIATED FUND 402 - CAPITAL IMPROVEMENT **1,456,215.00**

TO: 160 SPECIAL APPROPRIATION 1,456,215.00
 Personnel 0.00
 Other 1,456,215.00

TOTAL CAPITAL IMPROVEMENT **1,456,215.00**

FROM: UNAPPROPRIATED FUND 407 - WATER EXPANSION **20,000.00**

TO: 160 SPECIAL APPROPRIATION 20,000.00
 Personnel 0.00
 Other 20,000.00

TOTAL WATER EXPANSION **20,000.00**

FROM: UNAPPROPRIATED FUND 408 - SEWER EXPANSION **10,000.00**

TO: 160 SPECIAL APPROPRIATION 10,000.00

Personnel	0.00	
Other	10,000.00	
TOTAL SEWER EXPANSION		<u><u>10,000.00</u></u>
FROM: UNAPPROPRIATED FUND 409 - FLOOD PROTECTION		<u><u>0.00</u></u>
TO: 160 SPECIAL APPROPRIATION		0.00
Personnel	0.00	
Other	0.00	
TOTAL FLOOD PROTECTION		<u><u>0.00</u></u>
FROM: UNAPPROPRIATED FUND 410 - STATE ISSUE I		<u><u>50,000.00</u></u>
TO: 160 SPECIAL APPROPRIATION		50,000.00
Personnel	0.00	
Other	50,000.00	
TOTAL STATE ISSUE I		<u><u>50,000.00</u></u>
FROM: UNAPPROPRIATED FUND 411 - DOWNTOWN DEVELOPMENT		<u><u>0.00</u></u>
TO: 160 SPECIAL APPROPRIATION		0.00
Personnel	0.00	
Other	0.00	
TOTAL DOWNTOWN DEVELOPMENT		<u><u>0.00</u></u>
FROM: UNAPPROPRIATED FUND 413 - PARK DEVELOPMENT FUND		<u><u>0.00</u></u>
TO: 160 SPECIAL APPROPRIATION		0.00
Personnel	0.00	
Other	0.00	
TOTAL PARK DEVELOPMENT FUND		<u><u>0.00</u></u>
FROM: UNAPPROPRIATED FUND 501 - SPECIAL ASSESSMENT		<u><u>652,100.00</u></u>
TO: 160 SPECIAL APPROPRIATION		652,100.00
Personnel	0.00	
Other	652,100.00	
TOTAL SPECIAL ASSESSMENT		<u><u>652,100.00</u></u>
FROM: UNAPPROPRIATED FUND 601 - WATER REVENUE		<u><u>5,445,617.00</u></u>
TO: 212 UTILITY COLLECTION		339,816.00
Personnel	185,371.00	
Other	154,445.00	
610 PUBLIC UTILITY ADMINISTRATION		217,182.00

	Personnel	102,332.00	
	Other	114,850.00	
611	WATER SUPERVISION		764,235.00
	Personnel	357,435.00	
	Other	406,800.00	
612	WATER PUMPING TREATMENT		2,171,068.00
	Personnel	866,128.00	
	Other	1,304,940.00	
613	WATER DISTRIBUTION & MAINT		1,339,816.00
	Personnel	865,336.00	
	Other	474,480.00	
619	WATER DEBT SERVICE		613,500.00
	Personnel	0.00	
	Other	613,500.00	
TOTAL WATER REVENUE			<u>5,445,617.00</u>
FROM: UNAPPROPRIATED FUND 602 - WATER BOND & INTEREST			<u>313,500.00</u>
TO: 619	WATER DEBT SERVICE		313,500.00
	Personnel	0.00	
	Other	313,500.00	
TOTAL WATER BOND & INTEREST			<u>313,500.00</u>
FROM: UNAPPROPRIATED FUND 603 - WATER BOND REDEMPTION			<u>0.00</u>
TO: 619	WATER DEBT SERVICE		0.00
	Personnel	0.00	
	Other	0.00	
TOTAL WATER BOND REDEMPTION			<u>0.00</u>
FROM: UNAPPROPRIATED FUND 604 - WATER REPLACEMENT & IMP			<u>5,000.00</u>
TO: 160	SPECIAL APPROPRIATION		0.00
	Personnel	0.00	
	Other	0.00	
160	WATER REPLACEMENT & IMP		5,000.00
	Personnel	0.00	
	Other	5,000.00	
TOTAL WATER REPLACEMENT & IMP			<u>5,000.00</u>
FROM: UNAPPROPRIATED FUND 605 - WATER SURPLUS			<u>4,000.00</u>
TO: 160	SPECIAL APPROPRIATION		4,000.00
	Personnel	0.00	
	Other	4,000.00	
TOTAL WATER SURPLUS			<u>4,000.00</u>

