

# CITY OF **FAIRFIELD**



## Comprehensive Annual Financial Report



**City of Fairfield, Ohio  
For the Year Ended  
December 31, 2018**

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# **CITY OF FAIRFIELD, OHIO**

## **Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2018**

**Prepared By:  
Department of Finance  
Scott W. Timmer, Director**



**On the Cover**

**The bronze sculpture “Pin High” designed by Gary Lee Price, depicts a young golfer lining up his next shot. This tribute is located in Fairfield Greens North Trace.**

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# INTRODUCTORY SECTION

City of Fairfield, Ohio

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June 21, 2019

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

The Comprehensive Annual Financial Report of the City of Fairfield, Ohio for the fiscal year ended December 31, 2018 is submitted herewith. The Department of Finance prepared the report. The responsibility for both the accuracy of the presented data and the completeness and the fairness of the presentation, including all disclosures, rests with the City of Fairfield, specifically with the Department of Finance. We believe that the enclosed data is accurate in all material respects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City. We further believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

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

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

## **City Overview**

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

Incorporated in 1955, the City operates under a charter and is served by a Council/City Manager form of government. The legislative body of Fairfield consists of a mayor and seven council members who are responsible for the legislative affairs of the City. Council also makes appointments to various statutory and advisory boards and appoints the City Manager, Law Director and Clerk of Council. As chief executive officer, the City Manager is responsible for enforcement of all laws and ordinances, the efficient delivery of services, and preparation of capital and operating budgets.

The City provides many of the municipal services normally associated with a municipality, including emergency services, street construction and maintenance, engineering, building and planning services, economic development and 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**

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

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

The residents approved an income tax reapportionment of the 1.5% income tax in 2012 to offset losses in State revenue. This reapportionment was effective in 2013 and reallocated monies to the General fund by reducing the Street and Capital Improvement funds each by 0.05%. It was understood at the time of the reapportionment should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. In 2018, the City replenished the revenue to the Street Improvement and Capital Improvement funds to fund the substantial five-year Capital Improvement Program. The City will continue to do so as long as income tax revenues are sufficient to maintain the General fund operations and reserves.

### **Relevant Financial Policies**

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In 2015, the State of Ohio passed House Bill 5, a municipal tax uniformity bill. This bill contains language modifying the income basis on which a municipal government can levy an income tax on and how the municipal government can collect income tax. Most provisions of this bill became effective in January 2017 for the 2016 tax year. At this time, the financial impact of these legislative changes on income tax receipts is negligible.

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. Though an appeal has been filed on behalf of the municipalities, the municipalities have adopted the statute changes. At this time, the total financial impact is unknown, as this statute became effective for tax year 2018.

## **Major Initiatives**

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The following were among the many diverse activities and/or programs to which both the elected officials and staff devoted their energies in 2018:

- 1) The Route 4 Urban Paving project commenced in 2018 with a cost of \$3.3 million with \$1.8 million in state funding. This project will pave Route 4 from the City's northern corporate line south to Seward Road.
- 2) Improvements to North Gilmore Road from Holden Boulevard to Symmes Road are ongoing in 2018. The cost of this project was \$1.5 million with outside funding of \$750,000 which included overlay, storm sewer, guardrail, shoulder widening and adding a striped center turn lane between Route 4 and Hicks Boulevard.

## **Future Projects**

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Accomplishments and significant capital projects to look forward to in 2019 include the following:

- 1) Upgrades to the Central Traffic System have an expected cost of \$2.8 million with outside funding of \$2.2 million and will include new adaptive software, video detection and advanced radar at select intersections.
- 2) Ongoing construction and the grand opening of the Fairfield Dog Park. This multi-purpose project will create a 6.5-acre park featuring a pond with a zero-depth entry dock, and multiple greenspace areas including a dog park and various shaded gathering spaces.
- 3) The Mack Road and Ross Road Water Main Replacement Project with an estimated cost of \$760,000 will begin in early 2019. This project will replace deteriorating iron piping, thereby providing more reliable water service to City utility customers.

## **Internal Accounting and Budgetary Controls**

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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, 2018.

