

**CITY OF FAIRFIELD
BUTLER COUNTY**



SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

Members of Council
City of Fairfield
5350 Pleasant Avenue
Fairfield, Ohio 45014

We have reviewed the *Independent Auditor's Report* of the City of Fairfield, Butler County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Fairfield is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 23, 2023

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**CITY OF FAIRFIELD
HAMILTON COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2022**

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CITY OF FAIRFIELD, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass - Through Grantor, Program Title	Pass Through Entity Number	Assistance Listing Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Pass-Through Ohio Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Gilmore at 275	PID 107866	20.205	\$ 521,285
Rte 4, Michael Lane	PID 108270	20.205	376,402
Total Highway Planning and Construction Cluster			897,687
Subtotal - U.S. Department of Transportation			897,687
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Staffing for Adequate Fire and Emergency Response	EMW-2021-FF-00003	97.083	29,301
Assistance to Firefighters Grant	2020-FP-00254	97.044	15,691
Subtotal - U.S. Department of Homeland Security			44,992
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Pass Through Butler County, Ohio:</i>			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants / Entitlement Grants	B-20-UC-39-0008	14.218	125,672
Community Development Block Grants / Entitlement Grants	B-21-UC-39-0008	14.218	130,000
Total CDBG - Entitlement Grants Cluster			255,672
Subtotal - U.S. Department of Housing and Urban Development			255,672
<u>US DEPARTMENT OF THE TREASURY</u>			
<i>Pass Through Ohio Office of Budget and Management:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	5CV4	21.027	107,326
Subtotal - U.S. Department of the Treasury			107,326
Total Expenditures of Federal Awards			\$ 1,305,677

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

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 7, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

June 7, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Fairfield, Ohio's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 7, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
June 7, 2023

**CITY OF FAIRFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs: Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? No

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

None

Section III – Federal Award Findings and Questioned Costs

None

CITY OF FAIRFIELD

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

Year Ended December 31, 2022

The City had no prior audit findings or questioned costs.

CITY OF FAIRFIELD



Annual Comprehensive Financial Report



City of Fairfield, Ohio
For the Year Ended
December 31, 2022

CITY OF FAIRFIELD, OHIO

Annual Comprehensive Financial Report

For the Year Ended December 31, 2022

**Prepared By:
Department of Finance
Chris Hacker, Director**



On the Cover

**An Autumn sunrise over the Fairfield
Municipal Building. This facility houses City
Administration, Development, Finance,
Mayor and City Council Offices.**

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INTRODUCTORY SECTION

City of Fairfield, Ohio

June 7, 2023

The Honorable Mitch Rhodus, Mayor
Members of City Council
City of Fairfield
5350 Pleasant Avenue
Fairfield, Ohio 45014

The Annual Comprehensive Financial Report of the City of Fairfield, Ohio for the fiscal year ended December 31, 2022 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 Annual Comprehensive Financial Report incorporates GASB Statement No. 34 – Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments. Statement No. 34 was developed to make annual financial reports of state and local governments easier to understand and more useful to those who make decisions using governmental financial information. This report represents and reflects upon the City's financial operations and condition to the City's residents, its elected officials, management personnel, financial institutions, City bondholders, rating agencies and all other parties interested in the financial affairs of the City.

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

City Overview

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

Incorporated in 1955, the City operates under a charter and is served by a Council/City Manager form of government. The legislative body of Fairfield consists of a mayor and seven council members who are responsible for the legislative affairs of the City. Council also makes appointments to various statutory

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

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

Economic Conditions and Outlook

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

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

The residents approved an income tax reapportionment of the 1.5% income tax in 2012 to offset losses in State revenue. This reapportionment was effective in 2013 and reallocated monies to the General fund by reducing the Street and Capital Improvement funds each by 0.05%. It was understood at the time of the reapportionment should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. In 2022, 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 2017, the State of Ohio passed changes to the municipal income tax statute and revenue collection streams. In December 2016, over 150 Ohio municipalities filed a lawsuit to try and prevent the changes to the municipal income tax statute. The concerns revolve around the State Department of Taxation becoming a central filing and collection point for business profit returns, assessing the municipality a fee to process the returns and limiting access to tax information necessary for a municipal jurisdiction to review and audit returns as well as to enforce the local tax laws. In February, 2018 the Franklin County Judge ruled in favor of the State of Ohio. An appeal was filed, and in November of 2020 the Judge ruled that the State could become a central filing and collection point for business profit returns, however the State is not allowed to charge Local municipalities the administrative fee for collection of the net profit tax, due to this ruling the State refunded local municipalities fees that were previously assessed. At this time, the total financial impact is negligible.

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 2022:

- 1) The Route 4/Michael/Camelot Improvements were substantially completed in the year 2022. This project is a safety improvement funded primarily by the Ohio Department of Transportation, realigning the intersection of Route 4 with Michael Lane and Camelot Drive so that the streets line up with each other. The design allowed Michael Lane and Camelot Drive to line up with each other. The City has designed the project to minimize the impact to property owners as much as possible. Improvement also included shifting the existing pavement, overlay, curb, sidewalk, and pavement markings, as well as relocating the traffic signals, and existing utilities. The cost of this project was \$1,343,350.
- 2) The construction of a new 1.25 million gallon elevated water tank, the City's sixth water storage tower, began on Port Union Road. This tower is being constructed provide necessary water supply for the expanded industrial growth and fire suppression and protection on the eastern side of the City. The cost of this construction was \$5,422,000.

Future Projects

Accomplishments and significant capital projects to look forward to in 2023 include the following:

- 1) The Wastewater Division will begin improvements to the Aeration System totaling \$6,450,000, for the activated sludge treatment process and includes the replacement of all diffusers, blowers, air headers, and instrumentation components. In addition to increased efficiency and reduced maintenance costs, these improvements will bring the system into regulatory compliance and decrease energy consumption to operate the wastewater treatment facility.
- 2) The Fire Department is replacing a Fire Engine at an estimated cost of \$900,000. This unit will not only replace an existing aging unit, but also incorporate components from a separate rescue unit, negating the need to replace another vehicle in the Fire Department's fleet.

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

Budgetary control is maintained at the department level by the use of encumbrances for purchase order amounts to vendors. Open encumbrances are reported as assignments of the fund balance for the governmental fund types at December 31, 2022.

Internal Accounting and Budgetary Controls

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

Budgetary control is maintained at the department level by the use of encumbrances for purchase order amounts to vendors. Open encumbrances are reported as assignments of the fund balance for the governmental fund types at December 31, 2022.

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:

		<u>2022</u>	<u>2021</u>
General Fund	1.20%	\$32,575,827	\$29,205,346
Street Improvement Fund	0.15%	4,071,978	3,650,668
Capital Improvement Fund	0.15%	<u>4,071,978</u>	<u>3,650,668</u>
Gross Revenues		<u>\$40,719,783</u>	<u>\$36,506,682</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 Annual Comprehensive Financial Report.

Acknowledgements

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

Respectfully submitted,
City of Fairfield

A handwritten signature in blue ink that reads "Scott W. Timmer". The signature is stylized with a large, looped 'S' and 'T'.

Scott W. Timmer
City Manager

A handwritten signature in blue ink that reads "Christopher J. Hacker". The signature is cursive and somewhat difficult to read due to its fluidity.

Christopher J. Hacker
Director of Finance

**CITY OF FAIRFIELD
PUBLIC OFFICIALS**

MAYOR

Mitch Rhodus

COUNCIL MEMBERS

Vice Mayor – Tim Meyers

Leslie Besl
Gwen Brill
Dale Paullus

Matt Davidson
Terry Senger
Adam Kraft

APPOINTED OFFICIALS

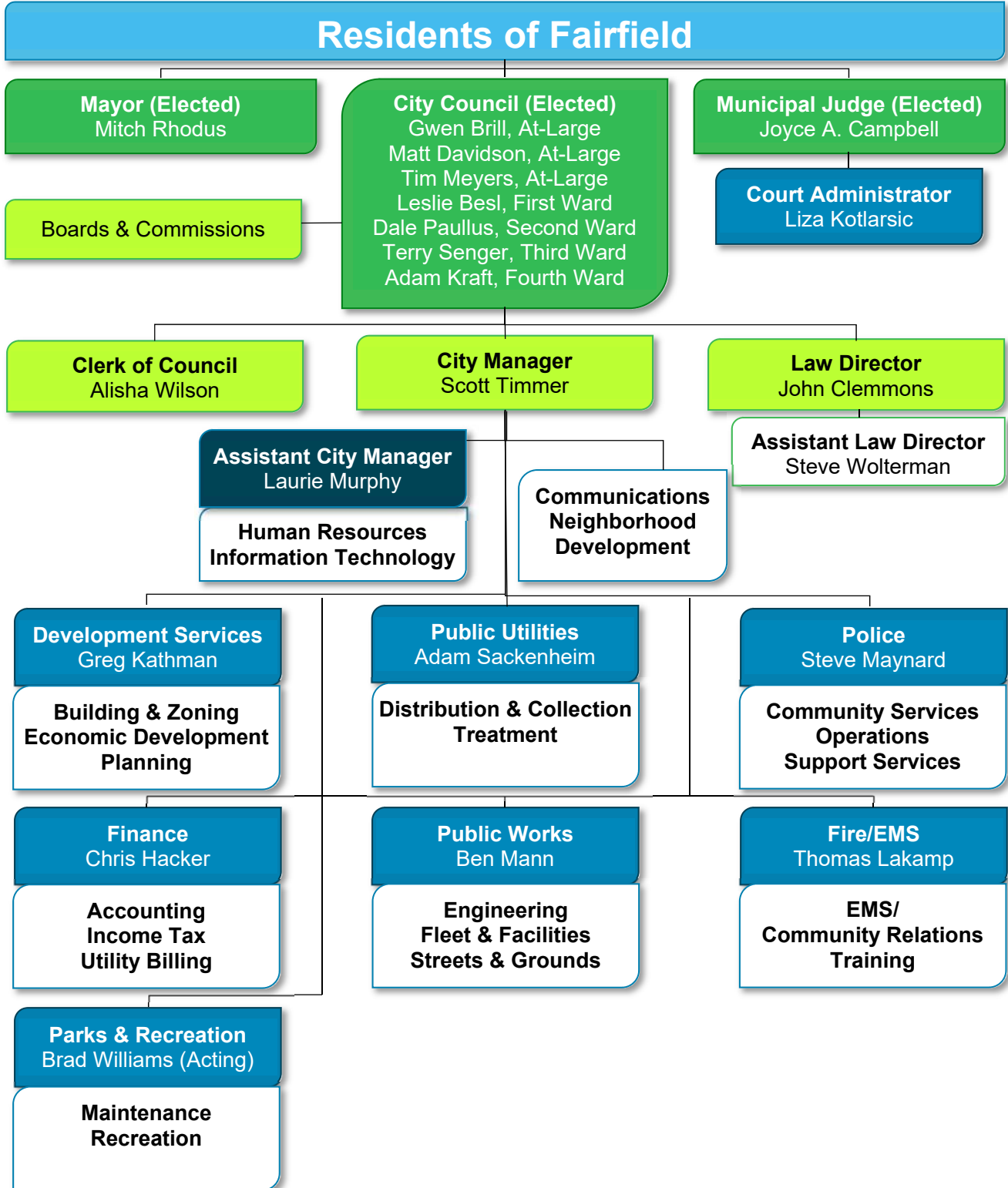
City Manager
Assistant City Manager
Director of Finance
Director of Law
Director of Public Works
Director of Parks and Recreation (Acting)
Director of Public Utilities
Director of Development Services
Chief of Police
Chief of Fire
Clerk of Council

Scott Timmer
Laurie Murphy
Chris Hacker
John Clemmons
Ben Mann
Brad Williams
Adam Sackenheim
Greg Kathman
Steve Maynard
Thomas Lakamp
Alisha Wilson

DEPARTMENT OF FINANCE

Director of Finance
Income Tax Administrator
Payroll Administrator

Chris Hacker
Kristina Cooper
Karen Broughton





Government Finance Officers Association

Certificate of
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Reporting

Presented to

**City of Fairfield
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

City of Fairfield, Ohio

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of pension information and other postemployment information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 combining and individual nonmajor fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2023, 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 solely 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 the effectiveness of the City's 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.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
June 7, 2023

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(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, 2022. 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 \$15,091,678. Net position of governmental activities increased \$15,487,530, net position of business-type activities decreased by \$395,852.
- The general fund reported a fund balance of \$29,385,399.
- Business-type operations reflected operating loss of \$607,255.
- The City had \$49,833,835 in expenses relating to governmental activities; program revenues offset \$13,066,528 of these expenses. General revenues and transfers of \$52,254,837 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, 2022
(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, American Rescue Plan Act, Street Improvement, Water Utility, and Sewer Utility.

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

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

Fiduciary Funds - The City is the custodial fiscal agent for the Municipal Court and the Joint Economic Development District. The City's fiduciary responsibility is reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. 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.

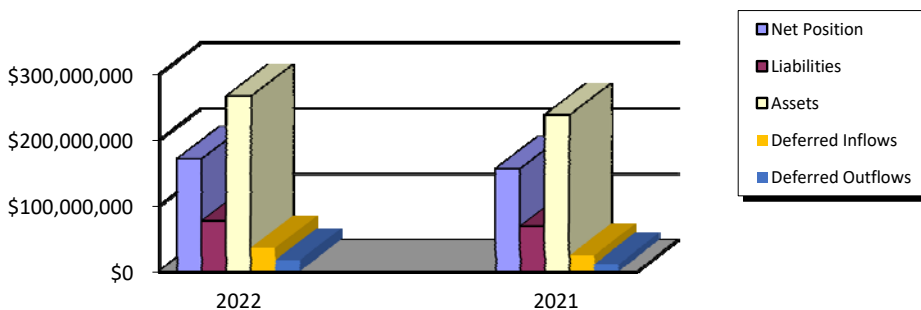
City of Fairfield, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

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 2022 compared to 2021.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021-Restated	2022	2021-Restated	2022	2021-Restated
Assets:						
Current and Other Assets	\$109,228,233	\$89,622,227	\$28,486,981	\$27,021,829	137,715,214	\$116,644,056
Capital Assets	81,446,235	81,922,234	47,178,439	40,753,898	128,624,674	122,676,132
Total Assets	190,674,468	171,544,461	75,665,420	67,775,727	266,339,888	239,320,188
Deferred Outflows of Resources:						
Deferred Charge on Refunding	269,424	325,406	0	0	269,424	325,406
OPEB	3,186,292	3,623,545	0	249,463	3,186,292	3,873,008
Pension	12,503,983	5,660,552	963,168	550,908	13,467,151	6,211,460
Total Deferred Outflows of Resources	15,959,699	9,609,503	963,168	800,371	16,922,867	10,409,874
Liabilities:						
Long-Term Liabilities	46,332,046	50,008,580	11,694,228	5,765,866	58,026,274	55,774,446
Other Liabilities	8,788,730	5,411,850	9,823,916	7,420,191	18,612,646	12,832,041
Total Liabilities	55,120,776	55,420,430	21,518,144	13,186,057	76,638,920	68,606,487
Deferred Inflows of Resources:						
Property Taxes	11,421,000	7,470,000	0	0	11,421,000	7,470,000
Grants and Other Taxes	237,613	280,577	0	0	237,613	280,577
Leases	1,211,019	1,305,024	300,632	314,297	1,511,651	1,619,321
OPEB	3,681,707	5,125,467	943,407	1,702,515	4,625,114	6,827,982
Pension	14,798,372	6,876,316	2,879,567	1,990,539	17,677,939	8,866,855
Total Deferred Inflows of Resources	31,349,711	21,057,384	4,123,606	4,007,351	35,473,317	25,064,735
Net Position:						
Net Investment In Capital Assets	74,649,663	74,289,642	33,248,528	34,374,363	107,898,191	108,664,005
Restricted	42,140,398	34,773,809	1,943,805	1,085,442	44,084,203	35,859,251
Unrestricted	3,373,619	(4,387,301)	15,794,505	15,922,885	19,168,124	11,535,584
Total Net Position	\$120,163,680	\$104,676,150	\$50,986,838	\$51,382,690	\$171,150,518	\$156,058,840



Total net position of the City as a whole increased \$15,091,678. Net position of the City’s governmental activities increased \$15,487,530, while the net position of the City’s business-type activities decreased \$395,852 from 2021. 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 \$19,168,124. Capital Assets increased mainly due to current year additions being greater than depreciation expense. Total Long-Term Liabilities decreased mainly due to changes in net pension liability.

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

Table 2 shows the changes in net position at year-end and revenue and expense comparisons for 2022 to 2021.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for Services	\$6,001,072	\$4,805,025	\$20,744,249	\$19,973,353	\$26,745,321	\$24,778,378
Operating Grants and Contributions	5,170,779	4,734,913	0	0	5,170,779	4,734,913
Capital Grants and Contributions	1,894,677	1,082,121	0	0	1,894,677	1,082,121
Total Program Revenues	13,066,528	10,622,059	20,744,249	19,973,353	33,810,777	30,595,412
General Revenues:						
Income Taxes	40,717,948	37,330,331	0	0	40,717,948	37,330,331
Property Taxes	8,421,302	8,183,073	0	0	8,421,302	8,183,073
Grants and Entitlements	2,214,961	1,339,306	0	0	2,214,961	1,339,306
Investment Earnings	(117,392)	(34,539)	(31,082)	(23,156)	(148,474)	(57,695)
Other Revenues	1,368,018	1,278,488	373,320	286,455	1,741,338	1,564,943
Total General Revenues	52,604,837	48,096,659	342,238	263,299	52,947,075	48,359,958
Total Revenues	65,671,365	58,718,718	21,086,487	20,236,652	86,757,852	78,955,370
Program Expenses:						
General Government	9,154,428	7,440,303	0	0	9,154,428	7,440,303
Public Safety	22,687,609	15,832,041	0	0	22,687,609	15,832,041
Community Development	1,619,909	1,015,903	0	0	1,619,909	1,015,903
Liesure Time Activities	3,987,994	3,173,971	0	0	3,987,994	3,173,971
Transportation and Street Repair	11,840,154	9,667,667	0	0	11,840,154	9,667,667
Basic Utility Service	362,300	488,930	0	0	362,300	488,930
Public Health and Welfare	20,370	22,183	0	0	20,370	22,183
Interest and Other Charges	161,071	220,424	0	0	161,071	220,424
Water Utility	0	0	8,952,833	7,229,429	8,952,833	7,229,429
Sewer Utility	0	0	8,665,514	6,715,790	8,665,514	6,715,790
Solid Waste	0	0	2,582,473	2,486,619	2,582,473	2,486,619
Recreation	0	0	1,631,519	2,455,741	1,631,519	2,455,741
Total Program Expenses	49,833,835	37,861,422	21,832,339	18,887,579	71,666,174	56,749,001
Increase (Decrease) in Net Position before Transfers	15,837,530	20,857,296	(745,852)	1,349,073	15,091,678	22,206,369
Transfers - Internal Activities	(350,000)	(490,000)	350,000	490,000	0	0
Change in Net Position	15,487,530	20,367,296	(395,852)	1,839,073	15,091,678	22,206,369
Net Position - Beginning of Year	104,676,150	84,308,854	51,382,690	49,543,617	156,058,840	133,852,471
Net Position - End of Year	\$120,163,680	\$104,676,150	\$50,986,838	\$51,382,690	\$171,150,518	\$156,058,840

Governmental Activities

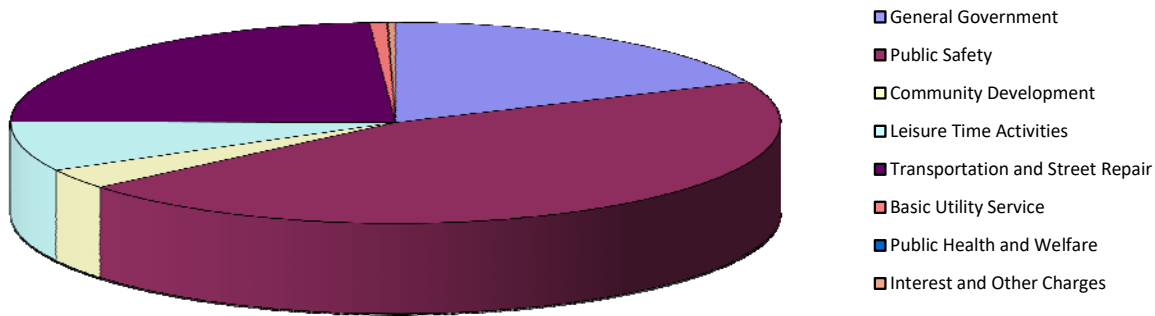
The City had an increase in revenues mainly due to an increase in property taxes and income taxes that the City received in 2022. Total expenses increased from 2021 mainly due to the City's public safety services that they provide, street maintenance and repairs they provide and the general government services that they provide throughout the City.

Revenues generated by the earnings tax represent approximately 62.3% of the City's governmental activities revenues. The City's 2022 earnings tax revenues increased approximately 9.1% when compared to 2021 earnings tax revenues.