FROM: UNAPPROPRIATED FUND 606 - WATER GUARANTEED TRUST **65,000.00**

TO: 212 UTILITY COLLECTION 65,000.00
 Personnel 0.00
 Other 65,000.00

TOTAL WATER GUARANTEED TRUST **65,000.00**

FROM: UNAPPROPRIATED FUND 620 - SEWER REVENUE **6,655,236.00**

TO: 212 UTILITY COLLECTION 1,511,117.00
 Personnel 151,662.00
 Other 1,359,455.00
610 PUBLIC UTILITY ADMINISTRATION 150,182.00
 Personnel 102,332.00
 Other 47,850.00
621 SEWER SUPERVISION 999,337.00
 Personnel 453,837.00
 Other 545,500.00
622 SEWER PLANT 1,740,283.00
 Personnel 947,569.00
 Other 792,714.00
623 SEWER COLLECTION & MAINT 1,313,217.00
 Personnel 1,068,267.00
 Other 244,950.00
629 SEWER DEBT SERVICE 941,100.00
 Personnel 0.00
 Other 941,100.00

TOTAL SEWER REVENUE **6,655,236.00**

FROM: UNAPPROPRIATED FUND 621 - SEWER BOND & INTEREST **641,100.00**

TO: 629 SEWER DEBT SERVICE 641,100.00
 Personnel 0.00
 Other 641,100.00

TOTAL SEWER BOND & INTEREST **641,100.00**

FROM: UNAPPROPRIATED FUND 622 - SEWER BOND REDEMPTION **0.00**

TO: 629 SEWER DEBT SERVICE 0.00
 Personnel 0.00
 Other 0.00

TOTAL SEWER BOND REDEMPTION **0.00**

FROM: UNAPPROPRIATED FUND 623 - SEWER REPLACEMENT & IMP **201,536.00**

TO: 160 SEWER REPLACEMENT & IMP 201,536.00

	Personnel	0.00	
	Other	201,536.00	
	TOTAL SEWER REPLACEMENT & IMP		<u>201,536.00</u>
FROM:	UNAPPROPRIATED FUND 624 - SEWER SURPLUS		<u>22,000.00</u>
TO:	160 SPECIAL APPROPRIATION	22,000.00	
	Personnel	0.00	
	Other	22,000.00	
	TOTAL SEWER SURPLUS		<u><u>22,000.00</u></u>
FROM:	UNAPPROPRIATED FUND 630 - SOLID WASTE MANAGEMENT		<u>2,238,000.00</u>
TO:	212 UTILITY COLLECTION	0.00	
	Personnel	0.00	
	Other	0.00	
	630 SOLID WASTE MANAGEMENT	2,238,000.00	
	Personnel	0.00	
	Other	2,238,000.00	
	TOTAL SOLID WASTE MANAGEMENT		<u><u>2,238,000.00</u></u>
FROM:	UNAPPROPRIATED FUND 640 - RECREATIONAL FACILITIES		<u>1,534,100.00</u>
TO:	511 AQUATIC CENTER OPERATIONS	182,200.00	
	Personnel	117,950.00	
	Other	64,250.00	
	514 AQUATIC CENTER DEBT	20,010.00	
	Personnel	0.00	
	Other	20,010.00	
	515 GOLF PRO SHOP	678,888.00	
	Personnel	367,219.00	
	Other	311,669.00	
	520 GOLF MAINTENANCE	653,002.00	
	Personnel	334,377.00	
	Other	318,625.00	
	TOTAL RECREATIONAL FACILITIES		<u><u>1,534,100.00</u></u>
FROM:	UNAPPROPRIATED FUND 641 - RECREATION ACTIVITY		<u>489,375.00</u>
TO:	510 PARKS & RECREATION ADM	489,375.00	
	Personnel	294,875.00	
	Other	194,500.00	
	TOTAL RECREATION ACTIVITY		<u><u>489,375.00</u></u>
FROM:	UNAPPROPRIATED FUND 702 - EMPLOYEES BENEFITS		<u>5,457,500.00</u>