## **City Income Tax**

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Under the Ohio Revised Code, Section 718, municipal governments can levy an income tax. Since 1960, the City has levied an income tax on gross salaries, wages and other personal service compensation earned by residents, both in and out of the City and upon earnings of non-residents earned in the City. It also applies to net income of business organizations derived from business activities conducted in the City. The current income tax rate of 1.5% was approved by voters in 1971 and since then the allocation

of the income taxes has changed 4 times. The latest voter approved allocation occurred in 2012, effective for 2013. The current allocation of the income tax is 1.2% to the General fund, 0.15% to the Street Improvement fund and 0.15% to the Capital Improvement fund.

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

		2018	2017
General Fund	1.20%	\$24,890,416	\$24,578,337
Street Improvement Fund	0.15%	3,111,302	3,072,292
Capital Improvement Fund	0.15%	3,111,302	3,072,292
Gross Revenues		<u>\$31,113,020</u>	<u>\$30,722,921</u>

### Independent Audit

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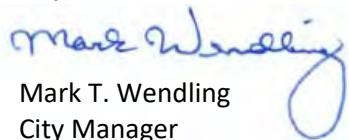
The State of Ohio requires an annual audit by either the Auditor of State or by an independent public accounting firm. Plattenburg & Associates, Inc., an independent accounting firm, has completed an audit of the financial statements. Their opinion on the City's financial statements is included in the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