City of Fairfield, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

Governmental Activities Program Expenses for the Current Year

	Percentage
General Government	18.37%
Public Safety	45.53%
Community Development	3.25%
Leisure Time Activities	8.00%
Transportation and Street Repair	23.76%
Basic Utility Service	0.73%
Public Health and Welfare	0.04%
Interest and Other Charges	0.32%
Total	100.00%



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

Income Tax

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

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

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

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

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

Business-Type Activities

The City's business-type activities include Water Utility, Sewer Utility, Solid Waste Management and Recreation Facilities operations. The City's business-type activities had operating income loss of \$607,255 for 2022. The operating revenues for business-type activities were \$21,117,569, while operating expenses were \$21,724,824 for 2022. The decrease in operating income for 2022 was mainly due to an increase in the City's operating expenses, in 2022 as compared to 2021.

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

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

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

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

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

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

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

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

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

Waste Collection – The City contracts with Rumpke, a private organization, to provide waste removal and recycling services to residential customers in the City of Fairfield. In 2017, Council authorized a contract renewal for five additional years with Rumpke for Fairfield residents' waste and recycling collection services. Per the City's contract the 2018 rate was \$12.35 per month for curbside service and \$7.00 per month for dumpster service. The rates increased in September, 2019 to \$12.96 per month for curbside service and \$7.28 per month for dumpster service. The full costs of the services are passed-through to the residents. Annual increases are scheduled throughout the contract which will result in the curbside rate to be \$13.39 and the dumpster rate to be \$7.58 at the end of the five year contract.

Recreation Facilities – The City of Fairfield acquired the Pleasant Run Country Club in 1978, with assistance through the Land and Water Conservation Fund grant program and immediately re-named 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.

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

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 four major governmental funds: the General Fund, Fire Levy Fund, American Rescue Plan Act Fund, and Street Improvement Fund. Assets of these funds comprised \$71,274,721 (68%) of the total governmental fund assets.

General Fund: Fund balance at December 31, 2022 was \$29,385,399, a decrease in fund balance of \$366,993 from 2021. The decrease in fund balance was mainly due to an increase in the amount transfers out from the prior year, which are used to move unrestricted revenues collected in the General Fund to provide additional resources for current operations, or debt service, or for anticipated capital projects of other funds.

Fire Levy Fund: Fund balance at December 31, 2022 was \$1,459,286, a decrease of \$1,532,367 from 2021. The decrease in fund balance from the prior year was mainly due to an increase in expenditures related to the public safety services (fire safety, education, services) to the citizens, which is provided throughout the City.

American Rescue Plan Act Fund: Fund balance at December 31, 2022 was \$0, with an unearned revenues balance of \$4,083,055.

Street Improvement Fund: Fund balance at December 31, 2022 was \$12,049,230, an increase in fund balance of \$1,214,553 from 2021. This increase was mainly due to the additional grant monies (intergovernmental revenues) that the City received for street repairs and improvements that were completed throughout the City during 2022.

City of Fairfield, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

General Fund Budgeting Highlights

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

For the General Fund, the final budgeted expenditures were \$29,241,192 and the final actual expenditures were \$29,023,505. The difference was \$217,687. Variations from the final budgeted expenditures to the final actual expenditures are primarily due to the following: the City conservatively budgeted for the community arts center and the police expenditures for 2022. As the City completed the year, its General Fund balance reported an actual fund balance of \$27,850,555, on a Non-GAAP Budgetary Basis.

Capital Assets and Debt Administration

Capital Assets

At year end, the City had \$128,624,674 invested in land, construction in progress, buildings and improvements, equipment and infrastructure. Table 3 shows 2022 balances compared to 2021:

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021-Restated	2022	2021-Restated
Land	\$21,428,462	\$21,248,462	\$1,736,949	\$1,736,949	\$23,165,411	\$22,985,411
Construction in Progress	2,554,170	1,116,512	7,931,912	497,686	10,486,082	1,614,198
Buildings and Improvements	49,766,618	49,067,466	52,082,988	52,082,988	101,849,606	101,150,454
Equipment	18,260,332	18,419,949	5,344,247	4,795,290	23,604,579	23,215,239
Infrastructure	116,056,607	114,682,363	42,320,996	41,456,527	158,377,603	156,138,890
Leased Asset	0	0	141,092	211,638	141,092	211,638
Accumulated Depreciation	(126,619,954)	(122,612,518)	(62,379,745)	(60,027,180)	(188,999,699)	(182,639,698)
Total Net Capital Assets	<u>\$81,446,235</u>	<u>\$81,922,234</u>	<u>\$47,178,439</u>	<u>\$40,753,898</u>	<u>\$128,624,674</u>	<u>\$122,676,132</u>

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

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

Debt

The City had \$7,065,996 in Governmental Activities long-term debt and \$8,329,911 in Business-Type Activities long-term debt.

City of Fairfield, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

Table 4
Outstanding Debt at Year End

		2022	2021
Governmental Activities:			
<u>General Obligation Bonds:</u>			
2017 Refunding of 2009 Various Purpose Golf and Justice Center	2.00%	\$2,590,000	\$2,925,000
Premium		200,996	252,998
2020 Refunding of A Roadway Improvement Bonds	3.74%	4,275,000	4,780,000
Total Governmental Activities		<u>\$7,065,996</u>	<u>\$7,957,998</u>
Business Type Activities:			
<u>OWDA Loans from Direct Borrowing:</u>			
OWDA - WWTP Multi-Purpose Facility	0.43%	\$2,071,760	\$567,897
OWDA - Smart Water Metering System	3.05%	4,519,654	0
OWDA - Port Union Water Tower	3.17%	1,738,497	0
Total Business Type Activities		<u>\$8,329,911</u>	<u>\$567,897</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 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

Following the Great Recession (2007-2009), the City saw its main revenue source, income tax, stabilize and continue to see slight growth due to strong employment base. The City continued to see income tax growth in 2020 and 2021, despite the economic conditions caused by the COVID-19 pandemic. In fact, the years since 2020 have been strong years for economic growth in the City with numerous positive development announcements and milestones. A boom of speculative industrial development is occurring within the city, creating space for new job creation. The first four speculative industrial buildings at Fairfield Commerce Park (totaling 1,350,000 square feet) are now complete, and construction of the fifth building exceeding 200,000 square feet is now underway. Hilco Vision, a major eye care accessory company, leased the first building and is adding 200 jobs at the site. Other firms have leased the other three completed buildings, bringing an additional 300 jobs. Additional industrial parks are underway at the Seward Pointe property (another 550,000 square feet) and Morris Farm/Fairfield Trade Center property (another 600,000 square feet). Smaller speculative industrial projects have added an additional 300,000 square feet to the Fisher Park and Fairfield Commerce Center industrial parks. Expansion of existing industrial companies also contributed to this growth, including projects at ART Metals Group, Pacific Manufacturing, and Koch Foods. These three expansions are nearing completion will retain 2,023 jobs and create 640 new jobs. The Koch Foods project alone represents a \$220 million investment. Koch Foods is already the City’s largest industrial employers (~1,500 jobs) and largest utility user. This project will also substantially increase water and sewer use at the property, providing additional utility revenue to the City. These investments as well as the recent property revaluation, have resulted in an increase of property tax revenues of approximately 17% in just a few years.

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022
(Unaudited)

In 2013, the City residents approved a reapportionment to replace the \$1,500,000 in lost revenue from cuts in local funding in the State operating budget and elimination of the estate tax. At that time the City apportioned the income tax to the General, Street Improvement and Capital funds. The reapportionment of the income tax beginning in 2013 became 1.2% to the General fund and 0.15% each to the Street Improvement and Capital Improvement funds. It was understood at the time of the reapportionment should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. In 2021, 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, 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, 2022

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$79,744,672	\$23,363,899	\$103,108,571
Restricted Cash	0	1,088,105	1,088,105
Receivables (Net):			
Taxes	22,597,311	0	22,597,311
Accounts	254,100	2,545,748	2,799,848
Interest	39,464	31,897	71,361
Intergovernmental	3,454,615	0	3,454,615
Leases	1,220,343	300,312	1,520,655
Inventory	0	301,320	301,320
Net OPEB Asset	1,917,728	855,700	2,773,428
Nondepreciable Capital Assets	23,982,632	9,668,861	33,651,493
Depreciable Capital Assets, Net	57,463,603	37,509,578	94,973,181
Total Assets	190,674,468	75,665,420	266,339,888
Deferred Outflows of Resources:			
Deferred Charge on Refunding	269,424	0	269,424
Pension	12,503,983	963,168	13,467,151
OPEB	3,186,292	0	3,186,292
Total Deferred Outflows of Resources	15,959,699	963,168	16,922,867
Liabilities:			
Accounts Payable	1,118,100	2,568,470	3,686,570
Accrued Wages and Benefits	1,916,572	271,400	2,187,972
Contracts Payable	1,566,557	0	1,566,557
Retainage Payable	19,055	900,595	919,650
Accrued Interest Payable	12,818	94,889	107,707
Due to Other Governments	14,850	138,413	153,263
Claims Payable	57,723	2,657	60,380
Other Liabilities	0	247,492	247,492
Unearned Revenue	4,083,055	0	4,083,055
General Obligation Notes Payable	0	5,600,000	5,600,000
Long-Term Liabilities:			
Due Within One Year	2,167,883	313,938	2,481,821
Due In More Than One Year			
Net Pension Liability	31,098,140	2,302,232	33,400,372
Net OPEB Liability	4,550,820	0	4,550,820
Other Amounts	8,515,203	9,078,058	17,593,261
Total Liabilities	55,120,776	21,518,144	76,638,920
Deferred Inflows of Resources:			
Property Taxes	11,421,000	0	11,421,000
Grants and Other Taxes	237,613	0	237,613
Leases	1,211,019	300,632	1,511,651
Pension	14,798,372	2,879,567	17,677,939
OPEB	3,681,707	943,407	4,625,114
Total Deferred Inflows of Resources	31,349,711	4,123,606	35,473,317
Net Position:			
Net Investment in Capital Assets	74,649,663	33,248,528	107,898,191
Restricted for:			
Debt Service	1,820,808	0	1,820,808
Capital Projects	25,264,451	1,088,105	26,352,556
Street Construction and Maintenance	4,991,007	0	4,991,007
Court Services	5,127,459	0	5,127,459
Public Safety	1,863,159	0	1,863,159
Tax increment Financing Projects	55,089	0	55,089
Grants	25,009	0	25,009
Net OPEB Asset	1,917,728	855,700	2,773,428
Other Purposes	1,075,688	0	1,075,688
Unrestricted	3,373,619	15,794,505	19,168,124
Total Net Position	\$120,163,680	\$50,986,838	\$171,150,518

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$9,154,428	\$2,603,634	\$1,469,684	\$0	(\$5,081,110)	\$0	(\$5,081,110)
Public Safety	22,687,609	1,415,445	437,134	0	(20,835,030)	0	(20,835,030)
Community Development	1,619,909	1,743,203	0	280,577	403,871	0	403,871
Leisure Time Activities	3,987,994	238,790	0	0	(3,749,204)	0	(3,749,204)
Transportation and Street Repair	11,840,154	0	3,263,961	1,614,100	(6,962,093)	0	(6,962,093)
Basic Utility Service	362,300	0	0	0	(362,300)	0	(362,300)
Public Health and Welfare	20,370	0	0	0	(20,370)	0	(20,370)
Interest and Other Charges	161,071	0	0	0	(161,071)	0	(161,071)
Total Governmental Activities	49,833,835	6,001,072	5,170,779	1,894,677	(36,767,307)	0	(36,767,307)
Business-Type Activities:							
Water Utility	8,952,833	8,757,842	0	0	0	(194,991)	(194,991)
Sewer Utility	8,665,514	7,751,281	0	0	0	(914,233)	(914,233)
Solid Waste	2,582,473	2,556,126	0	0	0	(26,347)	(26,347)
Recreation	1,631,519	1,679,000	0	0	0	47,481	47,481
Total Business-Type Activities	21,832,339	20,744,249	0	0	0	(1,088,090)	(1,088,090)
Totals	\$71,666,174	\$26,745,321	\$5,170,779	\$1,894,677	(36,767,307)	(1,088,090)	(37,855,397)
General Revenues:							
Income Taxes					40,717,948	0	40,717,948
Property Taxes Levied for:							
General Purposes					1,958,925	0	1,958,925
Special Revenue Purposes					6,462,377	0	6,462,377
Grants and Entitlements, Not Restricted					2,214,961	0	2,214,961
Revenue in Lieu of Taxes					61,668	0	61,668
Investment Earnings					(117,392)	(31,082)	(148,474)
Other Revenues					1,306,350	373,320	1,679,670
Transfers-Internal Activities					(350,000)	350,000	0
Total General Revenues and Transfers					52,254,837	692,238	52,947,075
Change in Net Position					15,487,530	(395,852)	15,091,678
Net Position - Beginning of Year, Restated					104,676,150	51,382,690	156,058,840
Net Position - End of Year					\$120,163,680	\$50,986,838	\$171,150,518

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Balance Sheet
Governmental Funds
December 31, 2022

	General	Fire Levy	American Rescue Plan Act	Street Improvement	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Investments	\$28,560,304	\$2,162,390	\$4,349,837	\$11,609,995	\$29,991,993	\$76,674,519
Receivables (Net):						
Taxes	10,226,866	10,164,425	0	1,103,010	1,103,010	22,597,311
Accounts	254,100	0	0	0	0	254,100
Interest	11,903	0	0	14,839	12,722	39,464
Intergovernmental	775,121	84,764	0	736,824	1,857,906	3,454,615
Leases	1,220,343	0	0	0	0	1,220,343
Total Assets	41,048,637	12,411,579	4,349,837	13,464,668	32,965,631	104,240,352
Liabilities:						
Accounts Payable	607,969	29,377	266,782	0	186,736	1,090,864
Accrued Wages and Benefits	1,132,985	595,731	0	0	150,412	1,879,128
Compensated Absences	117,543	74,782	0	0	0	192,325
Contracts Payable	0	0	0	613,368	953,189	1,566,557
Retainage Payable	0	0	0	0	19,055	19,055
Due to Other Governments	14,850	0	0	0	0	14,850
Claims Payable	8,589	3,214	0	0	1,080	12,883
Unearned Revenue	0	0	4,083,055	0	0	4,083,055
Total Liabilities	1,881,936	703,104	4,349,837	613,368	1,310,472	8,858,717
Deferred Inflows of Resources:						
Property Taxes	1,402,779	10,164,425	0	0	0	11,567,204
Income Taxes	6,332,172	0	0	791,521	791,521	7,915,214
Grants and Other Taxes	572,770	84,764	0	0	1,597,387	2,254,921
Special Assessments	120,942	0	0	0	0	120,942
Unavailable Revenue	141,620	0	0	10,549	9,044	161,213
Leases	1,211,019	0	0	0	0	1,211,019
Total Deferred Inflows of Resources	9,781,302	10,249,189	0	802,070	2,397,952	23,230,513
Fund Balances:						
Restricted	0	1,459,286	0	12,049,230	24,228,512	37,737,028
Assigned	919,788	0	0	0	5,028,695	5,948,483
Unassigned	28,465,611	0	0	0	0	28,465,611
Total Fund Balances	29,385,399	1,459,286	0	12,049,230	29,257,207	72,151,122
Total Liabilities, Deferred Inflows and Fund Balances	\$41,048,637	\$12,411,579	\$4,349,837	\$13,464,668	\$32,965,631	\$104,240,352

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, 2022

Total Governmental Fund Balance \$72,151,122

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 81,446,235

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

Income Taxes	7,915,214	
Delinquent Property Taxes	146,204	
Interest	28,055	
Intergovernmental	2,017,308	
Other Receivables	254,100	
		10,360,881

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 2,341,237

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.

(12,818)

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

Compensated Absences (3,300,438)

Deferred outflow of resources associated with long-term liabilities are not reported in the funds.

269,424

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

Deferred outflows of resources related to pensions	12,393,254	
Deferred inflows of resources related to pensions	(14,467,328)	
Deferred outflows of resources related to OPEB	3,186,292	
Deferred inflows of resources related to OPEB	(3,573,250)	
		(2,461,032)

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

Net OPEB Asset	1,819,354	
Net Pension Liability	(30,833,469)	
Net OPEB Liability	(4,550,820)	
Other Amounts	(7,065,996)	
		(40,630,931)

Net Position of Governmental Activities \$120,163,680

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, 2022

	General	Fire Levy	American Rescue Plan Act	Street Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property and Other Taxes	\$1,979,134	\$6,501,491	\$0	\$0	\$0	\$8,480,625
Income Taxes	31,005,252	0	0	3,918,949	3,918,950	38,843,151
Charges for Services	1,862,668	1,353,678	0	0	0	3,216,346
Investment Earnings	(11,920)	7,577	(18,630)	(31,440)	(78,440)	(132,853)
Intergovernmental	2,371,728	402,243	392,738	1,890,183	4,271,234	9,328,126
Special Assessments	67,475	0	0	0	55,089	122,564
Fines, Licenses & Permits	2,422,622	5,600	0	0	744,010	3,172,232
Revenue in Lieu of Taxes	0	0	0	0	61,668	61,668
Other Revenues	557,712	1,072	0	15,538	140,716	715,038
Total Revenues	40,254,671	8,271,661	374,108	5,793,230	9,113,227	63,806,897
Expenditures:						
Current:						
General Government	8,248,919	0	266,782	0	586,561	9,102,262
Public Safety	13,810,123	9,797,666	0	0	58,224	23,666,013
Community Development	1,730,355	0	0	0	0	1,730,355
Leisure Time Activities	3,251,186	0	0	0	0	3,251,186
Transportation and Street Repair	0	0	0	3,499,311	6,014,840	9,514,151
Basic Utility Service	362,300	0	0	0	0	362,300
Public Health and Welfare	20,370	0	0	0	0	20,370
Capital Outlay	37,498	6,362	107,326	1,728,200	2,952,072	4,831,458
Debt Service:						
Principal	0	0	0	0	840,000	840,000
Interest and Other Charges	0	0	0	0	158,696	158,696
Total Expenditures	27,460,751	9,804,028	374,108	5,227,511	10,610,393	53,476,791
Excess of Revenues Over (Under) Expenditures	12,793,920	(1,532,367)	0	565,719	(1,497,166)	10,330,106
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	22,947	0	0	0	88,620	111,567
Transfers In	0	0	0	648,834	11,910,026	12,558,860
Transfers (Out)	(13,183,860)	0	0	0	0	(13,183,860)
Total Other Financing Sources (Uses)	(13,160,913)	0	0	648,834	11,998,646	(513,433)
Net Change in Fund Balance	(366,993)	(1,532,367)	0	1,214,553	10,501,480	9,816,673
Fund Balance - Beginning of Year, Restated	29,752,392	2,991,653	0	10,834,677	18,755,727	62,334,449
Fund Balance - End of Year	\$29,385,399	\$1,459,286	\$0	\$12,049,230	\$29,257,207	\$72,151,122

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, 2022

Net Change in Fund Balance - Total Governmental Funds \$9,816,673

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	4,791,044	
Depreciation Expense	(5,236,753)	
		(445,709)

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. (30,290)

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

Pension Contributions	3,382,856	
Pension Expense	(1,358,422)	
OPEB Contributions	52,393	
OPEB Expense	1,119,657	
		3,196,484

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

Income Taxes	1,874,796	
Delinquent Property Taxes	(59,324)	
Interest	15,461	
Intergovernmental	(50,587)	
Other	2,845	
		1,783,191

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 840,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 1,605

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	162,513	
Amortization of Bond Premium	52,002	
Amortization of Deferred Charge on Refunding	(55,982)	
		158,533

(Continued)

City of Fairfield, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2022

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>167,043</u>
Change in Net Position of Governmental Activities	<u><u>\$15,487,530</u></u>

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Other Enterprise Funds	Total Business-Type Activities	Internal Service Funds
	Current Assets:				
Equity in Pooled Cash and Investments	\$8,794,725	\$12,961,635	\$1,607,539	\$23,363,899	\$3,070,153
Restricted Cash	1,088,105	0	0	1,088,105	0
Receivables (Net):					
Accounts	1,054,585	1,137,712	353,451	2,545,748	0
Interest	17,251	14,529	117	31,897	0
Leases	300,312	0	0	300,312	0
Inventory	278,400	0	22,920	301,320	0
Total Current Assets	11,533,378	14,113,876	1,984,027	27,631,281	3,070,153
Noncurrent Assets:					
Net OPEB Asset	360,984	362,960	131,756	855,700	98,374
Capital Assets:					
Nondepreciable Capital Assets	5,817,825	3,344,036	507,000	9,668,861	0
Depreciable Capital Assets, Net	16,871,403	18,223,136	2,415,039	37,509,578	0
Total Noncurrent Assets	23,050,212	21,930,132	3,053,795	48,034,139	98,374
Total Assets	34,583,590	36,044,008	5,037,822	75,665,420	3,168,527
Deferred Outflows of Resources:					
Pension	406,321	408,544	148,303	963,168	110,729
Total Deferred Outflows of Resources	406,321	408,544	148,303	963,168	110,729
Liabilities:					
Current Liabilities:					
Accounts Payable	873,968	1,223,722	470,780	2,568,470	27,236
Accrued Wages and Benefits	119,940	127,252	24,208	271,400	37,444
Compensated Absences	119,243	103,927	20,375	243,545	17,579
Retainage Payable	436,462	464,133	0	900,595	0
Accrued Interest Payable	77,606	17,283	0	94,889	0
Due to Other Governments	0	138,413	0	138,413	0
Leases Payable	0	0	70,393	70,393	0
Claims Payable	1,066	1,072	519	2,657	44,840
Other Liabilities	247,492	0	0	247,492	0
General Obligation Notes Payable	4,580,000	1,020,000	0	5,600,000	0
Total Current Liabilities	6,455,777	3,095,802	586,275	10,137,854	127,099
Long-Term Liabilities:					
Compensated Absences	272,874	370,974	33,007	676,855	106,748
Bonds, Notes & Loans Payable	3,998,324	4,331,587	0	8,329,911	0
Net Pension Liability	971,216	976,531	354,485	2,302,232	264,671
Leases Payable	0	0	71,292	71,292	0
Total Noncurrent Liabilities	5,242,414	5,679,092	458,784	11,380,290	371,419
Total Liabilities	11,698,191	8,774,894	1,045,059	21,518,144	498,518
Deferred Inflows of Resources:					
Leases	300,632	0	0	300,632	0
Pension	1,214,769	1,221,418	443,380	2,879,567	331,044
OPEB	397,984	400,162	145,261	943,407	108,457
Total Deferred Inflows of Resources	1,913,385	1,621,580	588,641	4,123,606	439,501
Net Position:					
Net Investment in Capital Assets	14,110,904	16,215,585	2,922,039	33,248,528	0
Restricted for:					
Capital Projects	1,088,105	0	0	1,088,105	0
Net OPEB Asset	360,984	362,960	131,756	855,700	98,374
Unrestricted	5,818,342	9,477,533	498,630	15,794,505	2,242,863
Total Net Position	\$21,378,335	\$26,056,078	\$3,552,425	\$50,986,838	\$2,341,237