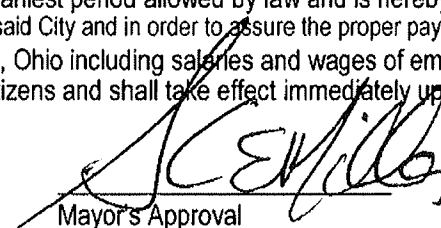
TO: 160 SPECIAL APPROPRIATION	5,457,500.00	
Personnel	5,450,000.00	
Other	7,500.00	
TOTAL EMPLOYEES BENEFITS		<u>5,457,500.00</u>
FROM: UNAPPROPRIATED FUND 705 - MUNICIPAL GARAGE SERVICES		<u>1,015,663.00</u>
TO: 430 FLEET MANAGEMENT	1,015,663.00	
Personnel	615,998.00	
Other	399,675.00	
TOTAL MUNICIPAL GARAGE SERVICES		<u>1,015,663.00</u>
FROM: UNAPPROPRIATED FUND 706 - COMPENSATED LEAVE		<u>0.00</u>
TO: 160 COMPENSATED LEAVE	0.00	
Personnel	0.00	
Other	0.00	
TOTAL COMPENSATED LEAVE		<u>0.00</u>
FROM: UNAPPROPRIATED FUND 707 - WEST CHESTER JEDD I		<u>2,050,300.00</u>
TO: 211 WEST CHESTER JEDD 1	6,151.00	
Personnel	0.00	
Other	6,151.00	
211 WEST CHESTER JEDD I	2,044,149.00	
Personnel	0.00	
Other	2,044,149.00	
TOTAL WEST CHESTER JEDD I		<u>2,050,300.00</u>
TOTAL APPROPRIATIONS		<u>71,965,451.00</u>

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 12/12/14

Posted 12/13/14


Mayor's Approval

First Reading 12/12/14

Rules Suspended 12/12/14

Second Reading

Third Reading

ATTEST: Krista Wilson
Clerk of Council

This is to certify that this Ordinance has been duly published by posting and summary publication as provided by Charter.

Krista Wilson
Clerk of Council

APPENDIX C
FINANCIAL STATEMENT

[SEE ATTACHED]



**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 2016: \$ 944,895,360

2. Total of all bonds and notes or other evidence of indebtedness and outstanding, INCLUDING THE PRESENT \$5,000,000 in bond anticipation notes \$ 21,894,238

3. Exempt Debt:
Self-supporting securities issued for any purpose including, without limitations, any of the following general purposes:

a. Water systems or facilities:	\$ 3,600,000
b. Sanitary sewer systems or facilities	2,531,811
j. Recreational sports facilities	670,000
Special assessment bonds or notes issued in Anticipation of levy or collection of special Assessments, either in original or refunded form	<u>87,427</u>
TOTAL EXEMPT DEBT	\$ 6,889,238

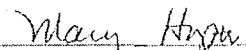
4. Total bonds and notes subject to 10 ½% limitation \$ 15,005,000
 Amount in bond retirement fund applicable to the payment of principal 1,395,000
 Net amount subject to 10 ½% limitation \$ 15,675,000

5. Bonds and notes included in item 4 about but not issued WITHOUT AUTHORITY OF AN ELECTION \$ 15,005,000
 Amount in bond retirement fund applicable to the payment of principal 1,395,000
 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 \$ 1,395,000

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 11th day of April, 2017.


Mary Hopton, Director of Finance

APPENDIX D
TEN MILL CERTIFICATE

[SEE ATTACHED]