### Acknowledgements

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

Respectfully submitted,  
City of Fairfield

  
Mark T. Wendling  
City Manager

  
Scott W. Timmer  
Director of Finance

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## CITY OF FAIRFIELD

### PUBLIC OFFICIALS

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#### **MAYOR**

Steve Miller

#### **COUNCIL MEMBERS**

Craig Keller

Vice Mayor

Chad Oberson

Leslie Besl

Debbie Pennington

Tim Abbott

Ron D'Epifanio

Bill Woeste

#### **APPOINTED OFFICIALS**

Mark Wendling

City Manager

Dan Wendt

Assistant City Manager

Scott Timmer

Director of Finance

John Clemmons

Director of Law

Dave Butsch

Director of Public Works

Tiphanie Howard

Director of Parks and Recreation

Adam Sackenheim

Director of Public Utilities

Greg Kathman

Director of Development Services

Steve Maynard

Chief of Police

Donald Bennett

Chief of Fire

Alisha Wilson

Clerk of Council

#### **DEPARTMENT OF FINANCE**

Scott Timmer

Finance Director

Jenna Trice

Financial Services Manager

Kristina Mayes

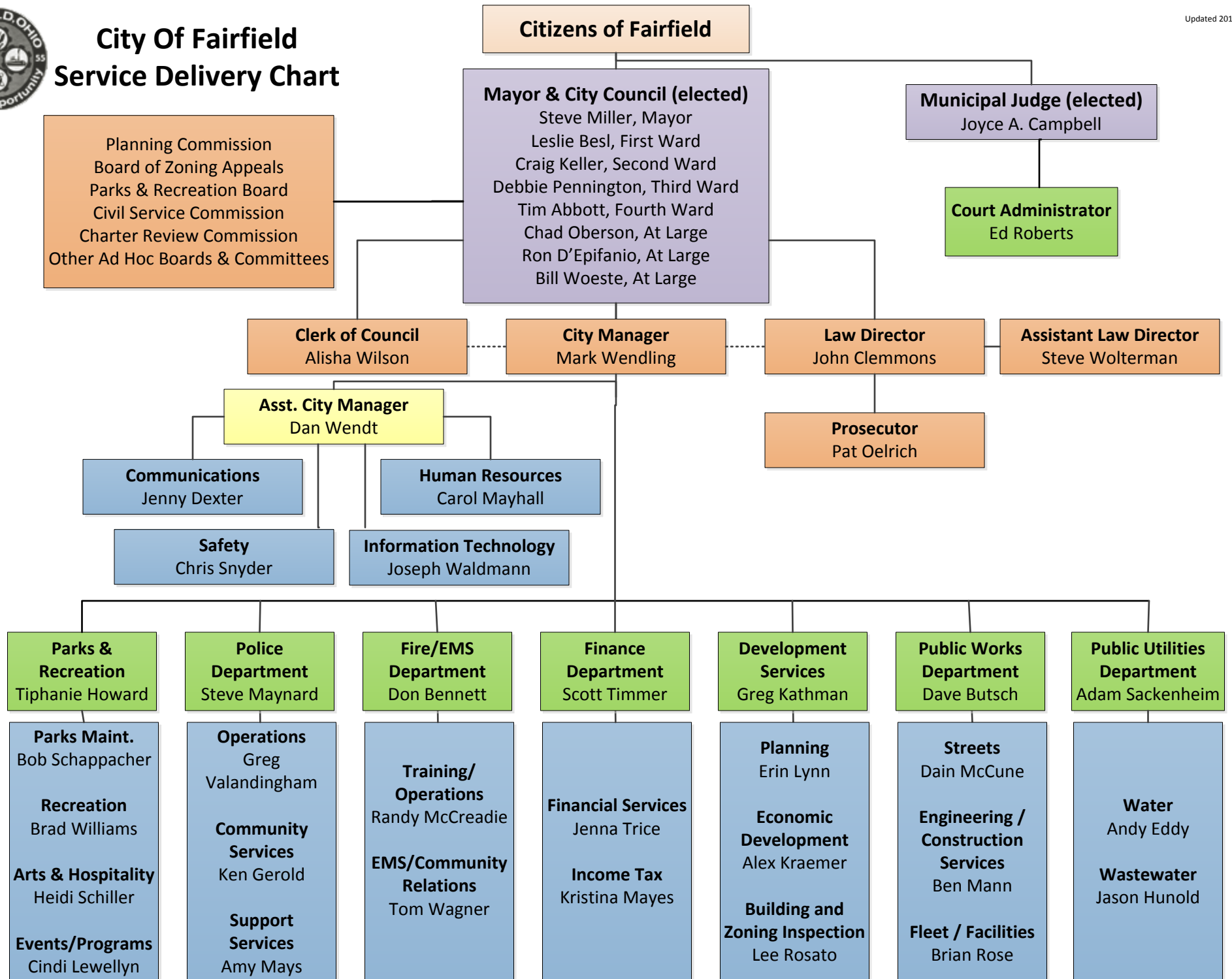
Income Tax Administrator

Karen Broughton

Payroll Administrator



# City Of Fairfield Service Delivery Chart







Government Finance Officers Association

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

Presented to

**City of Fairfield  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morrell*

Executive Director/CEO

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# FINANCIAL SECTION

City of Fairfield, Ohio

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2018, 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.

### ***Emphasis of Matters***

As discussed in Note 21 to the financial statements, during the year ended December 31, 2018, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Plattenburg & Associates, Inc.*

Cincinnati, Ohio  
June 21, 2019

**City of Fairfield, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2018**  
**(Unaudited)**

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The City of Fairfield's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2018. 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 \$5,757,385. Net position of governmental activities increased \$3,776,227, net position of business-type activities increased by \$1,981,158.
- The general fund reported a fund balance of \$19,591,159.
- Business-type operations reflected operating income of \$1,560,339
- The City had \$48,374,259 in expenses relating to governmental activities; program revenues offset \$11,597,016 of these expenses. General revenues of \$40,908,470 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, 2018**  
**(Unaudited)**

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

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

**Fund Financial Statements**

The analysis of the City's major funds is presented later in the Management's Discussion and Analysis section. Fund financial statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are General, Fire Levy, Street Improvement, Water Utility, 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 fiscal agent for the Municipal Court and the Joint Economic Development District. The City's fiduciary responsibility is reported in the Statement of Fiduciary Assets and Liabilities. We exclude these balances from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes.



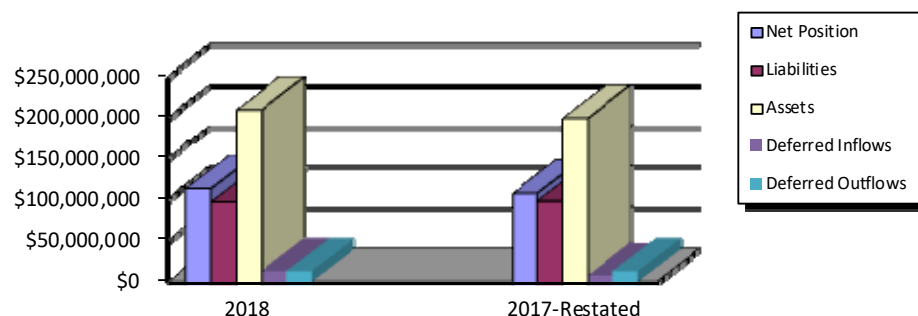
**City of Fairfield, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2018**  
**(Unaudited)**