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, 2022

	Business-Type Activities Enterprise Funds			Total Business-Type Activities	Governmental Activities
	Water Utility	Sewer Utility	Other Enterprise Funds		Internal Service Funds
Operating Revenues:					
Charges for Services	\$8,757,842	\$7,751,281	\$4,235,126	\$20,744,249	\$9,042,417
Other Revenues	259,946	74,559	38,815	373,320	3,220
Total Operating Revenues	9,017,788	7,825,840	4,273,941	21,117,569	9,045,637
Operating Expenses:					
Personal Services	1,591,450	1,812,338	493,171	3,896,959	467,341
Contactual Services	5,218,751	4,374,045	3,136,989	12,729,785	8,292,018
Materials and Supplies	1,063,006	1,143,520	300,858	2,507,384	414,588
Depreciation	992,876	1,316,713	281,107	2,590,696	0
Total Operating Expenses	8,866,083	8,646,616	4,212,125	21,724,824	9,173,947
Operating Income (Loss)	151,705	(820,776)	61,816	(607,255)	(128,310)
Non-Operating Revenues (Expenses):					
Investment Earnings	(10,520)	(22,176)	1,614	(31,082)	20,353
Interest (Expense)	(86,750)	(18,898)	(1,867)	(107,515)	0
Total Non-Operating Revenues (Expenses)	(97,270)	(41,074)	(253)	(138,597)	20,353
Income (Loss) Before Contributions and Transfers	54,435	(861,850)	61,563	(745,852)	(107,957)
Transfers In	0	0	350,000	350,000	275,000
Change in Net Position	54,435	(861,850)	411,563	(395,852)	167,043
Net Position - Beginning of Year, Restated	21,323,900	26,917,928	3,140,862	51,382,690	2,174,194
Net Position - End of Year	\$21,378,335	\$26,056,078	\$3,552,425	\$50,986,838	\$2,341,237

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, 2022

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Other Enterprise Funds	Total Business-Type Activities	Internal Service Funds
Cash Flows from Operating Activities:					
Cash Received from Customers	\$8,833,615	\$7,657,576	\$4,221,490	\$20,712,681	\$9,045,637
Cash Payments to Employees	(2,527,985)	(2,766,461)	(820,843)	(6,115,289)	(676,948)
Cash Payments to Suppliers	(5,386,292)	(4,097,358)	(3,474,924)	(12,958,574)	(430,204)
Cash Payments for Claims	0	0	0	0	(8,399,260)
Net Cash Provided (Used) by Operating Activities	919,338	793,757	(74,277)	1,638,818	(460,775)
Cash Flows from Noncapital Financing Activities:					
Payments from Other Funds	0	0	350,000	350,000	275,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	350,000	350,000	275,000
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(5,816,294)	(3,017,402)	(181,541)	(9,015,237)	0
Debt Proceeds	8,578,324	4,783,690	0	13,362,014	0
Debt and Lease Principal Payments	(4,580,000)	(1,020,000)	(69,953)	(5,669,953)	0
Debt and Lease Interest Payments	(28,545)	(5,936)	(1,867)	(36,348)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,846,515)	740,352	(253,361)	(1,359,524)	0
Cash Flows from Investing Activities:					
Earnings on Investments	(23,744)	(34,020)	1,497	(56,267)	21,696
Net Cash Provided (Used) by Cash Flows from Investing Activities	(23,744)	(34,020)	1,497	(56,267)	21,696
Net Increase (Decrease) in Cash and Cash Equivalents	(950,921)	1,500,089	23,859	573,027	(164,079)
Cash and Cash Equivalents - Beginning of Year	10,833,751	11,461,546	1,583,680	23,878,977	3,234,232
Cash and Cash Equivalents - End of Year	9,882,830	12,961,635	1,607,539	24,452,004	3,070,153
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	151,705	(820,776)	61,816	(607,255)	(128,310)
Adjustments:					
Depreciation	992,876	1,316,713	281,107	2,590,696	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	(209,633)	(168,264)	(52,451)	(430,348)	0
(Increase) Decrease in Inventory	(74,442)	0	(13,889)	(88,331)	0
(Increase) Decrease in Deferred Outflows of Resources	(64,071)	(69,966)	(28,760)	(162,797)	(20,552)
(Increase) Decrease in Net OPEB Asset	(143,996)	(148,300)	(55,965)	(348,261)	(41,201)
Increase (Decrease) in Claims Payable	674	664	334	1,672	(124,877)
Increase (Decrease) in Retainage Payable	436,462	387,740	0	824,202	0
Increase (Decrease) in Other Liabilities	1,600	0	0	1,600	0
Increase (Decrease) in Payables	570,970	1,032,467	(23,188)	1,580,249	2,204
Increase (Decrease) in Accrued Liabilities	390	(56,685)	(29,049)	(85,344)	20,840
Increase (Decrease) in Deferred Inflows of Resources	19,885	59,322	37,048	116,255	23,408
Increase (Decrease) in Net Pension Liability	(763,082)	(739,158)	(251,280)	(1,753,520)	(192,287)
Net Cash Provided (Used) by Operating Activities	\$919,338	\$793,757	(\$74,277)	\$1,638,818	(\$460,775)

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2022

	<u>Custodial Funds</u>
Assets:	
Equity in Pooled Cash and Investments	\$172,690
Receivables (Net):	
Accounts	<u>376,933</u>
Total Assets	<u>549,623</u>
Liabilities:	
Accounts Payable	<u>41,359</u>
Total Liabilities	<u>41,359</u>
Net Position:	
Restricted for:	
Individuals, Organizations, and Other Governments	93,337
Economic Development	<u>414,927</u>
Total Net Position	<u><u>\$508,264</u></u>

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended December 31, 2022

	Custodial Funds
Additions:	
Investment Earnings	\$63
Municipal Court Receipts	1,235,081
Joint Economic Development District Receipts	<u>2,218,630</u>
Total Additions	<u>3,453,774</u>
Deductions:	
Municipal Court Disbursements	1,206,743
Joint Economic Development District Disbursements	<u>2,032,784</u>
Total Deductions	<u>3,239,527</u>
Change in Net Position	214,247
Net Position - Beginning of Year	<u>294,017</u>
Net Position - End of Year	<u><u>\$508,264</u></u>

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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

Fund Financial Statements

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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.

American Rescue Plan Act - Special Revenue Fund – This special revenue fund accounts for grants received through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan. Grants are restricted for various purposes designated by the Department of the Treasury.

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, 2022

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

Fiduciary Funds

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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 assets that applies to a future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferral on refunding, pension, and other post employment benefits reported in the government-wide statement of net position and the proprietary statement of net position. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

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 assets that applies to a future periods 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, leases, special assessments, pension, OPEB, and unavailable revenue (account and investment revenue). Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance year 2023 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, and unavailable revenue are only included on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 11 and 12.)

Expenses/Expenditures

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

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

Equity in Pooled Cash and Investments

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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

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

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 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 2022 amounted to (\$11,920) in the general fund, \$7,577 in the fire levy fund, (\$18,630) in the american rescue plan act fund , (\$31,440) in the street improvement fund and (\$78,440) in other governmental funds.

Leased Assets

A leased asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received. The amortization period of the leased asset is from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. At the termination of the lease, the leased asset and associated lease liability are removed from the books of the lessee. The difference between the two amounts is accounted for as a gain or loss at that time.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The City will capitalize capital assets with a cost of \$5,000 or more, depending on the Asset Class.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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/Other Postemployment Benefits (OPEB)

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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

Restricted Assets

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

Net Position

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the City’s \$44,084,203 in restricted net position, none was restricted by enabling legislation.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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."

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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

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

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

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

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

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2022, \$31,035,408 of the City's bank balance of \$31,844,789 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

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

Investments

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of December 31, 2022:

Investment Type	Fair Value Measurements Using		Net Asset Value*	Weighted Average Maturity (Years)
	Net Asset Value* / Fair Value	Significant Other Observable Inputs Level 2		
STAR Ohio*	\$39,522,957		\$39,522,957	0.00
Commercial Paper	1,630,165	\$1,630,165		0.26
Federal National Mortgage Association	1,400,977	1,400,977		1.55
Federal Farm Credit Bank	2,085,906	2,085,906		1.47
Federal Home Loan Bank	5,515,770	5,515,770		1.44
Negotiable Certificate of Deposit	8,333,630	8,333,630		1.63
Federal Home Loan Mortgage Corporation	3,101,789	3,101,789		1.60
US Treasury Note	1,170,554	1,170,554		1.79
Municipal Bonds	1,219,424	1,219,424		1.68
Money Market Funds	9,791,208		9,791,208	0.00
	<u>\$73,772,380</u>	<u>\$24,458,215</u>	<u>\$49,314,165</u>	
Portfolio Weighted Average Maturity				0.57

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

The above table identifies the City's recurring fair value measurements as of December 31, 2022.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

STAROhio is reported at its share price (Net Asset value per share) and there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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

Credit Risk – It is the City’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments, which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The City’s investments in Municipal Bonds, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank were rated AA+ by Standard and Poor’s and Aaa by Moody’s. Investments in Commercial Paper were rated A-1+ by Standard & Poor’s and P-1 by Moody’s Investors Service. Investments in STAROhio were rated AAAm by Standard & Poors. Negotiable CDs and Money Market Funds are not rated.

Concentration of Credit Risk – The City’s investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 1% in US Treasury Notes, 2% in Municipal Bonds, 2% in Federal National Mortgage Association, 4% in Federal Home Loan Mortgage Corporation, 3% in Federal Farm Credit Bank, 7% in Federal Home Loan Bank, 2% in Commercial Paper, 12% in Negotiable CDs, 54% in STAR Ohio, and 13% in Money Market Funds.

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

Note 4 – Receivables

Receivables at year end, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, leases, 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 2022 were levied after October 1, 2021 on assessed values as of January 1, 2021, 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, 2022

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

Real Property	\$1,227,957,210
Public Utility	<u>112,710</u>
Total Valuation	<u>\$1,228,069,920</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, 2022, 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 2022 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 and one-half percent (1.5%) is allowed. Additional increases in the income tax rate require voter approval.

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

Note 5 – Risk Management

Description

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

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

Claim Liabilities

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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

Unpaid Claim Liabilities

The following represent the changes in workers compensation, dental, and health claims payable for the City from January 1, 2021 to December 31, 2022:

Claims Liability, 1/1/2021	\$304,998
Claims net of changes in estimates	2,351,093
Payments	<u>(2,480,885)</u>
Claims Liability, 12/31/2021	175,206
Claims net of changes in estimates	2,270,488
Payments	<u>(2,385,314)</u>
Claims Liability, 12/31/2022	<u><u>\$60,380</u></u>

Note 6 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$21,248,462	\$180,000	\$0	\$21,428,462
Construction in Progress	1,116,512	2,868,219	1,430,561	2,554,170
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	49,067,466	699,152	0	49,766,618
Equipment	18,419,949	1,099,990	1,259,607	18,260,332
Infrastructure	<u>114,682,363</u>	<u>1,374,244</u>	<u>0</u>	<u>116,056,607</u>
Totals at Historical Cost	<u>204,534,752</u>	<u>6,221,605</u>	<u>2,690,168</u>	<u>208,066,189</u>
Less Accumulated Depreciation:				
Buildings and Improvements	32,338,015	1,426,530	0	33,764,545
Equipment	14,482,872	1,203,673	1,229,317	14,457,228
Infrastructure	<u>75,791,631</u>	<u>2,606,550</u>	<u>0</u>	<u>78,398,181</u>
Total Accumulated Depreciation	<u>122,612,518</u>	<u>5,236,753</u>	<u>1,229,317</u>	<u>126,619,954</u>
Governmental Activities Capital Assets, Net	<u><u>\$81,922,234</u></u>	<u><u>\$984,852</u></u>	<u><u>\$1,460,851</u></u>	<u><u>\$81,446,235</u></u>

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$1,736,949	\$0	\$0	\$1,736,949
Construction in Progress	497,686	8,459,334	1,025,108	7,931,912
Capital Assets, being depreciated:				
Buildings and Improvements	52,082,988	0	0	52,082,988
Equipment	4,795,290	758,782	209,825	5,344,247
Infrastructure	41,456,527	864,469	0	42,320,996
Totals at Historical Cost	<u>100,569,440</u>	<u>10,082,585</u>	<u>1,234,933</u>	<u>109,417,092</u>
Less Accumulated Depreciation:				
Buildings and Improvements	32,276,745	1,076,891	0	33,353,636
Equipment	3,833,616	464,894	167,585	4,130,925
Infrastructure	23,916,819	978,365	0	24,895,184
Total Accumulated Depreciation	<u>60,027,180</u>	<u>2,520,150</u>	<u>167,585</u>	<u>62,379,745</u>
Business-Type Activities Capital Assets, Net	<u>\$40,542,260</u>	<u>\$7,562,435</u>	<u>\$1,067,348</u>	<u>\$47,037,347</u>
Leased Assets:				
Equipment	211,638	0	0	211,638
Total Leased Asset, being depreciated	<u>211,638</u>	<u>0</u>	<u>0</u>	<u>211,638</u>
Less: Accumulated Amortization	0	70,546	0	70,546
Total Leased Asset, net	<u>211,638</u>	<u>(70,546)</u>	<u>0</u>	<u>141,092</u>
Business-type Activities Capital and Leased Assets, Net	<u>\$40,753,898</u>	<u>\$7,491,889</u>	<u>\$1,067,348</u>	<u>\$47,178,439</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$428,515
Public Safety	1,377,181
Leisure Time Activities	986,207
Community Development	7,334
Transportation	2,437,516
Total Depreciation Expense	<u>\$5,236,753</u>

Note 7 – Compensated Absences

Accumulated Unpaid Vacation

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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
Water Utility Fund:					
Various Purpose Series 2021	0.63%	\$1,980,000	\$0	\$1,980,000	\$0
Various Purpose Series 2021	0.63%	1,600,000	0	1,600,000	0
Various Purpose Series 2021	0.63%	1,000,000	0	1,000,000	0
Various Purpose Series 2022	2.50%	0	1,980,000	0	1,980,000
Various Purpose Series 2022	2.50%	0	1,600,000	0	1,600,000
Various Purpose Series 2022	2.50%	0	1,000,000	0	1,000,000
Sewer Utility Fund:					
Various Purpose Series 2021	0.63%	1,020,000	0	1,020,000	0
Various Purpose Series 2022	2.50%	0	1,020,000	0	1,020,000
Total Notes Payable		\$5,600,000	\$5,600,000	\$5,600,000	\$5,600,000

The City issued a combined \$5,600,000 in short-term bond anticipation notes for the purpose of financing the City's cost of construction improvements to the water and sewer systems.

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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>						
2017 Refunding of 2009 Various Purpose						
Golf and Justice Center	2.00%	\$2,925,000	\$0	(\$335,000)	\$2,590,000	\$350,000
2020 Refunding of A Roadway						
Improvement Bonds	3.74%	4,780,000	0	(505,000)	4,275,000	515,000
Premium on Issuances		252,998	0	(52,002)	200,996	0
Total General Obligation Bonds		<u>7,957,998</u>	<u>0</u>	<u>(892,002)</u>	<u>7,065,996</u>	<u>865,000</u>
Net Pension Liability		34,335,374	0	(3,237,234)	31,098,140	0
Net OPEB Liability		3,983,897	566,923	0	4,550,820	0
Total Net Pension/OPEB Liability		<u>38,319,271</u>	<u>566,923</u>	<u>(3,237,234)</u>	<u>35,648,960</u>	<u>0</u>
Compensated Absences		3,731,312	1,229,657	(1,343,879)	3,617,090	1,302,883
Total Governmental Activities		<u>\$50,008,581</u>	<u>\$1,796,580</u>	<u>(\$5,473,115)</u>	<u>\$46,332,046</u>	<u>\$2,167,883</u>

		Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business Type Activities						
<u>OWDA Loans from Direct Borrowing</u>						
OWDA #9261 - WWTP Multi-Purpose Facility	0.43%	\$567,897	\$1,503,863	\$0	\$2,071,760	\$0
OWDA #9870 - Smart Water Metering System	3.05%	0	4,519,654	0	4,519,654	0
OWDA #9871 - Port Union Water Tower	3.17%	0	1,738,497	0	1,738,497	0
Total OWDA Loans from Direct Borrowing		<u>567,897</u>	<u>7,762,014</u>	<u>0</u>	<u>8,329,911</u>	<u>0</u>
Net Pension Liability		4,055,752	0	(1,753,520)	2,302,232	0
Lease Liability		211,638	0	(69,953)	141,685	70,393
Compensated Absences		1,002,399	251,516	(333,515)	920,400	243,545
Total Business-Type Activities		<u>\$5,837,686</u>	<u>\$8,013,530</u>	<u>(\$2,156,988)</u>	<u>\$11,694,228</u>	<u>\$313,938</u>

The City's bonds and loans will be paid from the General Bond Retirement Fund, Water Utility Fund and the Sewer Utility Fund. Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund, a Special Revenue Fund, or an Enterprise Fund. There are no repayment schedules for the net pension and OPEB liabilities; however, employer contributions are made from the fund benefiting from the related employees' services. In the past, contributions have been paid primarily by the General, Water Utility, Sewer Utility and the remainder by the other governmental, other enterprise, and internal service funds. See Notes 11 and 12 for further information related to the net pension and OPEB liabilities.

The City's outstanding OWDA loans from direct borrowings of \$8,329,911 contain a provision that in an event of default, the amount of such default shall bear interest thereafter at the rate equal to the Contract Interest Rate plus three percentage points annum until the date of payment, and outstanding amounts become immediately due. The full amounts of the OWDA loans were not disbursed as of year end.

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

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2023	\$865,000	\$144,280
2024	860,000	132,232
2025	870,000	111,634
2026	900,000	97,770
2027	920,000	76,108
2028-2030	2,450,000	92,024
Total	<u>\$6,865,000</u>	<u>\$654,048</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, 2022 was \$164,870. 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

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in

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the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees may pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. While employees may elect the member-directed plan or the combined plan, substantially all employees are in the traditional plan; therefore, the following disclosure focuses on the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting 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 in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution

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plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

Funding Policy

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

	State and Local	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2022 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** 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.
- **** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2022, the City's contractually required contribution was \$1,808,263, of this amount \$153,189 is reported in accrued wages and benefits.

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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 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 (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

City of Fairfield, Ohio
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Funding Policy

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

	<u>Police</u>	<u>Firefighters</u>
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2022 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$2,196,645 for 2022, of this amount \$206,473 is reported as accrued wages and benefits.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the City's defined benefit pension plans:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
	<u>Traditional Plan</u>		
Proportionate Share of the:			
Net Pension Liability	\$7,461,815	\$25,938,557	\$33,400,372
Proportion of the Net Pension Liability:			
Current Measurement Date	0.08576400%	0.41518820%	
Prior Measurement Date	<u>0.08615800%</u>	<u>0.37601090%</u>	
Change in Proportionate Share	<u>-0.00039400%</u>	<u>0.03917730%</u>	
Pension Expense	(\$1,805,391)	\$2,374,939	\$569,548

At December 31 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	OPERS		Total
	Traditional Plan	OPF	
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$380,392	\$747,916	\$1,128,308
Changes in assumptions	933,093	4,740,453	5,673,546
Changes in employer proportionate share of net pension liability	0	2,660,389	2,660,389
Contributions subsequent to the measurement date	1,808,263	2,196,645	4,004,908
Total Deferred Outflows of Resources	<u>\$3,121,748</u>	<u>\$10,345,403</u>	<u>\$13,467,151</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$163,656	\$1,348,449	\$1,512,105
Net difference between projected and actual earnings on pension plan investments	8,875,558	6,800,689	15,676,247
Changes in employer proportionate share of net pension liability	293,816	195,771	489,587
Total Deferred Inflows of Resources	<u>\$9,333,030</u>	<u>\$8,344,909</u>	<u>\$17,677,939</u>

\$4,004,908 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. 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	OPERS		
	Traditional Plan	OPF	Total
December 31:			
2023	(\$1,453,732)	\$683,833	(\$769,899)
2024	(3,066,916)	(1,354,698)	(4,421,614)
2025	(2,087,002)	(278,067)	(2,365,069)
2026	(1,411,895)	(62,554)	(1,474,449)
2027	0	815,335	815,335
Total	<u>(\$8,019,545)</u>	<u>(\$196,151)</u>	<u>(\$8,215,696)</u>

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to

City of Fairfield, Ohio
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actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

	<u>OPERS Traditional Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.20 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement

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

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00%	4.21%

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Discount Rate

The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the City’s proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$19,673,404	\$7,461,815	(\$2,699,851)

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate

For 2021, the total pension liability was calculated using the discount rate of 7.50 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 of 7.50 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 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$38,466,519	\$25,938,557	\$15,505,859

Note 12– Postemployment Benefits

See Note 11 for a description of the net OPEB liability (asset).