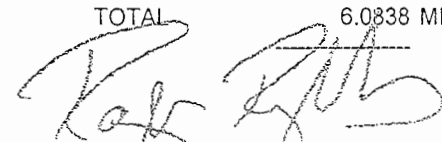
TEN-MILL CERTIFICATE

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 \$5,000,000 dated May 3, 2017, 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, 2018 For Principal For Interest		Required Tax Rate for Two Previous Columns
Butler	County	7,519,255,550	(a) Special Assessment bonds & notes in original or refunded form:	\$5,745,340	\$1,018,990	\$208,678	0.1633 MILLS
			(b) All other bonds & notes payable from or secured by taxes inside 10 mill limitation:	\$78,665,420	\$9,545,040	\$2,619,143	1.6177 MILLS
Fairfield	City	954,751,230	(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:	\$15,975,000	\$1,565,000	\$634,727	2.3040 MILLS
Lakota	School District	2,678,893,490	Bonds & notes payable from taxes inside 10 mill limitation:	\$37,080,000	\$2,475,000	\$1,378,161	1.4383 MILLS
Butler Technology	School JVS	8,222,940,160	Bonds & notes payable from taxes inside 10 mill limitation:	\$8,815,000	\$395,000	\$292,624	0.0836 MILLS
			Proposed issue	\$5,000,000	\$250,000	\$200,000	0.4769 MILLS
TOTAL							6.0838 MILLS

Dated this 12th day of April


 County Auditor

APPENDIX E
RATES OF TAXATION IN BUTLER COUNTY, OHIO

[SEE ATTACHED]