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service,

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or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2022.

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

Plan Description

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

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OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

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

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$52,393 for 2022.

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Net OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS Traditional Plan	OPF	Total
Proportionate Share of the:			
Net OPEB (Asset)	(\$2,773,428)		(\$2,773,428)
Net OPEB Liability		\$4,550,820	\$4,550,820
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.08854700%	0.41518820%	
Prior Measurement Date	0.08959700%	0.37601090%	
Change in Proportionate Share	<u>-0.00105000%</u>	<u>0.03917730%</u>	
OPEB Expense	(\$2,690,335)	\$616,314	(\$2,074,021)

At December 31 2022, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS Traditional Plan	OPF	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$0	\$207,022	\$207,022
Changes in assumptions	0	2,014,332	2,014,332
Changes in employer proportionate share of net OPEB liability (asset)	0	912,545	912,545
Contributions subsequent to the measurement date	0	52,393	52,393
Total Deferred Outflows of Resources	<u>\$0</u>	<u>\$3,186,292</u>	<u>\$3,186,292</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$420,687	\$601,455	\$1,022,142
Changes in assumptions	1,122,652	528,551	1,651,203
Net difference between projected and actual earnings on OPEB plan investments	1,322,175	411,091	1,733,266
Changes in employer proportionate share of net OPEB liability (asset)	192,183	26,320	218,503
Total Deferred Inflows of Resources	<u>\$3,057,697</u>	<u>\$1,567,417</u>	<u>\$4,625,114</u>

City of Fairfield, Ohio
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\$52,393 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS		
	Traditional Plan	OPF	Total
2023	(\$1,958,268)	\$431,101	(\$1,527,167)
2024	(620,656)	370,070	(250,586)
2025	(288,888)	367,134	78,246
2026	(189,885)	83,499	(106,386)
2027	0	140,360	140,360
Thereafter	0	174,318	174,318
Total	(\$3,057,697)	\$1,566,482	(\$1,491,215)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law

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Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00%	3.45%

Discount Rate

A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the City’s proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Proportionate share of the net OPEB (asset)	(\$1,631,036)	(\$2,773,428)	(\$3,721,630)

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

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

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Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
Proportionate share of the net OPEB (asset)	(\$2,803,398)	(\$2,773,428)	(\$2,737,873)

Changes Between Measurement Date and Report Date

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	2.84 percent
Prior measurement date	2.96 percent
Cost of Living Adjustments	2.2 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds *	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
	125.00 %	
Total		

Note: Assumptions are geometric.

* levered 2x

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

Discount Rate

For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021, and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.5 percent for 2021 and 8 percent for 2020, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

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

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
Proportionate share of the net OPEB liability	\$5,720,482	\$4,550,820	\$3,589,355

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

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

Note 13 – Construction and Other Commitments

The City had the following outstanding commitments at year end:

<u>Project</u>	<u>Spent-to-date</u>	<u>Commitment Remaining</u>
Port Union Water Tower Construction	\$3,610,440	\$1,850,140
Route 4/Michael/Camelot Improvements	725,876	957,724
Commerce Center Drive Relief Sewer	115,270	720,558
Route 4 Water Main Replacement	1,128,014	571,986
Raw Water Well Installation	0	396,000
Total	<u>\$5,579,601</u>	<u>\$4,496,408</u>

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

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

<u>Fund</u>	<u>Amount</u>
General	\$471,531
Fire Levy	27,633
Street Improvement	2,334,300
Water Utility	3,982,622
Sewer Utility	3,249,767
Nonmajor Funds	6,539,476
Total	<u>\$16,605,330</u>

Note 14 – Contingent Liabilities

Litigation

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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, 2021, 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 end, consisted of the following:

	Transfers	
	In	Out
Major Funds:		
General	\$0	\$13,183,860
Street Improvement	648,834	0
Internal Service	275,000	0
Other Governmental Funds	11,910,026	0
Other Enterprise Funds	350,000	0
Totals	<u>\$13,183,860</u>	<u>\$13,183,860</u>

The General Fund transfers amounts to other funds to cover street maintenance, state highway, recreation, debt service, municipal garage, and other programs throughout the City. The transfers were also used to pay for capital improvement projects and construction of capital assets.

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.

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

Note 16 – Lease – Lessor Disclosure

The City collectively (the “lessor”) entered into an agreement to lease building space and multiple agreements for cell tower space/land. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at various discounted rates.

Details of each lease are presented below:

The lease for Lane Public Library (building space) was as follows:

<u>Lease Year</u>	<u>Annual Rent</u>
2023	\$44,829
2024	45,981
2025	47,161
2026	48,372
2027	49,615
2028-2031	<u>193,073</u>
	<u>\$429,031</u>

The leases for AT&T, Crown Castle/T-Mobile, T-Mobile and Verizon (cell tower space/land) was as follows:

<u>Lease Year</u>	<u>AT&T Annual Rent</u>	<u>Crown Castle/ T-Mobile Annual Rent</u>	<u>T-Mobile Annual Rent</u>	<u>Verizon Annual Rent</u>	<u>Total Annual Rent</u>
2023	\$11,648	\$12,490	\$15,064	\$13,350	\$52,552
2024	11,947	12,811	15,451	13,378	53,587
2025	12,254	13,140	15,848	13,406	54,648
2026	12,568	13,477	16,255	13,435	55,735
2027	12,891	13,823	16,672	13,463	56,849
2028-2032	69,594	74,627	90,006	67,744	301,971
2033-2037	79,000	65,437	102,171	68,464	315,072
2038-2042	89,678	0	0	69,191	158,869
2043-2044	14,460	0	0	27,881	42,341
	<u>\$314,040</u>	<u>\$205,805</u>	<u>\$271,467</u>	<u>\$300,312</u>	<u>\$1,091,624</u>

The City recognized \$128,018 in lease revenues and \$29,351 interest revenues from lease activity for 2022.

Note 17 – Joint Venture

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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

Distribution of Gross Tax:

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

Net Distribution for the first 120 months of the contract:

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

Net Distribution after the first 120 months of the contract:

- 90% West Chester Township
- 10% City of Fairfield

Note 18 – Accountability

Accountability

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

Municipal Garage	\$647,852
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The deficits in fund balances were primarily due to accrual in GAAP. The general fund is liable for any deficit in these funds and will provide transfers when cash is required not when accruals occur.

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

Note 19 – Fund Balances

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

Fund Balances	General	Fire Levy	American Rescue Plan Act	Street Improvement	Other Governmental Funds	Total
Restricted for:						
Street Improvements	\$0	\$0	\$0	\$12,049,230	\$3,950,690	\$15,999,920
County Motor Vehicle Registration	0	0	0	0	189,903	189,903
Probation Services	0	0	0	0	2,664,616	2,664,616
Court Computer	0	0	0	0	1,008,421	1,008,421
Special Projects	0	0	0	0	365,737	365,737
Mediation Services	0	0	0	0	851,482	851,482
Tax Recreation	0	0	0	0	31,642	31,642
Law Enforcement	0	0	0	0	321,842	321,842
Drug and Alcohol Treatment	0	0	0	0	160,309	160,309
Capital Improvements	0	0	0	0	6,275,581	6,275,581
TIF Monies	0	0	0	0	292,292	292,292
Debt Service	0	0	0	0	1,818,862	1,818,862
Flood Protection	0	0	0	0	10,190	10,190
Park Development	0	0	0	0	5,331,608	5,331,608
State Issue I	0	0	0	0	46,591	46,591
Municipal Motor Vehicle Registration	0	0	0	0	386,176	386,176
OneOhio Opioid Settlement	0	0	0	0	25,009	25,009
Fire Levy	0	1,459,286	0	0	0	1,459,286
Indigent Driver Interlock	0	0	0	0	497,561	497,561
Total Restricted	0	1,459,286	0	12,049,230	24,228,512	37,737,028
Assigned to:						
Debt Service	0	0	0	0	4,284	4,284
Downtown Development	0	0	0	0	42,234	42,234
Transformative Economic	0	0	0	0	4,982,177	4,982,177
Subsequent Year Appropriations	919,788	0	0	0	0	919,788
Total Assigned	919,788	0	0	0	5,028,695	5,948,483
Unassigned (Deficit)	28,465,611	0	0	0	0	28,465,611
Total Fund Balance	\$29,385,399	\$1,459,286	\$0	\$12,049,230	\$29,257,207	\$72,151,122

Note 20 – Tax Abatements

As of December 31, 2022, the City provides tax abatements through the Community Reinvestment Area (CRA) and the Ohio Enterprise Zone Areas:

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

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	\$82,388

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 – Implementations of new Accounting Principles

For fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases; GASB Statement No. 91, Conduit Debt Obligations; GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans; and portions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 87 sets out to improve the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

Effect on Previously Reported Fund Balance/Net Position The implementation of the GASB 87 pronouncement had no net effect on the fund balance/net position as reported at December 31, 2021:

	General Fund	Water Utility Fund	Other Enterprise Funds
Fund Balance, December 31, 2021	\$29,752,392	\$21,323,900	\$3,140,862
Adjustments-Presentation Changes:			
Leases Receivable	1,305,024	314,297	0
Leased Asset	0	0	211,638
Deferred Inflow-Leases	(1,305,024)	(314,297)	0
Leased Liability	0	0	(211,638)
Restated Fund Balance, December 31, 2021	<u>\$29,752,392</u>	<u>\$21,323,900</u>	<u>\$3,140,862</u>
	Governmental Activities	Business-Type Activities	
Net Position, December 31, 2021	\$104,676,150	\$51,382,690	
Adjustments-Presentation Changes:			
Leases Receivable	1,305,024	314,297	
Leased Asset	0	211,638	
Deferred Inflow-Leases	(1,305,024)	(314,297)	
Leased Liability	0	(211,638)	
Restated Net Position, December 31, 2021	<u>\$104,676,150</u>	<u>\$51,382,690</u>	

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 97 clarifies certain component unit criteria and provides accounting and financial reporting guidance for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the City.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics are effective for future fiscal years and have not been implemented by the City.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2022

Note 21 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. During 2022, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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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 Nine Fiscal Years (1)

	2022	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.08576400%	0.08615800%	0.09144400%	0.09202500%	0.09437100%
City's Proportionate Share of the Net Pension Liability	\$7,461,815	\$12,758,124	\$18,074,527	\$25,203,781	\$14,804,980
City's Covered Payroll	\$12,378,464	\$12,200,179	\$12,865,186	\$12,429,671	\$12,472,869
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	60.28%	104.57%	140.49%	202.77%	118.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%

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

Note:

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

2017	2016	2015	2014
0.09178900%	0.09411200%	0.09360400%	0.09360400%
\$20,843,721	\$16,301,385	\$11,289,688	\$11,034,692
\$11,859,208	\$14,007,367	\$11,513,875	\$13,291,146
175.76%	116.38%	98.05%	83.02%
77.25%	81.08%	86.45%	86.36%

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 Nine Fiscal Years (1)

	2022	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.41518820%	0.37601090%	0.37596610%	0.38235400%	0.37500000%
City's Proportionate Share of the Net Pension Liability	\$25,938,557	\$25,633,001	\$25,327,085	\$31,210,190	\$23,015,444
City's Covered Payroll	\$10,526,021	\$9,449,453	\$8,871,448	\$9,479,421	\$8,719,700
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	246.42%	271.26%	285.49%	329.24%	263.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%	63.07%	70.91%

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

Note:

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

2017	2016	2015	2014
0.34855900%	0.35860500%	0.35010860%	0.35010860%
\$22,077,377	\$23,069,311	\$18,137,085	\$17,051,388
\$8,314,016	\$7,832,215	\$7,196,375	\$8,559,063
265.54%	294.54%	252.03%	199.22%
68.36%	66.77%	72.20%	73.00%

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

	2022	2021	2020	2019	2018
Contractually Required Contribution	\$1,808,263	\$1,732,985	\$1,708,025	\$1,801,126	\$1,740,154
Contributions in Relation to the Contractually Required Contribution	<u>(1,808,263)</u>	<u>(1,732,985)</u>	<u>(1,708,025)</u>	<u>(1,801,126)</u>	<u>(1,740,154)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$12,916,164	\$12,378,464	\$12,200,179	\$12,865,186	\$12,429,671
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

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

Note:

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
\$1,621,473	\$1,423,105	\$1,680,884	\$1,381,665
(1,621,473)	(1,423,105)	(1,680,884)	(1,381,665)
\$0	\$0	\$0	\$0
\$12,472,869	\$11,859,208	\$14,007,367	\$11,513,875
13.00%	12.00%	12.00%	12.00%

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

	2022	2021	2020	2019	2018
Contractually Required Contribution	\$2,196,645	\$2,232,569	\$2,002,339	\$1,874,537	\$1,801,090
Contributions in Relation to the Contractually Required Contribution	<u>(2,196,645)</u>	<u>(2,232,569)</u>	<u>(2,002,339)</u>	<u>(1,874,537)</u>	<u>(1,801,090)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$10,478,561	\$10,526,021	\$9,449,453	\$8,871,448	\$9,479,421
Contributions as a Percentage of Covered Payroll	20.96%	21.21%	21.19%	21.13%	19.00%

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

Note:

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
\$1,656,743	\$1,579,663	\$1,573,492	\$1,465,182
(1,656,743)	(1,579,663)	(1,573,492)	(1,465,182)
\$0	\$0	\$0	\$0
\$8,719,700	\$8,314,016	\$7,832,215	\$7,196,375
19.00%	19.00%	20.09%	20.36%

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

	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.08854700%	0.08959700%	0.09492800%	0.09575000%	0.09893000%
City's Proportionate Share of the Net OPEB Liability (Asset)	(\$2,773,428)	(\$1,596,242)	\$3,713,692	\$12,483,539	\$10,743,069
City's Covered Payroll	\$12,378,464	\$12,200,179	\$12,865,186	\$12,429,671	\$12,472,869
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-22.41%	-13.08%	28.87%	100.43%	86.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.57%	115.57%	47.80%	46.33%	54.14%

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

Note:

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

2017

0.09633508%

\$9,730,170

\$11,859,208

82.05%

54.04%

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

	2022	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability	0.41518820%	0.37601090%	0.37596610%	0.38235400%	0.37500000%
City's Proportionate Share of the Net OPEB Liability	\$4,550,820	\$3,983,897	\$3,713,692	\$3,481,920	\$21,246,975
City's Covered Payroll	\$10,526,021	\$9,449,453	\$8,871,448	\$9,479,421	\$8,719,700
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	43.23%	42.16%	41.86%	36.73%	243.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.90%	45.42%	47.10%	46.57%	14.13%

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

Note:

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

See accompanying notes to the required supplementary information.

2017

0.34855900%

\$16,545,312

\$8,314,016

199.01%

15.96%

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

	2022	2021	2020	2019	2018
Contractually Required Contribution to OPEB	\$0	\$0	\$0	\$0	\$0
Contributions to OPEB in Relation to the Contractually Required Contribution	0	0	0	0	0
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
City's Covered Payroll	\$12,916,164	\$12,378,464	\$12,200,179	\$12,865,186	\$12,429,671
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(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 2016 is not available.

Note:

See accompanying notes to the required supplementary information.

2017	2016
\$158,493	\$206,425
(158,493)	(206,425)
<u>\$0</u>	<u>\$0</u>
\$12,472,869	\$11,859,208
1.27%	1.74%

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

	2022	2021	2020	2019	2018
Contractually Required Contribution to OPEB	\$52,393	\$53,331	\$48,315	\$45,399	\$43,704
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>(52,393)</u>	<u>(53,331)</u>	<u>(48,315)</u>	<u>(45,399)</u>	<u>(43,704)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$10,478,561	\$10,526,021	\$9,449,453	\$8,871,448	\$9,479,421
Contributions to OPEB as a Percentage of Covered Payroll	0.50%	0.51%	0.51%	0.51%	0.46%

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

Note:

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>
\$41,290	\$38,147
<u>(41,290)</u>	<u>(38,147)</u>
<u>\$0</u>	<u>\$0</u>
\$8,719,700	\$8,314,016
0.47%	0.46%

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, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$27,875,025	\$33,375,025	\$34,554,962	\$1,179,937
Licenses & Permits	309,750	959,750	1,051,854	92,104
Intergovernmental	1,009,550	2,059,550	2,332,806	273,256
Charges for Services	959,850	959,850	1,029,993	70,143
Court Costs & Fines	896,500	896,500	1,370,768	474,268
Special Assessments	40,000	40,000	67,475	27,475
Investment Earnings	90,000	90,000	264,940	174,940
Other Revenues	1,307,000	1,307,000	1,479,245	172,245
Total Revenues	32,487,675	39,687,675	42,152,042	2,464,367
Expenditures:				
Current:				
<u>General Government</u>				
City Council				
Personnel Related	205,100	205,500	205,500	0
Other	23,375	23,365	15,441	7,924
Total City Council	228,475	228,865	220,940	7,925
Mayor				
Personnel Related	11,324	11,324	11,186	138
Other	2,500	5,350	3,817	1,533
Total Mayor	13,824	16,674	15,003	1,671
Administration				
Personnel Related	436,893	436,893	417,040	19,853
Other	34,957	34,957	31,385	3,572
Total Administration	471,850	471,850	448,425	23,425
General Services				
Personnel Related	68,280	67,275	40,829	26,446
Other	5,685,355	5,261,094	3,631,617	1,629,477
Total General Services	5,753,634	5,328,369	3,672,446	1,655,923
Law				
Personnel Related	500	500	252	248
Other	578,050	578,050	577,917	133
Total Law	578,550	578,550	578,170	380
Human Resources				
Personnel Related	258,359	258,359	254,609	3,750
Other	160,608	155,531	138,972	16,559
Total Human Resources	418,967	413,890	393,581	20,309
Finance Administration & Accounting				
Personnel Related	703,522	703,522	629,646	73,876
Other	30,346	30,316	21,767	8,549
Total Finance Administration & Accounting	733,868	733,838	651,414	82,424
Income Tax				
Personnel Related	626,264	626,264	592,025	34,239
Other	94,125	107,053	100,097	6,956
Total Income Tax	720,389	733,317	692,123	41,194

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, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Information Technology				
Personnel Related	544,534	544,534	532,511	12,023
Other	104,051	103,880	91,654	12,226
Total Information Technology	648,585	648,414	624,165	24,249
Municipal Court				
Personnel Related	1,479,019	1,479,019	1,426,511	52,508
Other	350,753	403,104	318,746	84,358
Total Municipal Court	1,829,772	1,882,123	1,745,257	136,866
Public Works Administration				
Personnel Related	795,639	795,639	668,883	126,756
Other	217,419	216,171	186,106	30,065
Total Public Works Administration	1,013,058	1,011,810	854,989	156,821
Construction Services				
Personnel Related	0	0	0	0
Other	4,852	4,852	4,852	0
Total Construction Services	4,852	4,852	4,852	0
Municipal Building				
Personnel Related	209,676	224,676	219,237	5,439
Other	207,577	204,590	192,240	12,350
Total Municipal Building	417,253	429,266	411,477	17,789
Total General Government	12,833,078	12,481,818	10,312,841	2,168,977
<u>Public Safety</u>				
Police				
Personnel Related	12,919,818	12,919,818	11,586,864	1,332,954
Other	994,355	992,929	911,285	81,644
Total Police	13,914,173	13,912,747	12,498,149	1,414,598
Justice Center				
Personnel Related	0	0	0	0
Other	1,131,707	1,138,300	1,058,764	79,536
Total Justice Center	1,131,707	1,138,300	1,058,764	79,536
Total Public Safety	15,045,880	15,051,047	13,556,913	1,494,134
<u>Community Development</u>				
Planning & Economic Development				
Personnel Related	635,848	635,848	579,386	56,462
Other	98,235	98,202	56,985	41,217
Total Planning & Economic Development	734,083	734,050	636,371	97,679
Building & Zoning Inspection				
Personnel Related	793,471	793,471	742,522	50,949
Other	90,121	109,944	94,902	15,042
Total Building & Zoning Inspection	883,592	903,415	837,424	65,991
Total Community Development	1,617,675	1,637,465	1,473,795	163,670

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, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Leisure Time Activities</u>				
Parks & Recreation Administration				
Personnel Related	1,088,643	1,088,643	1,042,000	46,643
Other	628,994	626,353	469,939	156,414
Total Parks & Recreation Administration	<u>1,717,637</u>	<u>1,714,996</u>	<u>1,511,939</u>	<u>203,057</u>
Parks Maintenance Operations				
Personnel Related	963,225	963,225	915,675	47,550
Other	647,917	626,353	601,626	24,727
Total Parks Maintenance Operations	<u>1,611,142</u>	<u>1,589,578</u>	<u>1,517,301</u>	<u>72,277</u>
Marsh Park Fishing Lake				
Personnel Related	0	0	0	0
Other	104	0	0	0
Total Marsh Park Fishing Lake	<u>104</u>	<u>0</u>	<u>0</u>	<u>0</u>
Community Arts Center				
Personnel Related	0	0	0	0
Other	72,856	67,517	67,517	0
Total Community Arts Center	<u>72,856</u>	<u>67,517</u>	<u>67,517</u>	<u>0</u>
Total Leisure Time Activities	<u>3,401,738</u>	<u>3,372,091</u>	<u>3,096,757</u>	<u>275,334</u>
Capital Outlay	<u>131,246</u>	<u>672,136</u>	<u>583,200</u>	<u>88,936</u>
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>33,029,617</u>	<u>33,214,557</u>	<u>29,023,505</u>	<u>4,191,052</u>
Excess of Revenues Over (Under) Expenditures	<u>(541,942)</u>	<u>6,473,118</u>	<u>13,128,538</u>	<u>6,655,420</u>
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	0	0	22,947	22,947
Debt Proceeds and Premium	0	0	0	0
Advances In	0	0	0	0
Advances (Out)	0	0	0	0
Transfers In	0	0	0	0
Transfers (Out)	0	(13,208,860)	(13,208,860)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(13,208,860)</u>	<u>(13,185,913)</u>	<u>22,947</u>
Net Change in Fund Balance	(541,942)	(6,735,742)	(57,375)	6,678,367
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>27,907,931</u>	<u>27,907,931</u>	<u>27,907,931</u>	<u>0</u>
Fund Balance End of Year	<u>\$27,365,988</u>	<u>\$21,172,189</u>	<u>\$27,850,555</u>	<u>\$6,678,367</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, 2022

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,300,000	\$6,152,000	\$6,501,491	\$349,491
Licenses & Permits	5,500	5,500	5,600	100
Intergovernmental	528,000	528,000	411,308	(116,692)
Charges for Services	1,100,000	1,100,000	1,353,678	253,678
Investment Earnings	10,000	10,000	31,281	21,281
Other Revenues	3,000	3,000	1,072	(1,928)
Total Revenues	<u>7,946,500</u>	<u>7,798,500</u>	<u>8,304,430</u>	<u>505,930</u>
Expenditures:				
Public Safety				
Fire Suppression				
Personnel Related	8,426,528	8,826,528	8,540,496	286,032
Other	1,030,273	1,105,279	1,104,169	1,110
Total Fire Suppression	<u>9,456,801</u>	<u>9,931,807</u>	<u>9,644,665</u>	<u>287,142</u>
Total Expenditures	<u>9,456,801</u>	<u>9,931,807</u>	<u>9,644,665</u>	<u>287,142</u>
Net Change in Fund Balance	(1,510,301)	(2,133,307)	(1,340,235)	793,072
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>3,504,860</u>	<u>3,504,860</u>	<u>3,504,860</u>	<u>0</u>
Fund Balance End of Year	<u>\$1,994,558</u>	<u>\$1,371,553</u>	<u>\$2,164,625</u>	<u>\$793,072</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, 2022

	America Rescue Plan Act			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$13,394	\$13,394
Other Revenues	0	2,250,000	2,246,795	(3,205)
Total Revenues	0	2,250,000	2,260,189	10,189
Expenditures:				
General Government				
Other	0	2,124,792	2,078,595	46,197
Total Expenditures	0	2,124,792	2,078,595	46,197
Net Change in Fund Balance	0	125,208	181,594	56,386
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,228,998	2,228,998	2,228,998	0
Fund Balance End of Year	\$2,228,998	\$2,354,206	\$2,410,592	\$56,386

See accompanying notes to the required supplementary information.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended December 31, 2022

Note 1 – Budgetary Process

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

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

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

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General, Fire Levy and American Rescue Plan Act funds.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended December 31, 2022

Net Change in Fund Balance

	General	Fire Levy	American Rescue Plan Act
GAAP Basis	(\$366,993)	(\$1,532,367)	\$0
Revenue Accruals	1,897,371	32,769	1,886,081
Expenditure Accruals	(1,091,223)	186,996	(1,704,487)
Transfers (Out)	(25,000)	0	0
Encumbrances	(471,531)	(27,633)	0
Budget Basis	(\$57,376)	(\$1,340,235)	\$181,594

Note 2 – Net Pension Liability

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

Changes in assumptions:

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Decrease in wage inflation from 3.25% to 2.75%
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%

2021-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this period.

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

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

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

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

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

Changes in benefit terms:

2022-2014: There were no changes in benefit terms for this period.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended December 31, 2022

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

Changes in assumptions:

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date.

- Reduction in actuarial assumed investment rate of return from 8.00% to 7.50%

2021-2019: There have been no OP&F pension plan amendments adopted or changes in assumptions used in the calculation of actuarial determined contributions.

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

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

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

Changes in benefit terms:

2022-2014: There were no changes in benefit terms for the period.

Note 3 - Net OPEB Liability (Asset)

Ohio Public Employees Retirement System Changes in Benefit Terms and Assumptions

Changes in assumptions:

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond rate decreased from 2.00% to 1.84%.
- The initial health care cost trend rate decreased from 8.50% to 5.50%.
- Decrease in wage inflation from 3.25% to 2.75%.
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16% to 6.00%.
- The municipal bond rate decreased from 2.75% to 2.00%.
- The initial health care cost trend rate decreased from 10.50% to 8.50%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96% to 3.16%.
- The municipal bond rate decreased from 3.71% to 2.75%.
- The initial health care cost trend rate increased from 10.00% to 10.50%.

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended December 31, 2022

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85% to 3.96%.
- The investment rate of return decreased from 6.50% to 6.00%.
- The municipal bond rate increased from 3.31% to 3.71%.
- The initial health care cost trend rate increased from 7.50% to 10.00%.

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

Changes in Benefit Terms:

2022: Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

2021: There were no changes in benefit terms for the period.

2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

2019-2018: There were no changes in benefit terms for the period.

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

Changes in assumptions:

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- The single discount rate changed from 2.96% to 2.84%

2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 3.56% to 2.96%.

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

2019: Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended December 31, 2022

next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%. The single discount rate increased from 3.24% to 4.66% and the municipal bond rate from 3.16% to 4.13%.

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

Changes in benefit terms:

2022-2020: There were no changes in benefit terms for the period.

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

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

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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, 2022

	Street Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$4,050,000	\$4,071,978	\$21,978
Intergovernmental	1,100,000	1,153,359	53,359
Investment Earnings	25,000	66,504	41,504
Other Revenues	25,000	15,538	(9,462)
Total Revenues	<u>5,200,000</u>	<u>5,307,379</u>	<u>107,379</u>
Expenditures:			
Capital Outlay	<u>8,420,533</u>	<u>7,790,478</u>	<u>630,055</u>
Total Expenditures	<u>8,420,533</u>	<u>7,790,478</u>	<u>630,055</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,220,533)</u>	<u>(2,483,100)</u>	<u>737,433</u>
Other Financing Sources (uses):			
Transfers In	1,200,000	1,216,930	16,930
Transfers (Out)	<u>(568,096)</u>	<u>(568,096)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>631,904</u>	<u>648,834</u>	<u>16,930</u>
Net Change in Fund Balance	(2,588,629)	(1,834,266)	754,363
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>11,223,172</u>	<u>11,223,172</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$8,634,543</u></u>	<u><u>\$9,388,906</u></u>	<u><u>\$754,363</u></u>

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, 2022

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$10,822,231	\$1,822,355	\$17,347,407	\$29,991,993
Receivables (Net):				
Taxes	0	0	1,103,010	1,103,010
Interest	4,005	2,737	5,980	12,722
Intergovernmental	1,620,293	237,613	0	1,857,906
Total Assets	12,446,529	2,062,705	18,456,397	32,965,631
Liabilities:				
Accounts Payable	186,736	0	0	186,736
Accrued Wages and Benefits	150,412	0	0	150,412
Contracts Payable	0	0	953,189	953,189
Retainage Payable	0	0	19,055	19,055
Claims Payable	1,080	0	0	1,080
Total Liabilities	338,228	0	972,244	1,310,472
Deferred Inflows of Resources:				
Income Taxes	0	0	791,521	791,521
Grants and Other Taxes	1,359,774	237,613	0	1,597,387
Unavailable Revenue	2,847	1,946	4,251	9,044
Total Deferred Inflows of Resources	1,362,621	239,559	795,772	2,397,952
Fund Balances:				
Restricted	10,745,680	1,818,862	11,663,970	24,228,512
Assigned	0	4,284	5,024,411	5,028,695
Total Fund Balances	10,745,680	1,823,146	16,688,381	29,257,207
Total Liabilities, Deferred Inflows and Fund Balances	\$12,446,529	\$2,062,705	\$18,456,397	\$32,965,631

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2022

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Income Taxes	\$0	\$0	\$3,918,950	\$3,918,950
Investment Earnings	37,035	3,753	(119,228)	(78,440)
Intergovernmental	3,545,047	0	726,187	4,271,234
Special Assessments	55,089	0	0	55,089
Fines, Licenses & Permits	744,010	0	0	744,010
Revenue in Lieu of Taxes	61,668	0	0	61,668
Other Revenues	25,548	0	115,168	140,716
Total Revenues	4,468,397	3,753	4,641,077	9,113,227
Expenditures:				
Current:				
General Government	585,577	984	0	586,561
Public Safety	58,224	0	0	58,224
Transportation and Street Repair	3,641,969	0	2,372,871	6,014,840
Capital Outlay	220,930	0	2,731,142	2,952,072
Debt Service:				
Principal	0	840,000	0	840,000
Interest and Other Charges	0	158,696	0	158,696
Total Expenditures	4,506,700	999,680	5,104,013	10,610,393
Excess of Revenues Over (Under) Expenditures	(38,303)	(995,927)	(462,936)	(1,497,166)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	88,620	88,620
Transfers In	0	995,971	10,914,055	11,910,026
Total Other Financing Sources (Uses)	0	995,971	11,002,675	11,998,646
Net Change in Fund Balance	(38,303)	44	10,539,739	10,501,480
Fund Balance - Beginning of Year	10,783,983	1,823,102	6,148,642	18,755,727
Fund Balance - End of Year	\$10,745,680	\$1,823,146	\$16,688,381	\$29,257,207

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.

Northeast Area Tax Increment Financing (TIF) - To account for the recording of revenues and expenditures related to the tax increment financing project within the Northeast Area of the City.

South Town Center Tax Increment Financing (TIF) - To account for the recording of revenues and expenditures related to the tax increment financing project for the South Town Center within the City.

OneOhio Opioid Settlement - To account for revenues and expenditures related to settlement dollars to be used to prevent, treat and support recovery from addiction including opioids and/or any other co-occurring substance use and/or mental health conditions which are all long-lasting (chronic) diseases that can cause major health, social, and economic problems at the individual, family and/or community level.

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Assets:					
Equity in Pooled Cash and Investments	\$3,647,471	\$350,474	\$189,903	\$31,642	\$207,357
Receivables (Net):					
Interest	4,005	0	0	0	0
Intergovernmental	1,338,989	108,567	0	0	0
Total Assets	4,990,465	459,041	189,903	31,642	207,357
Liabilities:					
Accounts Payable	176,088	0	0	0	3,301
Accrued Wages and Benefits	90,223	14,788	0	0	0
Claims Payable	916	0	0	0	0
Total Liabilities	267,227	14,788	0	0	3,301
Deferred Inflows of Resources:					
Grants and Other Taxes	1,122,907	91,047	0	0	0
Unavailable Revenue	2,847	0	0	0	0
Total Deferred Inflows of Resources	1,125,754	91,047	0	0	0
Fund Balances:					
Restricted	3,597,484	353,206	189,903	31,642	204,056
Total Fund Balances	3,597,484	353,206	189,903	31,642	204,056
Total Liabilities, Deferred Inflows and Fund Balances	\$4,990,465	\$459,041	\$189,903	\$31,642	\$207,357

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$383,554	\$68,966	\$160,309	\$48,820	\$2,686,888	\$1,008,421	\$372,006
0	0	0	0	0	0	0
172,737	0	0	0	0	0	0
<u>556,291</u>	<u>68,966</u>	<u>160,309</u>	<u>48,820</u>	<u>2,686,888</u>	<u>1,008,421</u>	<u>372,006</u>
0	0	0	0	3,631	0	3,640
24,295	0	0	0	18,503	0	2,603
0	0	0	0	138	0	26
24,295	0	0	0	22,272	0	6,269
145,820	0	0	0	0	0	0
0	0	0	0	0	0	0
145,820	0	0	0	0	0	0
386,176	68,966	160,309	48,820	2,664,616	1,008,421	365,737
386,176	68,966	160,309	48,820	2,664,616	1,008,421	365,737
<u>\$556,291</u>	<u>\$68,966</u>	<u>\$160,309</u>	<u>\$48,820</u>	<u>\$2,686,888</u>	<u>\$1,008,421</u>	<u>\$372,006</u>

Continued

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Northeast Area TIF	South Town Center TIF
Assets:					
Equity in Pooled Cash and Investments	\$851,482	\$237,203	\$497,637	\$54,895	\$194
Receivables (Net):					
Interest	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Total Assets	851,482	237,203	497,637	54,895	194
Liabilities:					
Accounts Payable	0	0	76	0	0
Accrued Wages and Benefits	0	0	0	0	0
Claims Payable	0	0	0	0	0
Total Liabilities	0	0	76	0	0
Deferred Inflows of Resources:					
Grants and Other Taxes	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Restricted	851,482	237,203	497,561	54,895	194
Total Fund Balances	851,482	237,203	497,561	54,895	194
Total Liabilities, Deferred Inflows and Fund Balances	\$851,482	\$237,203	\$497,637	\$54,895	\$194

OneOhio Opioid Settlement	Total Nonmajor Special Revenue Funds
\$25,009	\$10,822,231
0	4,005
0	1,620,293
<u>25,009</u>	<u>12,446,529</u>
0	186,736
0	150,412
0	1,080
<u>0</u>	<u>338,228</u>
0	1,359,774
0	2,847
<u>0</u>	<u>1,362,621</u>
<u>25,009</u>	<u>10,745,680</u>
<u>25,009</u>	<u>10,745,680</u>
<u>\$25,009</u>	<u>\$12,446,529</u>

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, 2022

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Revenues:					
Investment Earnings	(\$9,351)	\$0	\$0	\$260	\$0
Intergovernmental	2,741,043	222,246	210,000	0	0
Special Assessments	0	0	0	0	0
Fines, Licenses & Permits	0	0	0	454	50,872
Revenue in Lieu of Taxes	0	0	0	0	0
Other Revenues	25,548	0	0	0	0
Total Revenues	2,757,240	222,246	210,000	714	50,872
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	58,224
Transportation and Street Repair	2,943,244	148,930	215,248	0	0
Capital Outlay	37,130	0	0	0	0
Total Expenditures	2,980,374	148,930	215,248	0	58,224
Net Change in Fund Balance	(223,134)	73,316	(5,248)	714	(7,352)
Fund Balance - Beginning of Year	3,820,618	279,890	195,151	30,928	211,408
Fund Balance - End of Year	\$3,597,484	\$353,206	\$189,903	\$31,642	\$204,056

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	\$254	\$1,014	\$0	\$34,803	\$5,922	\$2,196
346,749	0	0	0	0	0	0
0	0	0	0	0	0	0
0	5,295	31,641	0	383,901	102,683	61,850
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>346,749</u>	<u>5,549</u>	<u>32,655</u>	<u>0</u>	<u>418,704</u>	<u>108,605</u>	<u>64,046</u>
0	0	19,172	0	396,199	74,202	93,329
0	0	0	0	0	0	0
334,547	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>334,547</u>	<u>0</u>	<u>19,172</u>	<u>0</u>	<u>396,199</u>	<u>74,202</u>	<u>93,329</u>
12,202	5,549	13,483	0	22,505	34,403	(29,283)
373,974	63,417	146,826	48,820	2,642,111	974,018	395,020
<u>\$386,176</u>	<u>\$68,966</u>	<u>\$160,309</u>	<u>\$48,820</u>	<u>\$2,664,616</u>	<u>\$1,008,421</u>	<u>\$365,737</u>

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, 2022

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Northeast Area TIF	South Town Center TIF
Revenues:					
Investment Earnings	\$1,937	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0	0
Special Assessments	0	0	0	54,895	194
Fines, Licenses & Permits	49,747	0	57,567	0	0
Revenue in Lieu of Taxes	0	61,668	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	51,684	61,668	57,567	54,895	194
Expenditures:					
Current:					
General Government	195	0	2,480	0	0
Public Safety	0	0	0	0	0
Transportation and Street Repair	0	0	0	0	0
Capital Outlay	0	183,800	0	0	0
Total Expenditures	195	183,800	2,480	0	0
Net Change in Fund Balance	51,489	(122,132)	55,087	54,895	194
Fund Balance - Beginning of Year	799,993	359,335	442,474	0	0
Fund Balance - End of Year	\$851,482	\$237,203	\$497,561	\$54,895	\$194

OneOhio Opioid Settlement	Total Nonmajor Special Revenue Funds
\$0	\$37,035
25,009	3,545,047
0	55,089
0	744,010
0	61,668
0	25,548
<u>25,009</u>	<u>4,468,397</u>
0	585,577
0	58,224
0	3,641,969
0	220,930
<u>0</u>	<u>4,506,700</u>
25,009	(38,303)
0	10,783,983
<u>\$25,009</u>	<u>\$10,745,680</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, 2022

	Street Construction, Maintenance and Repair Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,785,000	\$2,748,216	(\$36,784)
Investment Earnings	5,000	17,208	\$12,208
Other Revenues	15,000	25,548	10,548
Total Revenues	2,805,000	2,790,971	(14,029)
Expenditures:			
Transportation and Street Repair			
Personnel Related	1,824,497	1,598,720	225,777
Other	1,687,278	1,528,395	158,883
Total Expenditures	3,511,775	3,127,114	384,661
Excess of Revenues Over (Under) Expenditures	(706,775)	(336,143)	370,632
Other Financing Sources (uses):			
Transfers In	750,000	0	(750,000)
Total Other Financing Sources (Uses)	750,000	0	(750,000)
Net Change in Fund Balance	43,225	(336,143)	(379,368)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,768,834	3,768,834	0
Fund Balance End of Year	\$3,812,059	\$3,432,692	(\$379,368)

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, 2022

	State Highway Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$215,100	\$222,828	\$7,728
Total Revenues	215,100	222,828	7,728
Expenditures:			
Transportation and Street Repair Personnel Related	152,175	144,865	7,310
Total Expenditures	152,175	144,865	7,310
Net Change in Fund Balance	62,925	77,963	15,038
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	272,511	272,511	0
Fund Balance End of Year	\$335,436	\$350,474	\$15,038

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, 2022

	County Motor Vehicle Registration Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$200,000	\$210,000	\$10,000
Total Revenues	200,000	210,000	10,000
Expenditures:			
Capital Outlay	225,599	225,599	0
Total Expenditures	225,599	225,599	0
Net Change in Fund Balance	(25,599)	(15,599)	10,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	195,152	195,152	0
Fund Balance End of Year	\$169,553	\$179,553	\$10,000

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, 2022

	Tax Recreation Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Licenses & Permits	\$1,100	\$454	(\$646)
Investment Earnings	100	260	160
Total Revenues	1,200	714	(486)
Expenditures:			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	1,200	714	(486)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	30,928	30,928	0
Fund Balance End of Year	<u>\$32,128</u>	<u>\$31,642</u>	<u>(\$486)</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, 2022

	Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Court Costs & Fines	\$50,000	\$50,872	\$872
Total Revenues	50,000	50,872	872
Expenditures:			
Capital Outlay	85,529	68,576	16,953
Total Expenditures	85,529	68,576	16,953
Net Change in Fund Balance	(35,529)	(17,704)	17,825
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	211,409	211,409	0
Fund Balance End of Year	<u>\$175,880</u>	<u>\$193,705</u>	<u>\$17,825</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, 2022

	Municipal Motor Vehicle Registration Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$330,000	\$347,346	\$17,346
Total Revenues	330,000	347,346	17,346
Expenditures:			
Transportation and Street Repair Personnel Related	329,713	327,869	1,844
Total Expenditures	329,713	327,869	1,844
Net Change in Fund Balance	287	19,477	19,190
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	364,077	364,077	0
Fund Balance End of Year	\$364,364	\$383,554	\$19,190

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, 2022

	Law Enforcement and Education Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Court Costs & Fines	\$5,000	\$5,295	\$295
Investment Earnings	0	254	254
Total Revenues	5,000	5,549	549
Expenditures:			
Public Safety			
Other	30,000	0	30,000
Total Expenditures	30,000	0	30,000
Net Change in Fund Balance	(25,000)	5,549	30,549
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	63,416	63,416	0
Fund Balance End of Year	<u>\$38,416</u>	<u>\$68,965</u>	<u>\$30,549</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, 2022