**RATES OF TAXATION IN BUTLER COUNTY, OHIO
TAX YEAR 2016**

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 FFLD CSD	9.72	64.30	1.93	11.09	0.00	0.7	0.75	88.49	61.286800	0.307416	66.542597	0.248021
A03 FAIRFIELD TWP FFLD CSD	9.72	64.30	1.93	16.09	0.00	0.7	0.75	93.49	66.283665	0.291008	71.467727	0.235558
A05 FAIRFLD TWP NW SD	9.72	58.87	1.93	11.09	0.00	0.7	0.00	82.31	58.432489	0.290092	63.461558	0.228993
A06 FAIRFLD TWP ROSS SD	9.72	49.73	1.93	11.09	0.00	0.7	0.75	73.92	47.555618	0.356661	50.498761	0.316846
FAIRFIELD CORPORATION												
A07 FAIRFIELD CORP FRFLD CSD	9.72	64.30	1.93	0.00	8.44	0.7	0.75	85.84	59.349051	0.308608	65.145258	0.241085
A09 FAIRFIELD CORP NW SD	9.72	58.87	1.93	0.00	8.44	0.7	0.00	79.66	56.494740	0.290802	62.064219	0.220886
HANOVER TOWNSHIP												
B10 HANOVER TWP TAL CSD	9.72	54.30	1.93	6.22	0.00	0.7	0.75	73.62	45.585862	0.380795	49.546279	0.327000
B11 HANOVER TWP TAL CL	9.72	54.30	1.93	6.22	0.00	0.7	0.75	73.62	45.585862	0.380795	49.546279	0.327000
B12 HANOVER TWP HAM CSD	9.72	54.81	0.00	6.22	0.00	0.7	0.75	72.20	55.709966	0.228394	63.073643	0.126404
B13 HANOVER TWP ROSS SD	9.72	49.73	1.93	6.22	0.00	0.7	0.75	69.05	43.956548	0.363410	46.975807	0.319684
B14 HANOVER TWP EDGE SD	9.72	49.70	1.93	6.22	0.00	0.7	0.75	69.02	54.611171	0.208763	62.449559	0.095196
B15 HANOVER ROSS MILLVI	9.72	49.73	1.93	0.42	5.30	0.7	0.75	68.55	43.456548	0.366061	46.481081	0.321939
LEMON TOWNSHIP												
C17 LEMON TWP MIDDLE CSD	9.72	55.39	1.93	6.72	0.00	0.7	0.75	75.21	74.590765	0.008233	75.055953	0.002048
C18 MONROE CORP LSD	9.72	48.67	1.93	0.60	9.32	0.7	0.75	71.69	66.573399	0.071371	71.422813	0.003727
C19 LEMON TWP MONROE LSD	9.72	48.67	1.93	6.72	0.00	0.7	0.75	68.49	66.470771	0.029482	68.335953	0.002249
LIBERTY TOWNSHIP												
D20 LIBERTY LAKOTA LSD	9.72	70.14	1.93	11.59	0.00	0.7	0.75	94.83	64.642955	0.318328	73.247934	0.227587
D70 LIBERTY MONROE LAKOTA SD	9.72	70.14	1.93	0.59	8.00	0.7	0.75	91.83	60.015464	0.346450	70.817321	0.228822
MADISON TOWNSHIP												
E22 MADISON TWP LSD	9.72	39.64	1.93	5.26	0.00	0.7	0.75	58.00	55.376958	0.045225	57.564532	0.007508
E23 MADISON TWP EDGEWOOD	9.72	49.70	1.93	5.26	0.00	0.7	0.75	68.06	53.036377	0.220741	61.213054	0.100602
MILFORD TOWNSHIP												
F26 MILFORD TWP TAL CSD	9.72	54.30	1.93	7.74	0.00	0.7	0.75	75.14	45.529021	0.394077	50.150864	0.332568
F27 MILFORD TWP TAL CL	9.72	54.30	1.93	7.74	0.00	0.7	0.75	75.14	45.529021	0.394077	50.150864	0.332568
F28 MILFORD TWP EDGEWOOD	9.72	49.70	1.93	7.74	0.00	0.7	0.75	70.54	54.554330	0.226619	63.054144	0.106122
F29 MILFORD TAL SOMER	9.72	54.30	1.93	7.74	0.00	0.7	0.75	75.14	45.529021	0.394077	50.150864	0.332568
MORGAN TOWNSHIP												
G32 MORGAN TWP ROSS LSD	9.72	49.73	1.93	7.97	0.00	0.7	0.75	70.80	45.652785	0.355187	48.731081	0.311708
G33 MORGAN TWP S W LSD	9.72	44.18	2.70	7.97	0.00	0.7	0.00	65.27	43.624704	0.331627	47.645674	0.270022
OXFORD TOWNSHIP												
H35 OXFORD TAL CL	9.72	54.30	1.93	13.59	0.00	0.7	0.75	80.99	48.414924	0.402211	51.248216	0.367228
H36 OXFORD TAL DL	9.72	54.30	1.93	13.59	0.00	0.7	0.75	80.99	48.414924	0.402211	51.248216	0.367228
H37 OXFORD CC CL	9.72	32.10	0.00	13.59	0.00	0.7	0.00	56.11	43.749316	0.220294	45.676816	0.185942
H38 OXFORD CC CORP DL	9.72	32.10	0.00	0.24	21.40	0.7	0.00	64.16	47.427740	0.260790	51.534424	0.196783
H39 OXFORD CC CORP CL	9.72	32.10	0.00	0.24	21.40	0.7	0.00	64.16	47.427740	0.260790	51.534424	0.196783
OXFORD CORPORATION												
H40 OXFORD CORP TAL CSD	9.72	54.30	1.93	0.24	3.65	0.7	0.75	71.29	43.255862	0.393241	47.221553	0.337613