	Drug and Alcohol Treatment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Court Costs & Fines	\$12,800	\$31,641	\$18,841
Investment Earnings	200	1,014	814
Total Revenues	13,000	32,655	19,655
Expenditures:			
General Government			
Other	40,000	21,382	18,618
Total Expenditures	40,000	21,382	18,618
Net Change in Fund Balance	(27,000)	11,273	38,273
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	149,037	149,037	0
Fund Balance End of Year	\$122,037	\$160,310	\$38,273

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, 2022

	Local Law Enforcement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$10,000	\$0	(\$10,000)
Total Revenues	10,000	0	(10,000)
Expenditures:			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	10,000	0	(10,000)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	48,820	48,820	0
Fund Balance End of Year	\$58,820	\$48,820	(\$10,000)

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, 2022

	Probation Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Court Costs & Fines	\$400,000	\$383,901	(\$16,099)
Investment Earnings	4,000	28,591	24,591
Total Revenues	404,000	412,492	8,492
Expenditures:			
General Government			
Personnel Related	358,257	341,612	16,645
Other	95,500	57,656	37,844
Total Expenditures	453,757	399,268	54,489
Net Change in Fund Balance	(49,757)	13,224	62,981
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,673,666	2,673,666	0
Fund Balance End of Year	\$2,623,909	\$2,686,890	\$62,981

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, 2022

	Court Computer Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Court Costs & Fines	\$86,900	\$102,683	\$15,783
Investment Earnings	600	5,922	5,322
Total Revenues	87,500	108,605	21,105
Expenditures:			
General Government			
Other	154,662	117,079	37,583
Total Expenditures	154,662	117,079	37,583
Net Change in Fund Balance	(67,162)	(8,474)	58,688
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	996,718	996,718	0
Fund Balance End of Year	\$929,556	\$988,244	\$58,688

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, 2022

	Special Projects Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Court Costs & Fines	\$51,400	\$61,850	\$10,450
Investment Earnings	350	2,197	1,847
Total Revenues	51,750	64,046	12,296
Expenditures:			
General Government			
Personnel Related	74,977	74,966	11
Other	68,000	14,595	53,405
Total Expenditures	142,977	89,560	53,417
Net Change in Fund Balance	(91,227)	(25,514)	65,713
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	397,521	397,521	0
Fund Balance End of Year	\$306,294	\$372,007	\$65,713

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, 2022

	Mediation Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Court Costs & Fines	\$35,800	\$49,747	\$13,947
Investment Earnings	200	1,938	1,738
Total Revenues	36,000	51,684	15,684
Expenditures:			
General Government			
Other	5,000	195	4,805
Total Expenditures	5,000	195	4,805
Net Change in Fund Balance	31,000	51,489	20,489
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	799,993	799,993	0
Fund Balance End of Year	\$830,993	\$851,482	\$20,489

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, 2022

	Tax Increment Equivalent Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$60,000	\$61,668	\$1,668
Total Revenues	60,000	61,668	1,668
Expenditures:			
General Government			
Other	186,000	183,800	2,200
Total Expenditures	186,000	183,800	2,200
Net Change in Fund Balance	(126,000)	(122,132)	3,868
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	359,336	359,336	0
Fund Balance End of Year	<u>\$233,336</u>	<u>\$237,204</u>	<u>\$3,868</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, 2022

	Indigent Driver Interlock Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Court Costs & Fines	\$55,000	\$57,567	\$2,567
Total Revenues	55,000	57,567	2,567
Expenditures:			
General Government			
Other	15,000	2,732	12,268
Total Expenditures	15,000	2,732	12,268
Net Change in Fund Balance	40,000	54,835	14,835
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	442,802	442,802	0
Fund Balance End of Year	\$482,802	\$497,636	\$14,835

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, 2022

	Northeast Area TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$50,000	\$54,895	\$4,895
Total Revenues	50,000	54,895	4,895
Expenditures:			
General Government			
Other	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	50,000	54,895	4,895
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$50,000	\$54,895	\$4,895

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, 2022

	South Town Center TIF Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$0	\$194	\$194
Total Revenues	0	194	194
Expenditures:			
General Government			
Other	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	194	194
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$194	\$194

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, 2022

	OneOhio Opioid Settlement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$25,000	\$25,009	\$9
Total Revenues	25,000	25,009	9
Expenditures:			
General Government			
Other	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	25,000	25,009	9
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$25,000	\$25,009	\$9

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, 2022

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$4,284	\$1,818,071	\$1,822,355
Receivables (Net):			
Interest	0	2,737	2,737
Intergovernmental	0	237,613	237,613
Total Assets	<u>4,284</u>	<u>2,058,421</u>	<u>2,062,705</u>
Deferred Inflows of Resources:			
Grants and Other Taxes	0	237,613	237,613
Unavailable Revenue	0	1,946	1,946
Total Deferred Inflows of Resources	<u>0</u>	<u>239,559</u>	<u>239,559</u>
Fund Balances:			
Restricted	0	1,818,862	1,818,862
Assigned	4,284	0	4,284
Total Fund Balances	<u>4,284</u>	<u>1,818,862</u>	<u>1,823,146</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$4,284</u>	<u>\$2,058,421</u>	<u>\$2,062,705</u>

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Fiscal Year Ended December 31, 2022

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$0	\$3,753	\$3,753
Total Revenues	0	3,753	3,753
Expenditures:			
Current:			
General Government	0	984	984
Debt Service:			
Principal	840,000	0	840,000
Interest and Other Charges	155,971	2,725	158,696
Total Expenditures	995,971	3,709	999,680
Excess of Revenues Over (Under) Expenditures	(995,971)	44	(995,927)
Other Financing Sources (Uses):			
Transfers In	995,971	0	995,971
Total Other Financing Sources (Uses)	995,971	0	995,971
Net Change in Fund Balance	0	44	44
Fund Balance - Beginning of Year	4,284	1,818,818	1,823,102
Fund Balance - End of Year	\$4,284	\$1,818,862	\$1,823,146

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, 2022

	General Bond Retirement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Debt Proceeds	\$0	\$0	\$0
Total Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
Debt Service:			
Principal Retirement	840,000	840,000	0
Interest and Fiscal Charges	155,971	155,971	0
Total Expenditures	995,971	995,971	0
Excess of Revenues Over (Under) Expenditures	(995,971)	(995,971)	0
Other Financing Sources (uses):			
Transfers In	1,669,875	995,971	(673,904)
Total Other Financing Sources (Uses)	1,669,875	995,971	(673,904)
Net Change in Fund Balance	673,904	0	(673,904)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,282	4,282	0
Fund Balance End of Year	\$678,186	\$4,282	(\$673,904)

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, 2022

	Special Assessment Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Special Assessments	\$346,598	\$280,577	(\$66,021)
Investment Earnings	5,000	77,789	72,789
Total Revenues	<u>351,598</u>	<u>358,366</u>	<u>6,768</u>
Expenditures:			
Current:			
General Government			
Other	2,100	984	1,116
Debt Service:			
Principal Retirement	339,353	338,226	1,127
Interest and Fiscal Charges	2,726	2,725	1
Total Expenditures	<u>344,179</u>	<u>341,935</u>	<u>2,244</u>
Net Change in Fund Balance	7,419	16,431	9,012
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,822,269</u>	<u>1,822,269</u>	<u>0</u>
Fund Balance End of Year	<u>\$1,829,688</u>	<u>\$1,838,700</u>	<u>\$9,012</u>

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.

Transformative Economic - This capital projects fund accounts for expenditures of resources for various economic development projects throughout the City.

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2022

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development
Assets:					
Equity in Pooled Cash and Investments	\$6,933,062	\$10,190	\$46,591	\$42,234	\$5,333,153
Receivables (Net):					
Taxes	1,103,010	0	0	0	0
Interest	5,980	0	0	0	0
Total Assets	8,042,052	10,190	46,591	42,234	5,333,153
Liabilities:					
Contracts Payable	951,644	0	0	0	1,545
Retainage Payable	19,055	0	0	0	0
Total Liabilities	970,699	0	0	0	1,545
Deferred Inflows of Resources:					
Income Taxes	791,521	0	0	0	0
Unavailable Revenue	4,251	0	0	0	0
Total Deferred Inflows of Resources	795,772	0	0	0	0
Fund Balances:					
Restricted	6,275,581	10,190	46,591	0	5,331,608
Assigned	0	0	0	42,234	0
Total Fund Balances	6,275,581	10,190	46,591	42,234	5,331,608
Total Liabilities, Deferred Inflows and Fund Balance	\$8,042,052	\$10,190	\$46,591	\$42,234	\$5,333,153

Transformative Economic	Total Nonmajor Capital Projects Funds
\$4,982,177	\$17,347,407
0	1,103,010
0	5,980
<u>4,982,177</u>	<u>18,456,397</u>
0	953,189
0	19,055
0	972,244
0	791,521
0	4,251
0	795,772
0	11,663,970
<u>4,982,177</u>	<u>5,024,411</u>
<u>4,982,177</u>	<u>16,688,381</u>
<u>\$4,982,177</u>	<u>\$18,456,397</u>

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2022

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development
Revenues:					
Income Taxes	\$3,918,950	\$0	\$0	\$0	\$0
Investment Earnings	(22,777)	0	0	0	(37,450)
Intergovernmental	40,187	0	0	0	686,000
Other Revenues	28,990	0	0	0	45,000
Total Revenues	3,965,350	0	0	0	693,550
Expenditures:					
Current:					
Transportation and Street Repair	2,372,871	0	0	0	0
Capital Outlay	1,742,034	0	0	0	989,108
Total Expenditures	4,114,905	0	0	0	989,108
Excess of Revenues Over (Under) Expenditures	(149,555)	0	0	0	(295,558)
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	88,620	0	0	0	0
Transfers In	789,055	0	0	0	5,125,000
Total Other Financing Sources (Uses)	877,675	0	0	0	5,125,000
Net Change in Fund Balance	728,120	0	0	0	4,829,442
Fund Balance - Beginning of Year	5,547,461	10,190	46,591	42,234	502,166
Fund Balance - End of Year	\$6,275,581	\$10,190	\$46,591	\$42,234	\$5,331,608

Transformative Economic	Total Nonmajor Capital Projects Funds
\$0	\$3,918,950
(59,001)	(119,228)
0	726,187
41,178	115,168
<u>(17,823)</u>	<u>4,641,077</u>
0	2,372,871
<u>0</u>	<u>2,731,142</u>
0	5,104,013
<u>(17,823)</u>	<u>(462,936)</u>
0	88,620
5,000,000	10,914,055
<u>5,000,000</u>	<u>11,002,675</u>
4,982,177	10,539,739
<u>0</u>	<u>6,148,642</u>
<u>\$4,982,177</u>	<u>\$16,688,381</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, 2022

	Capital Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$4,050,000	\$4,071,978	\$21,978
Intergovernmental	580,000	40,187	(539,813)
Investment Earnings	5,000	24,802	19,802
Other Revenues	1,000	28,990	27,990
Total Revenues	<u>4,636,000</u>	<u>4,165,957</u>	<u>(470,043)</u>
Expenditures:			
Capital Outlay	<u>7,437,305</u>	<u>6,900,231</u>	<u>537,074</u>
Total Expenditures	<u>7,437,305</u>	<u>6,900,231</u>	<u>537,074</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,801,305)</u>	<u>(2,734,273)</u>	<u>67,032</u>
Other Financing Sources (uses):			
Proceeds from Sale of Capital Assets	0	88,620	88,620
Transfers In	1,220,000	1,216,930	(3,070)
Transfers (Out)	<u>(427,875)</u>	<u>(427,875)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>792,125</u>	<u>877,675</u>	<u>85,550</u>
Net Change in Fund Balance	(2,009,180)	(1,856,598)	152,582
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>5,319,183</u>	<u>5,319,183</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$3,310,003</u></u>	<u><u>\$3,462,585</u></u>	<u><u>\$152,582</u></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, 2022

	Flood Protection Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Total Revenues	\$0	\$0	\$0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,191	10,191	0
Fund Balance End of Year	<u>\$10,191</u>	<u>\$10,191</u>	<u>\$0</u>

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2022

	State Issue I Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$250,000	\$0	(\$250,000)
Total Revenues	250,000	0	(250,000)
Expenditures:			
Capital Outlay	10,000	0	10,000
Total Expenditures	10,000	0	10,000
Net Change in Fund Balance	240,000	0	(240,000)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,591	46,591	0
Fund Balance End of Year	\$286,591	\$46,591	(\$240,000)

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, 2022

	Downtown Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Total Revenues	\$0	\$0	\$0
Expenditures:			
Capital Outlay	24,870	24,870	0
Total Expenditures	24,870	24,870	0
Net Change in Fund Balance	(24,870)	(24,870)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	42,236	42,236	0
Fund Balance End of Year	<u>\$17,366</u>	<u>\$17,366</u>	<u>\$0</u>

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2022

	Park Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$669,000	\$686,000	\$17,000
Investment Earnings	0	28,856	28,856
Other Revenues	45,000	45,000	0
Total Revenues	\$714,000	\$759,856	\$45,856
Expenditures:			
Capital Outlay	1,345,711	1,335,248	10,463
Total Expenditures	1,345,711	1,335,248	10,463
Excess of Revenues Over (Under) Expenditures	(631,711)	(575,392)	56,319
Other Financing Sources (uses):			
Transfers In	5,125,000	5,125,000	0
Total Other Financing Sources (Uses)	5,125,000	5,125,000	0
Net Change in Fund Balance	4,493,289	4,549,608	56,319
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	579,603	579,603	0
Fund Balance End of Year	\$5,072,892	\$5,129,211	\$56,319

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, 2022

	Transformative Economic Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$0	\$9,767	\$9,767
Other Revenues	0	41,178	41,178
Total Revenues	0	50,945	50,945
Expenditures:			
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	0	50,945	50,945
Other Financing Sources (uses):			
Transfers In	5,000,000	5,000,000	0
Total Other Financing Sources (Uses)	5,000,000	5,000,000	0
Net Change in Fund Balance	5,000,000	5,050,945	50,945
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$5,000,000	\$5,050,945	\$50,945

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, 2022

	Compensated Leave Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$2,000	\$6,714	\$4,714
Total Revenues	2,000	6,714	4,714
Total Expenditures	0	0	0
Net Change in Fund Balance	2,000	6,714	4,714
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	591,668	591,668	0
Fund Balance End of Year	\$593,668	\$598,382	\$4,714

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

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds

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

Fund Descriptions

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

Recreation Facilities – This fund accounts for operations of the City’s golf course, swimming pool and other recreational facilities, revenues from which come from customers, based on a rate authorized by the Parks Commission.

City of Fairfield, Ohio
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2022

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Assets:			
Equity in Pooled Cash and Investments	\$531,672	\$1,075,867	\$1,607,539
Receivables (Net):			
Accounts	353,451	0	353,451
Interest	0	117	117
Inventory	0	22,920	22,920
Total Current Assets	<u>885,123</u>	<u>1,098,904</u>	<u>1,984,027</u>
Noncurrent Assets:			
Net OPEB Asset	0	131,756	131,756
Capital Assets:			
Nondepreciable Capital Assets	0	507,000	507,000
Depreciable Capital Assets, Net	0	2,415,039	2,415,039
Total Noncurrent Assets	<u>0</u>	<u>3,053,795</u>	<u>3,053,795</u>
Total Assets	<u>885,123</u>	<u>4,152,699</u>	<u>5,037,822</u>
Deferred Outflows of Resources:			
Pension	0	148,303	148,303
Total Deferred Outflows of Resources	<u>0</u>	<u>148,303</u>	<u>148,303</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	446,547	24,233	470,780
Accrued Wages and Benefits	0	24,208	24,208
Compensated Absences	0	20,375	20,375
Leases Payable	0	70,393	70,393
Claims Payable	0	519	519
Total Current Liabilities	<u>446,547</u>	<u>139,728</u>	<u>586,275</u>
Long-Term Liabilities:			
Compensated Absences	0	33,007	33,007
Net Pension Liability	0	354,485	354,485
Leases Payable	0	71,292	71,292
Total Noncurrent Liabilities	<u>0</u>	<u>458,784</u>	<u>458,784</u>
Total Liabilities	<u>446,547</u>	<u>598,512</u>	<u>1,045,059</u>
Deferred Inflows of Resources:			
Pension	0	443,380	443,380
OPEB	0	145,261	145,261
Total Deferred Inflows of Resources	<u>0</u>	<u>588,641</u>	<u>588,641</u>
Net Position:			
Net Investment in Capital Assets	0	2,922,039	2,922,039
Restricted for:			
Net OPEB Asset	0	131,756	131,756
Unrestricted	438,576	60,054	498,630
Total Net Position	<u>\$438,576</u>	<u>\$3,113,849</u>	<u>\$3,552,425</u>

City of Fairfield, Ohio
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2022

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for Services	\$2,556,126	\$1,679,000	\$4,235,126
Other Revenues	0	38,815	38,815
Total Operating Revenues	2,556,126	1,717,815	4,273,941
Operating Expenses:			
Personal Services	0	493,171	493,171
Contactual Services	2,582,473	554,516	3,136,989
Materials and Supplies	0	300,858	300,858
Depreciation	0	281,107	281,107
Total Operating Expenses	2,582,473	1,629,652	4,212,125
Operating Income (Loss)	(26,347)	88,163	61,816
Non-Operating Revenues (Expenses):			
Investment Earnings	0	1,614	1,614
Interest (Expense)	0	(1,867)	(1,867)
Total Non-Operating Revenues (Expenses)	0	(253)	(253)
Income (Loss) Before Contributions and Transfers	(26,347)	87,910	61,563
Transfers In	0	350,000	350,000
Change in Net Position	(26,347)	437,910	411,563
Net Position - Beginning of Year	464,923	2,675,939	3,140,862
Net Position - End of Year	\$438,576	\$3,113,849	\$3,552,425

City of Fairfield, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2022

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$2,503,675	\$1,717,815	\$4,221,490
Cash Payments to Employees	0	(820,843)	(820,843)
Cash Payments to Suppliers	(2,553,343)	(921,581)	(3,474,924)
Net Cash Provided (Used) by Operating Activities	(49,668)	(24,609)	(74,277)
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	350,000	350,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	350,000	350,000
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	0	(181,541)	(181,541)
Debt and Lease Principal Payments	0	(69,953)	(69,953)
Debt and Lease Interest Payments	0	(1,867)	(1,867)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(253,361)	(253,361)
Cash Flows from Investing Activities:			
Earnings on Investments	0	1,497	1,497
Net Cash Provided (Used) by Cash Flows from Investing Activities	0	1,497	1,497
Net Increase (Decrease) in Cash and Cash Equivalents	(49,668)	73,527	23,859
Cash and Cash Equivalents - Beginning of Year	581,340	1,002,340	1,583,680
Cash and Cash Equivalents - End of Year	531,672	1,075,867	1,607,539
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(26,347)	88,163	61,816
Adjustments:			
Depreciation	0	281,107	281,107
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	(52,451)	0	(52,451)
(Increase) Decrease in Inventory	0	(13,889)	(13,889)
(Increase) Decrease in Deferred Outflows of Resources	0	(28,760)	(28,760)
(Increase) Decrease in Net OPEB Asset	0	(55,965)	(55,965)
Increase (Decrease) in Claims Payable	0	334	334
Increase (Decrease) in Payables	29,130	(52,318)	(23,188)
Increase (Decrease) in Accrued Liabilities	0	(29,049)	(29,049)
Increase (Decrease) in Deferred Inflows of Resources	0	37,048	37,048
Increase (Decrease) in Net Pension Liability	0	(251,280)	(251,280)
Net Cash Provided (Used) by Operating Activities	(\$49,668)	(\$24,609)	(\$74,277)

NONMAJOR FUNDS

Internal Service Funds

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

Fund Descriptions

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

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

Custodial Funds

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

Fund Descriptions

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

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

City of Fairfield, Ohio
Combining Statement of Net Position
Internal Service Funds
December 31, 2022

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$3,035,025	\$35,128	\$3,070,153
Total Current Assets	3,035,025	35,128	3,070,153
Noncurrent Assets:			
Net OPEB Asset	0	98,374	98,374
Total Noncurrent Assets	0	98,374	98,374
Total Assets	3,035,025	133,502	3,168,527
Deferred Outflows of Resources:			
Pension	0	110,729	110,729
Total Deferred Outflows of Resources	0	110,729	110,729
Liabilities:			
Current Liabilities:			
Accounts Payable	1,380	25,856	27,236
Accrued Wages and Benefits	0	37,444	37,444
Compensated Absences	0	17,579	17,579
Claims Payable	44,556	284	44,840
Total Current Liabilities	45,936	81,163	127,099
Long-Term Liabilities:			
Compensated Absences	0	106,748	106,748
Net Pension Liability	0	264,671	264,671
Total Long-Term Liabilities	0	371,419	371,419
Total Liabilities	45,936	452,582	498,518
Deferred Inflows of Resources:			
Pension	0	331,044	331,044
OPEB	0	108,457	108,457
Total Deferred Inflows of Resources	0	439,501	439,501
Net Position:			
Restricted for:			
Net OPEB Asset	0	98,374	98,374
Unrestricted	2,989,089	(746,226)	2,242,863
Total Net Position	\$2,989,089	(\$647,852)	\$2,341,237

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, 2022

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$8,186,510	\$855,907	\$9,042,417
Other Revenues	3,200	20	3,220
Total Operating Revenues	8,189,710	855,927	9,045,637
Operating Expenses:			
Personal Services	0	467,341	467,341
Contactual Services	8,274,903	17,115	8,292,018
Materials and Supplies	0	414,588	414,588
Total Operating Expenses	8,274,903	899,044	9,173,947
Operating Income (Loss)	(85,193)	(43,117)	(128,310)
Non-Operating Revenues (Expenses):			
Investment Earnings	20,353	0	20,353
Total Non-Operating Revenues (Expenses)	20,353	0	20,353
Income (Loss) Before Contributions and Transfers	(64,840)	(43,117)	(107,957)
Transfers In	0	275,000	275,000
Change in Net Position	(64,840)	231,883	167,043
Net Position - Beginning of Year	3,053,929	(879,735)	2,174,194
Net Position - End of Year	\$2,989,089	(\$647,852)	\$2,341,237

City of Fairfield, Ohio
Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2022

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$8,189,710	\$855,927	\$9,045,637
Cash Payments to Employees	0	(676,948)	(676,948)
Cash Payments to Suppliers	0	(430,204)	(430,204)
Cash Payments for Claims	(8,399,260)	0	(8,399,260)
Net Cash Provided (Used) by Operating Activities	(209,550)	(251,225)	(460,775)
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	275,000	275,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	275,000	275,000
Cash Flows from Investing Activities:			
Earnings on Investments	21,696	0	21,696
Net Cash Provided (Used) by Cash Flows from Investing Activities	21,696	0	21,696
Net Increase (Decrease) in Cash and Cash Equivalents	(187,854)	23,775	(164,079)
Cash and Cash Equivalents - Beginning of Year	3,222,879	11,353	3,234,232
Cash and Cash Equivalents - End of Year	3,035,025	35,128	3,070,153
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(85,193)	(43,117)	(128,310)
Changes in Assets & Liabilities:			
(Increase) Decrease in Deferred Outflows of Resources	0	(20,552)	(20,552)
(Increase) Decrease in Net OPEB Asset	0	(41,201)	(41,201)
Increase (Decrease) in Claims Payable	(125,062)	185	(124,877)
Increase (Decrease) in Payables	705	1,499	2,204
Increase (Decrease) in Accrued Liabilities	0	20,840	20,840
Increase (Decrease) in Deferred Inflows of Resources	0	23,408	23,408
Increase (Decrease) in Net Pension Liability	0	(192,287)	(192,287)
Net Cash Provided (Used) by Operating Activities	(\$209,550)	(\$251,225)	(\$460,775)

City of Fairfield, Ohio
 Combining Statement of Net Position
 Custodial Funds
 December 31, 2022

	Municipal Court	West Chester Joint Economic Development District 1	Totals
Assets:			
Equity in Pooled Cash and Investments	\$93,337	\$79,353	\$172,690
Receivables (Net):			
Accounts	0	376,933	376,933
Total Assets	93,337	456,286	549,623
Liabilities:			
Accounts Payable	0	41,359	41,359
Total Liabilities	0	41,359	41,359
Net Position:			
Restricted for:			
Individuals, Organizations, and Other Governments	93,337	0	93,337
Economic Development	0	414,927	414,927
Total Net Position	\$93,337	\$414,927	\$508,264

City of Fairfield, Ohio
Combining Statement of Changes in Net Position
Custodial Funds
For the Fiscal Year Ended December 31, 2022

	Municipal Court	West Chester Joint Economic Development District 1	Totals
Additions:			
Investment Earnings	\$0	\$63	\$63
Municipal Court Receipts	1,235,081	0	1,235,081
Joint Economic Development District Receipts	0	2,218,630	2,218,630
Total Additions	1,235,081	2,218,693	3,453,774
Deductions:			
Municipal Court Disbursements	1,206,743	0	1,206,743
Joint Economic Development District Disbursements	0	2,032,784	2,032,784
Total Deductions	1,206,743	2,032,784	3,239,527
Change in Net Position	28,338	185,909	214,247
Net Position - Beginning of Year	64,999	229,018	294,017
Net Position - End of Year	\$93,337	\$414,927	\$508,264

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STATISTICAL SECTION

City of Fairfield, Ohio

STATISTICAL SECTION

This part of the City's annual comprehensive 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 annual comprehensive financial reports for the relevant year.

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

	2013	2014	2015	2016	2017 (1)	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$69,235,249	\$70,400,669	\$70,871,957	\$72,702,624	\$73,664,366	\$77,707,285	\$78,671,198	\$74,485,490	\$74,289,642	\$74,649,663
Restricted	17,137,210	16,288,586	15,892,445	18,160,599	20,743,247	22,525,145	24,601,200	32,170,370	34,773,809	42,140,398
Unrestricted	17,136,178	16,492,976	(5,843,139)	(5,913,774)	(30,084,299)	(32,132,889)	(18,294,804)	(22,347,006)	(4,387,301)	3,373,619
Total Governmental Activities Net Position	\$103,508,637	\$103,182,231	\$80,921,263	\$84,949,449	\$64,323,314	\$68,099,541	\$84,977,594	\$84,308,854	\$104,676,150	\$120,163,680
Business-type activities										
Net Investment in Capital Assets	\$37,900,975	\$38,873,969	\$39,709,765	\$40,221,046	\$39,221,993	\$38,133,776	\$37,401,334	\$37,067,270	\$34,374,363	\$33,248,528
Restricted	1,021,404	1,022,736	1,023,003	1,024,340	1,027,000	1,031,796	1,083,318	1,085,053	1,085,442	1,943,805
Unrestricted	9,583,331	9,242,621	5,784,274	4,814,362	2,516,460	5,581,039	7,583,053	11,391,294	15,922,885	15,794,505
Total Business-Type Activities Net Position	\$48,505,710	\$49,139,326	\$46,517,042	\$46,059,748	\$42,765,453	\$44,746,611	\$46,067,705	\$49,543,617	\$51,382,690	\$50,986,838
Total Primary Government										
Net Investment in Capital Assets	\$107,136,224	\$109,274,638	\$110,581,722	\$112,923,670	\$112,886,359	\$115,841,061	\$116,072,532	\$111,552,760	\$108,664,005	\$107,898,191
Restricted	18,158,614	17,311,322	16,915,448	19,184,939	21,770,247	23,556,941	\$25,684,518	33,255,423	35,859,251	44,084,203
Unrestricted	26,719,509	25,735,597	(58,865)	(1,099,412)	(27,567,839)	(26,551,850)	(\$10,711,751)	(10,955,712)	11,535,584	19,168,124
Total Primary Government Net Position	\$152,014,347	\$152,321,557	\$127,438,305	\$131,009,197	\$107,088,767	\$112,846,152	\$131,045,299	\$133,852,471	\$156,058,840	\$171,150,518

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

Source: City Records

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
General Government	\$7,631,141	\$8,179,792	\$8,240,596	\$7,968,208	\$9,420,931	\$9,476,038	\$8,302,443	\$12,617,792	\$7,440,303	\$9,154,428
Public Safety	16,268,499	17,231,019	18,459,890	18,841,094	19,659,072	22,968,209	13,416,020	22,689,176	15,832,041	22,687,609
Leisure Time Activities	3,466,481	3,294,693	3,020,368	3,746,235	3,523,300	3,643,483	3,083,191	3,957,029	3,173,971	3,987,994
Community Development	1,341,884	1,483,394	1,094,499	1,950,158	2,088,857	2,117,719	968,163	1,644,000	1,015,903	1,619,909
Basic Utility Service	451,823	442,800	441,845	458,368	464,115	502,866	444,198	483,211	488,930	362,300
Transportation and Street Repair	6,045,380	8,004,851	8,667,858	8,097,174	8,471,472	9,083,304	10,668,855	9,766,869	9,667,667	11,840,154
Public Health and Welfare	21,476	21,581	21,248	21,125	20,962	20,582	20,791	3,036,447	22,183	20,370
Interest and Fiscal Charges	851,250	815,863	780,363	732,471	696,672	562,058	514,315	381,288	220,424	161,071
Total Governmental Activities Expenses	36,077,934	39,473,993	40,726,667	41,814,833	44,345,381	48,374,259	37,417,976	54,575,812	37,861,422	49,833,835
Business-Type Activities:										
Water Utility	4,626,165	5,044,656	5,225,446	6,407,038	6,733,916	5,703,566	7,311,842	7,105,394	7,229,429	8,952,833
Sewer Utility	5,139,515	5,272,460	5,591,952	5,735,840	5,950,929	6,835,855	6,517,745	5,329,744	6,715,790	8,665,514
Solid Waste Management	2,140,007	2,173,408	2,216,074	2,259,529	2,295,473	2,328,509	2,378,343	2,436,344	2,486,619	2,582,473
Recreation Facilities	2,177,176	2,280,222	2,174,232	1,873,055	1,962,035	1,832,164	2,194,858	1,152,094	2,455,741	1,631,519
Total Business-Type Activities Expenses	14,082,863	14,770,746	15,207,704	16,275,462	16,942,353	16,700,094	18,402,788	16,023,576	18,887,579	21,832,339
Total Primary Government Expenses	\$50,160,797	\$54,244,739	\$55,934,371	\$58,090,295	\$61,287,734	\$65,074,353	\$55,820,764	\$70,599,388	\$56,749,001	\$71,666,174
Program Revenues										
Governmental Activities:										
Charges for Services and Sales:										
General Government	\$1,734,805	\$1,802,079	\$1,795,353	\$1,422,096	\$1,930,245	\$1,899,530	\$2,120,563	\$1,884,468	\$2,147,617	\$2,603,634
Public Safety	1,189,223	1,162,252	1,144,227	1,130,784	1,101,654	1,187,677	1,251,438	1,053,317	1,175,084	1,415,445
Leisure Time Activities	281,499	248,952	497,097	958,658	244,100	261,393	265,147	64,622	178,846	238,790
Community Development	354,464	529,106	223,544	1,194,603	1,137,106	1,337,230	1,274,609	1,120,383	1,303,478	1,743,203
Basic Utility Service	565,538	566,935	77,917	0	0	0	0	0	0	0
Transportation and Street Repair	38,389	37,452	593,242	1,705,115	39,889	35,065	39,230	0	0	0
Operating Grants and Contributions	2,933,524	2,944,428	3,077,018	3,243,396	3,301,379	3,403,213	6,073,045	7,280,416	4,734,913	5,170,779
Capital Grants and Contributions	1,707,738	14,506	897,858	185,742	1,257,952	3,472,908	1,578,511	546,409	1,082,121	1,894,677
Total Governmental Activities Program Revenues	\$8,805,180	\$7,305,710	\$8,306,256	\$9,840,394	\$9,012,325	\$11,597,016	\$12,602,543	\$11,949,615	\$10,622,059	\$13,066,528

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-Type Activities:										
Charges for Services and Sales:										
Water Utility	\$4,666,222	\$4,825,443	\$4,944,528	\$5,121,220	\$5,686,777	\$6,885,777	\$7,305,160	\$7,805,290	\$8,289,494	\$8,757,842
Sewer Utility	5,733,338	5,968,424	5,992,562	6,145,668	6,306,111	7,047,636	7,134,527	7,393,112	7,479,674	7,751,281
Solid Waste Management	2,119,641	2,165,612	2,218,507	2,261,648	2,273,206	2,346,009	2,359,581	2,451,999	2,487,148	2,556,126
Recreation Facilities	1,871,477	1,831,891	1,859,761	1,769,065	1,791,263	1,615,420	1,704,784	1,284,947	1,717,037	1,679,000
Operating Grants and Contributions	31,597	88,048	0	0	0	0	0	0	0	0
Capital Grants and Contributions	145,770	900	12,090	0	0	0	64,868	0	0	0
Total Business-Type Activities Program Revenues	14,568,045	14,880,318	15,027,448	15,297,601	16,057,357	17,894,842	18,568,920	18,935,348	19,973,353	20,744,249
Total Primary Government Program Revenues	\$23,373,225	\$22,186,028	\$23,333,704	\$25,137,995	\$25,069,682	\$29,491,858	\$31,171,463	\$30,884,963	\$30,595,412	\$33,810,777
Net (Expense)/Revenue										
Governmental Activities	(\$27,272,754)	(\$32,168,283)	(\$32,420,411)	(\$31,974,439)	(\$35,333,056)	(\$36,777,243)	(\$24,815,433)	(\$42,626,197)	(\$27,239,363)	(\$36,767,307)
Business-type activities	485,182	109,572	(180,256)	(977,861)	(884,996)	1,194,748	166,132	2,911,772	1,085,774	(1,088,090)
Total Primary Government Net Expenses	(\$26,787,572)	(\$32,058,711)	(\$32,600,667)	(\$32,952,300)	(\$36,218,052)	(\$35,582,495)	(\$24,649,301)	(\$39,714,425)	(\$26,153,589)	(\$37,855,397)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$25,606,839	\$23,586,464	\$25,318,834	\$28,822,572	\$28,041,922	\$30,739,815	\$30,773,706	\$33,288,670	\$37,330,331	\$40,717,948
Property Taxes Levied for:										
General Purposes	1,476,744	1,987,282	1,636,590	1,439,432	1,677,991	1,540,349	1,722,680	1,490,543	1,786,540	1,958,925
Special Revenue Purposes	3,538,952	3,587,886	3,642,740	3,722,358	6,017,623	5,915,444	6,116,111	6,101,744	6,396,533	6,462,377
Grants and Entitlements not Restricted	1,404,103	1,580,380	1,194,667	1,413,792	1,092,049	1,194,021	1,417,520	1,440,893	1,339,306	2,214,961
Investment Earnings	126,654	140,964	185,456	147,846	423,476	663,060	1,120,183	280,478	(34,539)	(117,392)
Other Revenues	1,693,821	1,253,901	722,374	671,625	774,223	855,781	1,078,286	1,266,258	1,278,488	1,368,018
Transfers-Internal Activities	(145,000)	(295,000)	(315,000)	(215,000)	(175,000)	(355,000)	(535,000)	(490,000)	(490,000)	(350,000)
Total Governmental Activities	33,702,113	31,841,877	32,385,661	36,002,625	37,852,284	40,553,470	41,693,486	43,378,586	47,606,659	52,254,837
Business-Type Activities:										
Investment Earnings	9,546	24,544	11,405	28,592	81,541	179,666	411,729	69,958	(23,156)	(31,082)
Other Revenues	295,954	204,500	244,583	276,975	264,497	251,744	208,233	190,022	286,455	373,320
Transfers-Internal Activities	145,000	295,000	315,000	215,000	175,000	355,000	535,000	490,000	490,000	350,000
Total Business-Type Activities	450,500	524,044	570,988	520,567	521,038	786,410	1,154,962	749,980	753,299	692,238
Total Primary Government	\$34,152,613	\$32,365,921	\$32,956,649	\$36,523,192	\$38,373,322	\$41,339,880	\$42,848,448	\$44,128,566	\$48,359,958	\$52,947,075

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Change in Net Position										
Governmental Activities	\$6,429,359	(\$326,406)	(\$34,750)	\$4,028,186	\$2,519,228	\$3,776,227	\$16,878,053	\$752,389	\$20,367,296	\$15,487,530
Business-Type Activities	935,682	633,616	390,732	(457,294)	(363,958)	1,981,158	1,321,094	3,661,752	1,839,073	(395,852)
Total Primary Government	<u>\$7,365,041</u>	<u>\$307,210</u>	<u>\$355,982</u>	<u>\$3,570,892</u>	<u>\$2,155,270</u>	<u>\$5,757,385</u>	<u>\$18,199,147</u>	<u>\$4,414,141</u>	<u>\$22,206,369</u>	<u>\$15,091,678</u>

Source: City Records

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Assigned	\$358,413	\$1,276,408	\$673,678	\$1,779,678	\$370,256	\$298,960	\$313,800	\$179,886	\$409,318	\$919,788
Unassigned	15,236,166	13,107,411	14,274,603	14,034,551	15,599,686	19,292,199	21,244,703	23,768,885	29,343,074	28,465,611
Total General Fund	<u>15,594,579</u>	<u>14,383,819</u>	<u>14,948,281</u>	<u>15,814,229</u>	<u>15,969,942</u>	<u>19,591,159</u>	<u>21,558,503</u>	<u>23,948,771</u>	<u>29,752,392</u>	<u>29,385,399</u>
All Other Governmental Funds										
Restricted	15,154,484	14,631,812	14,507,341	16,656,232	20,684,196	20,847,065	22,460,400	30,359,706	32,535,539	37,737,028
Assigned	193,969	186,814	164,254	148,835	118,002	57,567	55,917	46,998	46,518	5,028,695
Unassigned	(437,769)	(346,988)	(431,443)	(69,540)	(657,721)	(818,708)	(306,936)	(78,769)	0	0
Total all Other Governmental Funds	<u>\$14,910,684</u>	<u>\$14,471,638</u>	<u>\$14,240,152</u>	<u>\$16,735,527</u>	<u>\$20,144,477</u>	<u>\$20,085,924</u>	<u>\$22,209,381</u>	<u>\$30,327,935</u>	<u>\$32,582,057</u>	<u>\$42,765,723</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes	\$30,423,136	\$28,234,609	\$31,186,625	\$33,784,963	\$36,031,807	\$37,867,327	\$38,378,455	\$40,543,817	\$43,804,845	\$47,323,776
Fines, Licenses & Permits	1,886,788	1,859,215	1,784,422	1,975,184	2,140,372	2,093,158	2,303,782	1,899,532	2,425,952	3,172,232
Charges for Services	2,619,848	2,675,730	2,747,915	2,598,343	2,698,535	2,796,234	2,929,600	2,726,764	2,809,802	3,216,346
Investment Earnings	135,821	142,171	175,768	135,229	431,784	675,646	1,093,906	311,715	(36,245)	(132,853)
Intergovernmental	6,548,135	5,461,873	5,446,943	5,934,448	5,191,496	8,417,569	8,210,034	9,665,620	7,094,239	9,328,126
Special Assessments	276,143	40,587	250,298	223,868	17,367	56,636	58,556	71,188	71,754	122,564
Other Revenues	671,902	441,998	462,221	1,032,869	514,038	482,702	515,173	815,824	806,255	776,706
Total Revenues	\$42,561,773	\$38,856,183	\$42,054,192	\$45,684,904	\$47,025,399	\$52,389,272	\$53,489,506	\$56,034,460	\$56,976,602	\$63,806,897
Expenditures:										
Current:										
General Government	\$7,297,563	\$8,062,959	\$8,338,732	\$7,926,097	\$8,341,413	\$8,581,493	\$9,241,331	\$9,578,771	\$7,850,436	\$9,102,262
Public Safety	15,441,781	16,157,770	16,829,972	17,148,478	17,784,469	19,027,936	19,586,285	17,359,953	22,328,294	23,666,013
Leisure Time Activities	2,416,016	2,526,615	2,588,912	2,565,624	2,598,885	2,665,024	2,808,303	2,627,991	2,764,872	3,251,186
Community Development	1,326,648	1,434,544	1,457,640	1,555,296	1,465,974	1,412,325	1,431,198	1,463,355	1,443,679	1,730,355
Basic Utility Service	451,823	442,800	441,845	458,368	464,115	502,866	444,198	483,211	488,930	362,300
Transportation and Street Repair	3,063,645	5,314,576	3,351,636	3,211,071	3,239,569	3,454,387	6,886,517	6,319,056	8,171,442	9,514,151
Public Health and Welfare	21,476	21,581	21,248	21,125	20,962	20,582	20,791	3,036,447	22,183	20,370
Capital Outlay	5,277,220	3,633,918	5,739,648	6,690,901	7,192,216	10,586,483	6,735,184	2,383,394	2,646,867	4,831,458
Debt Service:										
Principal Retirement	1,686,207	1,654,765	1,680,000	1,740,000	1,425,000	1,440,000	1,145,000	1,270,000	2,245,000	840,000
Interest and Fiscal Charges	876,493	835,371	800,002	747,541	630,909	581,485	528,942	341,487	223,264	158,696
Bond Issuance Cost	0	0	0	0	85,090	0	0	58,858	0	0
Total Expenditures	\$37,858,872	\$40,084,899	\$41,249,635	\$42,064,501	\$43,248,602	\$48,272,581	\$48,827,749	\$44,922,523	\$48,184,967	\$53,476,791

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess (Deficiency) of Revenues Over Expenditures	\$4,702,901	(\$1,228,716)	\$804,557	\$3,620,403	\$3,776,797	\$4,116,691	\$4,661,757	\$11,111,937	\$8,791,635	\$10,330,106
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	\$54,377	\$73,910	\$68,419	\$155,920	\$77,776	\$973	\$164,044	\$28,027	\$56,108	\$111,567
Sale of Refunding Bonds	0	0	0	0	3,615,000	0	0	5,345,000	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0	(3,855,969)	0	0	(5,286,142)	0	0
Premium/(Discount) on Sale of Refunded Bonds	0	0	0	0	326,059	0	0	0	0	0
Transfers In	5,515,626	6,531,244	3,900,000	8,074,458	4,950,000	2,376,763	3,465,127	6,277,532	4,672,378	12,558,860
Transfers (Out)	(6,200,626)	(7,026,244)	(4,440,000)	(8,489,458)	(5,325,000)	(2,931,763)	(4,200,127)	(6,967,532)	(5,462,378)	(13,183,860)
Total Other Financing Sources (Uses)	(630,623)	(421,090)	(471,581)	(259,080)	(212,134)	(554,027)	(570,956)	(603,115)	(733,892)	(513,433)
Net Change in Fund Balances	<u>\$4,072,278</u>	<u>(\$1,649,806)</u>	<u>\$332,976</u>	<u>\$3,361,323</u>	<u>\$3,564,663</u>	<u>\$3,562,664</u>	<u>\$4,090,801</u>	<u>\$10,508,822</u>	<u>\$8,057,743</u>	<u>\$9,816,673</u>
Debt service as a percentage of noncapital expenditures (1)	7.7%	6.9%	6.5%	6.7%	5.6%	5.0%	3.9%	3.7%	5.4%	2.1%