H41 OXFORD CORP TAL DL	9.72	54.30	1.93	0.24	3.65	0.7	0.75	71.29	43.255862	0.393241	47.221553	0.337613
REILY TOWNSHIP												
J43 REILY TWP TAL CSD	9.72	54.30	1.93	6.64	0.00	0.7	0.75	74.04	45.840846	0.380864	49.971553	0.325074
ROSS TOWNSHIP												
K46 ROSS TWP ROSS LSD	9.72	49.73	1.93	11.22	0.00	0.7	0.75	74.05	48.552039	0.344334	51.836148	0.299984
K47 ROSS MILLVILLE ROSS	9.72	49.73	1.93	0.92	4.80	0.7	0.75	68.55	43.456548	0.366061	46.481081	0.321939
ST CLAIR TOWNSHIP												
L49 ST CLAIR NEW MIAMI	9.72	28.94	1.93	7.97	0.00	0.7	0.75	50.01	47.250617	0.055177	46.767162	0.064844
L50 ST CLAIR ROSS SD	9.72	49.73	1.93	7.97	0.00	0.7	0.75	70.80	45.498817	0.357361	48.731081	0.311708
L52 ST CLAIR EDGEWOOD	9.72	49.70	1.93	7.97	0.00	0.7	0.75	70.77	56.153440	0.206536	64.204833	0.092768
L53 ST CLAIR NM CORP NM	9.72	28.94	1.93	4.51	9.30	0.7	0.75	55.85	52.679483	0.056768	52.157712	0.066111
L54 ST CLAIR 7 MILE EDG	9.72	49.70	1.93	0.51	5.73	0.7	0.75	69.04	54.624613	0.208798	62.474475	0.095097
WEST CHESTER TOWNSHIP												
M55 FAIRFIELD C LAKOTA	9.72	70.14	1.93	0.00	8.44	0.7	0.75	91.68	62.404157	0.319326	70.680802	0.229049
M56 WST CHSTR LAKOTA LSD	9.72	70.14	1.93	14.59	0.00	0.7	0.75	97.83	68.963947	0.295063	76.735955	0.215619
M57 WST CHSTR MASON LSD	9.72	83.11	2.70	14.59	0.00	0.7	0.00	110.82	69.530889	0.372578	73.893814	0.333209
M58 W CHSTR PRINCETON SD	9.72	62.58	2.70	14.59	0.00	0.7	0.00	90.29	65.483385	0.274744	76.131591	0.156810
M75 SHARONVILLE PRINCE	9.72	62.58	2.70	0.00	0.00	0.7	0.00	75.70	51.042274	0.325730	61.736097	0.184464
WAYNE TOWNSHIP												
N59 WAYNE EDGEWOOD FD	9.72	49.70	1.93	3.83	0.00	0.7	0.75	66.63	52.214613	0.216350	60.001374	0.099484
N60 WAYNE SHAWNEE FD	9.72	20.50	2.58	3.83	0.00	0.7	0.00	37.33	36.353669	0.026154	37.027186	0.008112
N61 WAYNE EDGEWOOD SD	9.72	49.70	1.93	3.83	0.00	0.7	0.75	66.63	52.214613	0.216350	60.001374	0.099484
N62 WAYNE JACKSON EDGE	9.72	49.70	1.93	0.51	2.00	0.7	0.75	65.31	50.894613	0.220723	58.744475	0.100529
N63 WAYNE 7 MILE EDGE	9.72	49.70	1.93	0.51	5.73	0.7	0.75	69.04	54.624613	0.208798	62.474475	0.095097
HAMILTON CORPORATION												
P63 HAM CORP ST CLAIR TWP ROSS LSD	9.72	49.73	1.93	1.36	4.36	0.7	0.75	68.55	43.351220	0.367597	46.481081	0.321939
P64 HAMILTON C HAM CSD	9.72	54.81	0.00	0.00	6.81	0.7	0.75	72.79	56.194638	0.227990	63.668917	0.125307
P65 HAMILTON C EDGEWOOD	9.72	49.70	1.93	0.00	6.24	0.7	0.75	69.04	54.525843	0.210228	62.474833	0.095092
P66 HAMILTON C TAL CSD	9.72	54.30	1.93	0.00	6.81	0.7	0.75	74.21	46.070534	0.379187	50.141553	0.324329
P67 HAMILTON C ROSS LSD	9.72	49.73	1.93	0.00	5.72	0.7	0.75	68.55	43.351220	0.367597	46.481081	0.321939
P69 HAMILTON C NEW MIAMI	9.72	28.94	1.93	0.00	5.81	0.7	0.75	47.85	45.193020	0.055227	44.607162	0.067771
MIDDLETOWN CORPORATION												
Q65 MIDDLETOWN C CSD	9.72	55.39	1.93	0.00	6.90	0.7	0.75	75.39	74.770765	0.008214	75.235953	0.002043
TRENTON CORPORATION												
R80 TRENTON C EDGEWOOD D	9.72	49.70	1.93	0.00	12.99	0.7	0.75	75.79	61.374613	0.190202	69.224475	0.086628
R81 TRENTON CORP ST CLAIR TWP EDGE CSD	9.72	49.70	1.93	1.62	11.37	0.7	0.75	75.79	61.374613	0.190202	69.224475	0.086628
R82 TRENTON CORP MADISON TWP EDGE CSD	9.72	49.70	1.93	1.62	11.37	0.7	0.75	75.79	61.374613	0.190202	69.224475	0.086628
R83 TRENTON CORP WAYNE TWP EDGE CSD	9.72	49.70	1.93	1.62	11.37	0.7	0.75	75.79	61.374613	0.190202	69.224475	0.086628
R85 TRENTON C MADISON SD	9.72	39.64	1.93	0.00	11.01	0.7	0.75	63.75	61.735194	0.031605	63.595953	0.002416
R86 TRENTON CORP MADISON TWP MADISON LSD	9.72	39.64	1.93	0.63	10.38	0.7	0.75	63.75	61.735194	0.031605	63.595953	0.002416