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	Assessed Value			Estimated Actual Value	Direct Rate
	Real Property	Public Utilities Personal	Total	Total	Total
2013	\$916,662,950	\$32,024,670	\$948,687,620	\$2,636,207,348	5.94
2014	914,754,880	34,544,460	949,299,340	2,637,907,192	5.94
2015	903,236,750	38,373,230	941,609,980	2,616,540,045	5.94
2016	903,187,030	41,633,890	944,820,920	2,625,462,586	8.44
2017	956,212,820	43,078,190	999,291,010	2,776,823,738	8.44
2018	1,000,644,150	47,648,580	1,048,292,730	2,912,989,418	8.44
2019	984,802,100	49,484,530	1,034,286,630	2,874,069,353	8.44
2020	1,154,528,940	55,581,820	1,210,110,760	3,362,648,368	8.44
2021	1,156,490,950	58,580,940	1,215,071,890	3,376,434,326	8.44
2022	1,153,419,586	58,655,933	1,212,075,519	3,368,108,029	8.44

Source: County Auditor

Note:

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

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

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

Calendar Year	Direct Rate				Overlapping Rates		
	General Fund	Police Levy	Fire/EMS Levy	Total	County Levy	School Levy	Vocational School Levy
2013	0.99	0.30	4.65	5.94	9.72	62.80	1.93
2014	0.99	0.30	4.65	5.94	9.72	65.80	1.93
2015	0.99	0.30	4.65	5.94	9.72	65.80	1.93
2016	0.99	0.30	7.15	8.44	9.72	64.30	1.93
2017	0.99	0.30	7.15	8.44	9.72	64.30	1.93
2018	0.99	0.30	7.15	8.44	9.72	64.30	1.93
2019	0.99	0.30	7.15	8.44	9.72	64.30	1.93
2020	0.99	0.30	7.15	8.44	9.22	63.30	1.93
2021	0.99	0.30	7.15	8.44	9.22	63.30	1.93
2022	0.99	0.30	7.15	8.44	9.22	63.30	1.93

Source: County Auditor

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

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

2022 (1)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio	\$64,118,517	5.29%
LIT Industrial Partnership	10,063,343	0.83%
Duke Realty Ohio	9,579,120	0.79%
NP Seward RD LLC	8,881,338	0.73%
Villages of Wildwood Owner LLC	8,359,648	0.69%
Faith Village Park Apartments	8,058,975	0.66%
VP Woodridge LLC	8,011,534	0.66%
Sisters of Mercy	7,846,483	0.65%
Rajole LLC	7,660,007	0.63%
SNF Realty LLC	7,117,637	0.59%
	<u>\$139,696,602</u>	<u>11.52%</u>

2013 (2)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy	\$24,278,610	2.56%
Sam Boymel Trustee	10,145,040	1.07%
Ohio Casulty Insurance Co.	6,631,750	0.70%
Cincinnati Financial Corp	6,243,640	0.66%
Faith-Village Park Apartments	6,067,160	0.64%
Timber Hollow Apartments	5,642,110	0.59%
Rajole LLC	5,361,060	0.57%
TGM Camelot, Inc.	5,125,150	0.54%
Penn Gardens Capital Partners	4,890,590	0.52%
Meijer Stores, Ltd.	4,791,740	0.51%
	<u>\$79,176,850</u>	<u>8.36%</u>

Source: County Auditor

(1) - Calendar Year 2022

(2) - Collection Year 2013

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		Deliquent Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$5,120,551	\$5,048,532	98.59%	\$72,019	\$5,120,551	100.00%
2014	5,245,233	5,081,457	96.88%	163,776	5,245,233	100.00%
2015	5,163,152	5,099,800	98.77%	63,352	5,163,152	100.00%
2016	5,200,000	5,162,354	99.28%	37,646	5,200,000	100.00%
2017	3,450,963	3,295,748	95.50%	115,784	3,411,532	98.86%
2018	4,362,689	3,877,743	88.88%	420,253	4,297,996	98.52%
2019	5,022,670	4,613,713	91.86%	342,147	4,955,860	98.67%
2020	5,557,878	5,144,863	92.57%	340,558	5,485,421	98.70%
2021	N/A	N/A	N/A	N/A	N/A	N/A
2022	8,323,630	8,231,692	98.90%	91,938	8,323,630	100.00%

N/A - Information not available

Source: County Auditor

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

Calendar Year	Income Tax Rate					Percentage of Total			
		Withholding	Business	Individuals	Total	Withholding	Business	Individuals	Total
2013	1.50%	\$19,206,364	\$3,668,794	\$3,073,729	\$25,948,887	74.0%	14.1%	11.9%	100.0%
2014	1.50%	20,354,912	3,117,922	3,059,354	26,532,188	76.7%	11.8%	11.5%	100.0%
2015	1.50%	21,408,938	2,967,608	3,085,033	27,461,579	78.0%	10.8%	11.2%	100.0%
2016	1.50%	22,319,907	3,364,012	3,435,563	29,119,482	76.6%	11.6%	11.8%	100.0%
2017	1.50%	23,873,512	3,482,717	3,364,962	30,721,191	77.7%	11.3%	11.0%	100.0%
2018	1.50%	24,672,582	3,008,899	3,431,538	31,113,019	79.3%	9.7%	11.0%	100.0%
2019	1.50%	25,053,223	3,853,758	3,364,071	32,271,052	77.6%	11.9%	10.4%	100.0%
2020	1.50%	25,601,868	4,101,810	3,169,869	32,873,547	77.8%	12.5%	9.7%	100.0%
2021	1.50%	26,399,353	6,118,165	3,989,165	36,506,683	72.3%	16.8%	10.9%	100.0%
2022	1.50%	27,902,372	7,829,029	4,988,384	40,719,785	68.5%	19.2%	12.3%	100.0%

Source: City Finance Department

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

<u>2022</u>	
<u>Name</u>	<u>Amount</u>
Cincinnati Insurance Corporation	\$4,955,912
Mercy Health Cincinnati LLC	1,903,942
Koch Meat Co Inc	1,267,974
Fairfield City School District	881,111
Pacific Manufacturing Ohio Inc	523,985
Martin Brower Co LLC	409,002
Express Scripts Pharmacy Inc	401,862
City of Fairfield	395,537
Veritiv Operating Company	364,029
Fedex Freight Inc	315,139
Total Collections - Principal Taxpayers	<u>\$11,418,493</u>
Total Collections	\$40,719,785
Combined percentage of total income taxes	28.0%

<u>2013</u>	
<u>Name</u>	<u>Amount</u>
Cincinnati Insurance	\$3,394,521
Liberty Mutual Group	1,381,519
Mercy Regional Health System	1,341,739
Fairfield Board of Education	585,793
Merck-Medco Rx Services	524,762
Koch Meat Co Inc	364,259
Pacific Mfg Ohio Inc	359,864
City of Fairfield	305,496
Jungle Jim's Market	243,338
Devco Holdings	179,346
Total Collections - Principal Taxpayers	<u>\$8,680,637</u>
Total Collections	\$25,948,887
Combined percentage of total income taxes	33.5%

Source: City Finance Department

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

Calendar Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	OWDA Loans	General Obligation Bonds			
2013	\$20,427,762	\$29,765	\$3,528,338	\$2,328,129	\$26,313,994	0.18%	\$619
2014	18,756,339	0	2,665,171	1,890,957	23,312,467	0.15%	548
2015	17,029,916	0	1,766,809	1,453,785	20,250,510	0.13%	476
2016	15,248,896	0	831,812	1,011,613	17,092,321	0.10%	402
2017	14,103,851	0	219,082	574,440	14,897,373	0.09%	350
2018	12,597,749	0	43,111	437,080	13,077,940	0.07%	308
2019	11,391,165	0	0	294,720	11,685,885	0.06%	275
2020	10,264,582	0	0	147,360	10,411,942	0.05%	245
2021	7,957,998	0	567,897	0	8,525,895	0.04%	190
2022	7,065,996	0	8,329,911	0	15,395,907	0.07%	343

Source: City Finance Department

Notes:

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

N/A - Information not available

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

Calendar Year	General Bonded Debt Outstanding Total General Obligation Bonds	Less: Restricted for Debt Service (1)	General Bonded Debt Outstanding Net General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2013	\$22,755,891	\$2,503,239	\$20,252,652	0.77%	\$476
2014	20,647,296	1,929,153	18,718,143	0.71%	440
2015	18,483,701	1,829,128	16,654,573	0.64%	392
2016	16,260,509	1,743,468	14,517,041	0.55%	341
2017	14,678,291	1,763,686	12,914,605	0.47%	304
2018	13,034,829	1,781,236	11,253,593	0.39%	265
2019	11,685,885	1,821,273	9,864,612	0.34%	232
2020	10,411,942	1,824,774	8,587,168	0.26%	202
2021	7,957,998	1,818,818	6,139,180	0.18%	137
2022	7,065,996	1,820,808	5,245,188	0.16%	117

Source: City Finance Department

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

Notes:

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

City of Fairfield, Ohio
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2022
 Schedule 13

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Fairfield
Butler County	\$20,290,270	12.40%	\$2,515,993
Hamilton County	133,165,500	0.00%	0
Fairfield Township	2,075,000	0.00%	0
Fairfield City School District	56,996,000	68.64%	39,122,054
Lakota Local School District	81,255,874	0.30%	243,768
Northwest Local School District	67,639,000	0.00%	0
Subtotal Overlapping Debt	361,421,644		41,881,815
City of Fairfield - Direct Debt	7,065,996	100.00%	7,065,996
Total Direct and Overlapping Debt	\$368,487,640		\$48,947,811

Source: Ohio Municipal Advisory Council

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

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

Legal Debt Margin Calculation for Current Calendar Year

Assessed Value	\$1,212,075,519	\$1,212,075,519
Statutory Legal Debt Limitation (1)	10.5%	5.5%
Total Debt Limitation	127,267,929	66,664,154
Debt Applicable to Limit:		
Gross Indebtedness	7,065,996	7,065,996
Less: Restricted for Debt Service (2)	1,820,808	1,820,808
Total Net Debt Applicable to Limit	5,245,188	5,245,188
Legal Debt Margin	\$122,022,741	\$61,418,966

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Debt Limit (1)										
Debt Limit (10.5%)	\$99,612,200	\$99,676,431	\$98,869,048	\$99,206,197	\$104,925,556	\$110,070,737	\$108,600,096	\$127,061,630	\$127,582,548	\$127,267,929
Total Net Debt Applicable to Limit	22,755,891	20,647,296	18,483,701	16,260,509	14,678,291	11,253,593	9,864,612	8,587,168	6,139,180	5,245,188
Legal Debt Margin	\$76,856,309	\$79,029,135	\$80,385,347	\$82,945,688	\$90,247,265	\$98,817,144	\$98,735,484	\$118,474,462	\$121,443,368	\$122,022,741
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.8%	20.7%	18.7%	16.4%	14.0%	10.2%	9.1%	6.8%	4.8%	4.1%
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$52,177,819	\$52,211,464	\$51,788,549	\$51,965,151	\$54,961,006	\$57,656,100	\$56,885,765	\$66,556,091	\$66,828,954	\$66,664,154
Total Net Debt Applicable to Limit	22,755,891	20,647,296	18,483,701	16,260,509	14,678,291	11,253,593	9,864,612	8,587,168	6,139,180	5,245,188
Legal Debt Margin	\$29,421,928	\$31,564,168	\$33,304,848	\$35,704,642	\$40,282,715	\$46,402,507	\$47,021,153	\$57,968,923	\$60,689,774	\$61,418,966
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	43.6%	39.5%	35.7%	31.3%	26.7%	19.5%	17.3%	12.9%	9.2%	7.9%

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

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

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

Calendar Year	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
2013	\$369,777	\$0	\$0	N/A	
2014	676,237	0	0	N/A	
2015	447,881	0	0	N/A	
2016	383,176	0	0	N/A	
2017	353,787	0	0	N/A	
2018	298,208	0	0	N/A	
2019	329,318	0	0	N/A	
2020	325,955	0	0	N/A	
2021	353,456	0	0	N/A	
2022	230,918	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)
2013	42,510	\$14,592,549	\$39,304	7.10%
2014	42,510	15,294,977	40,878	4.50%
2015	42,510	15,631,343	41,534	4.50%
2016	42,510	16,411,074	43,423	4.10%
2017	42,510	17,089,200	44,900	4.70%
2018	42,510	18,127,599	47,408	4.20%
2019	42,510	18,829,414	49,146	4.10%
2020	42,510	19,245,282	49,578	7.30%
2021	44,907	20,284,408	52,598	3.10%
2022	44,907	21,711,153	55,636	3.50%

Sources:

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

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

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

(4) - Ohio Bureau of Employment Services

N/A - Information not available

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

2022

Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Employment
Miami University	Serv	(3)	(4)
Cincinnati Financial Corp	Govt	(3)	(4)
GE Aviation	Govt	(3)	(4)
AK Steel Holding Corp	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Lakota Local Schools	Govt	(3)	(4)
Mercy Regional Hospital	Govt	(3)	(4)
Liberty Mutual	Mfg	(3)	(4)
Koch Foods	Food Serv	(3)	(4)
UC Health West Chester Hospital	Healthcare	(3)	(4)
Ft Hamilton Hospital	Healthcare	(3)	(4)
Hamilton City Schools	Govt	(3)	(4)
Tyson Foods	Ins	(3)	(4)
Fairfield City Schools	Govt	(3)	(4)
Cornerstone Brands Inc	Ins	(3)	(4)

2013

Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Population
AK Steel Holding Corp	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Fairfield City Schools	Govt	(3)	(4)
Ft Hamilton Memorial Hospital	Healthcare	(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	Healthcare	(3)	(4)
Miami University	Govt	(3)	(4)
Middletown Regional Health System	Healthcare	(3)	(4)
Miller Coors	Mfg	(3)	(4)
Pierre Foods	Mfg	(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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
City Administration	5	5	10	10	12	12	11	9	8	11
City Council	2	1	1	1	1	1	1	1	1	1
Engineering	6	6	6	6	6	6	6	6	6	6
Facility/Janitors	2	1	1	1	1	1	2	1	2	2
Municipal Court	19	20	20	20	20	20	20	19	19	18
Finance	21	21	16	18	17	18	17	15	17	14
Public Safety										
Police										
Officers	58	57	57	58	58	60	60	61	63	63
Non-Sworn	20	20	20	20	18	19	19	20	21	24
Fire	29	28	27	28	31	34	34	34	44	57
Leisure Time Activities										
Parks and recreation	20	20	20	19	18	18	19	20	20	19
Community Development										
Planning and Zoning	4	4	4	3	4	4	4	3	4	3
Building Inspection	8	8	8	8	8	8	9	8	7	8
Economic Development	1	1	1	1	1	1	1	1	1	1
Basic Utility Service										
Water	19	18	20	21	21	21	31	20	20	20
Wastewater	21	22	22	21	21	22	31	20	20	19
Transportation and Street Repair	27	27	28	27	28	28	29	27	27	27
Total	262	259	261	262	265	273	294	265	280	293

Source: City Finance Department

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Community Environment										
Planning and Development										
Building permits issued	1,771	1,720	1,712	1,834	1,838	1,882	1,657	1,975	1,889	1,960
Building inspections conducted	2,820	2,542	2,554	3,229	3,477	2,858	2,502	2,454	2,956	3,127
Economic Development										
Value of Residential Construction	\$6,689,302	\$5,589,157	\$7,516,667	\$9,058,653	\$9,667,134	\$8,551,521	\$8,600,413	\$11,677,983	\$13,795,344	\$13,407,324
Value of Commercial Construction	\$27,617,808	\$25,374,335	\$35,644,173	\$122,371,102	\$56,811,744	\$49,150,566	\$39,144,492	\$38,068,302	\$85,216,371	\$186,006,906
General Government										
Finance Department - Income Tax										
Income Tax Refunds	928	959	1,022	847	819	985	1,417	800	743	1,892
Dollar Amount of Refunds	\$475,670	\$3,322,818	\$1,538,826	\$564,945	\$1,477,354	\$623,538	\$1,403,977	\$621,047	\$669,008	\$1,410,759
Average Refund Amount	\$513	\$3,465	\$1,506	\$667	\$1,804	\$633	\$991	\$776	\$900	\$746
Court										
Number of Criminal Cases	3,215	3,590	2,869	3,303	3,464	4,065	3,682	2,988	2,637	2,834
Number of Civil Cases	1,223	1,185	1,152	1,188	1,306	1,438	1,833	1,086	1,129	1,437
Construction Services										
Square Footage of Sidewalk Repairs	24,976	17,460	19,036	25,700	13,800	10,906	24,019	11,588	5,900	9,134
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	2,732	2,485	2,430	2,851	3,509	3,461	3,979	3,395	1,039	3,750
Juvenile	258	295	255	265	286	279	49	139	180	113
Citations	3,043	2,842	2,980	3,048	3,450	3,609	3,948	1,718	2,173	3,034
Accidents	1,144	1,322	1,440	1,358	1,386	1,447	2,039	1,626	1,793	1,815
Fire										
Emergency responses	5,437	5,870	4,972	5,593	6,089	5,453	5,956	5,323	5,988	6,331
Fire Calls	866	944	915	806	873	1,002	971	930	975	1,142
Inspections	1,855	1,934	1,846	1,460	1,441	1,752	1,427	938	1,427	1,400
Transportation										
Public Works										
Number of Street Miles Resurfaced	13	15	12	11	14	32	24	26	24	24
Tons of Street Salt Used	4,686	4,315	4,368	2,213	1,197	4,286	3,815	852	3,977	2,680
Cubic Yards of Leaves Picked-up	3,959	4,152	5,346	5,676	4,150	6,081	5,040	4,404	4,797	5,155

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Leisure										
Parks and Recreation										
Number of Theater Patrons	12,195	14,120	14,158	15,336	13,562	12,630	13,615	2,213	9,633	11,025
Number of Pool Admissions	24,090	24,641	26,511	26,062	24,893	29,621	38,984	0	31,450	24,941
Program Attendance:										
Youth/Preschool	20,073	20,805	19,418	20,570	20,946	22,647	19,079	4,198	10,119	18,820
Fitness	9,636	8,976	5,659	5,838	6,600	8,502	6,656	2,207	5,316	5,684
Senior Activities	18,047	17,898	19,160	19,896	20,500	20,540	20,258	4,458	3,237	4,982
Water										
Water main breaks	64	81	56	71	59	72	59	55	65	70
Average daily consumption (millions of gallons)	5.068	4.998	4.597	5.219	5.430	5.340	5.650	5.650	5.780	5.680
Peak daily consumption (millions of gallons)	7.746	6.978	6.884	7.256	7.319	8.280	8.050	7.820	8.400	8.100
Wastewater										
Average daily sewage treatment (millions of gallons)	5.323	5.182	5.216	4.779	5.133	5.791	5.870	5.230	5.330	5.380

Source: Various City Departments

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Municipal Building (square footage)	19,284	19,281	19,284	19,284	19,284	19,284	19,284	19,284	19,284	19,284
Municipal Building Annex (square footage)	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033
Police Cruisers	24	21	25	28	24	24	24	24	24	24
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	4	4	4	4	4	4	4	4	4	4
Number of EMS Vehicles	4	4	4	4	4	4	4	4	5	4
Public Works										
Area of City (square miles)	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.85	20.85
Streets (miles)	166.3	166.3	180.0	180.0	180.0	180.0	180.0	180.0	180.0	180.0
Highways (miles)	7.27	7.27	7.27	7.27	7.27	7.27	7.27	7.27	7.27	7.27
Streetlights	2,962	2,983	2,983	2,986	2,986	2,986	2,995	3,005	3,021	3,044
Traffic signals	61	63	61	61	61	61	61	61	61	61
Parks and Recreation										
Number of Parks	29	29	37	35	35	36	37	37	30	30
Area of Parks (acreage)	676	538	665	659	827	827	839	839	736	736
Playgrounds	14	21	14	14	14	14	15	15	15	15
Baseball/softball diamonds	18	21	20	20	20	20	20	20	20	20
Soccer/football fields	12	17	15	15	15	15	15	15	15	15
Aquatic Center /Swimming pools	1	1	1	1	1	1	1	1	1	1
Community Arts centers	1	1	1	1	1	1	1	1	1	1
Golf Courses	2	2	2	2	2	2	2	2	2	2
Municipal Water										
Storage Capacity (millions of gallons)	7	7	7	7	7	7	7	7	7	7
Water Mains (miles)	172	169	169	169	170	170	189	189	189	189
Fire hydrants	1,966	2,000	2,000	2,000	2,000	2,000	1,981	1,981	1,982	2,489
Sewers										
Treatment Capacity (millions of gallons)	10	10	10	10	10	10	10	10	10	10
Sanitary Sewers (miles)	175	175	175	175	175	175	175	175	175	175

Source: Various City Departments

OHIO AUDITOR OF STATE KEITH FABER



CITY OF FAIRFIELD

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/6/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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