**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 2018 compared to 2017.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 - Restated	2018	2017 - Restated	2018	2017 - Restated
<b>Assets:</b>						
Current and Other Assets	\$60,183,874	\$55,072,761	\$16,428,726	\$14,028,009	76,612,600	\$69,100,770
Capital Assets	89,946,567	87,358,872	43,099,090	43,423,247	133,045,657	130,782,119
<b>Total Assets</b>	<b>150,130,441</b>	<b>142,431,633</b>	<b>59,527,816</b>	<b>57,451,256</b>	<b>209,658,257</b>	<b>199,882,889</b>
<b>Deferred Outflows of Resources:</b>						
Deferred Charge on Refunding	358,467	409,345	14,877	19,836	373,344	429,181
OPEB	3,883,542	151,261	296,318	48,522	4,179,860	199,783
Pension	7,283,693	9,811,774	1,162,765	2,372,315	8,446,458	12,184,089
<b>Total Deferred Outflows of Resources</b>	<b>11,525,702</b>	<b>10,372,380</b>	<b>1,473,960</b>	<b>2,440,673</b>	<b>12,999,662</b>	<b>12,813,053</b>
<b>Liabilities:</b>						
Long-Term Liabilities	78,440,771	78,204,123	9,110,786	10,649,785	87,551,557	88,853,908
Other Liabilities	3,350,023	2,546,188	5,805,549	6,382,364	9,155,572	8,928,552
<b>Total Liabilities</b>	<b>81,790,794</b>	<b>80,750,311</b>	<b>14,916,335</b>	<b>17,032,149</b>	<b>96,707,129</b>	<b>97,782,460</b>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	7,011,000	6,768,000	0	0	7,011,000	6,768,000
Grants and Other Taxes	270,762	230,654	0	0	270,762	230,654
OPEB	802,300	0	245,005	0	1,047,305	0
Pension	3,681,746	731,734	1,093,825	94,325	4,775,571	826,059
<b>Total Deferred Inflows of Resources</b>	<b>11,765,808</b>	<b>7,730,388</b>	<b>1,338,830</b>	<b>94,325</b>	<b>13,104,638</b>	<b>7,824,713</b>
<b>Net Position:</b>						
Net Investment In Capital Assets	77,707,285	73,664,366	38,133,776	39,221,993	115,841,061	112,886,359
Restricted	22,525,145	20,743,247	1,031,796	1,027,000	23,556,941	21,770,247
Unrestricted	(32,132,889)	(30,084,299)	5,581,039	2,516,460	(26,551,850)	(27,567,839)
<b>Total Net Position</b>	<b>\$68,099,541</b>	<b>\$64,323,314</b>	<b>\$44,746,611</b>	<b>\$42,765,453</b>	<b>\$112,846,152</b>	<b>\$107,088,767</b>



The net pension liability (NPL) is the reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial

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condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and

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other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$133,164,467 to \$107,088,767.

Total net position of the City as a whole increased \$5,757,385. Net position of the City's governmental activities increased \$3,776,227, while the net position of the City's business-type activities increased \$1,981,158 from 2017. 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 (\$26,551,850). Capital Assets increased mainly due to current year depreciation expense being less than additions. Total Long-Term Liabilities decreased slightly mainly due to changes in net pension liability.

Table 2 shows the changes in net position at year-end and revenue and expense comparisons for 2018 to 2017.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Revenues:						
Charges for Services	\$4,720,895	\$4,452,994	\$17,894,842	\$16,057,357	\$22,615,737	\$20,510,351
Operating Grants and Contributions	3,403,213	3,301,379	0	0	3,403,213	3,301,379
Capital Grants and Contributions	3,472,908	1,257,952	0	0	3,472,908	1,257,952
Total Program Revenues	11,597,016	9,012,325	17,894,842	16,057,357	29,491,858	25,069,682
General Revenues:						
Income Taxes	30,739,815	28,041,922	0	0	30,739,815	28,041,922
Property Taxes	7,455,793	7,695,614	0	0	7,455,793	7,695,614
Grants and Entitlements	1,194,021	1,092,049	0	0	1,194,021	1,092,049
Investment Earnings	663,060	423,476	179,666	81,541	842,726	505,017
Other Revenues	855,781	774,223	251,744	264,497	1,107,525	1,038,720
Total General Revenues	40,908,470	38,027,284	431,410	346,038	41,339,880	38,373,322
Total Revenues	52,505,486	47,039,609	18,326,252	16,403,395	70,831,738	63,443,004
Program Expenses:						
General Government	9,476,038	9,420,931	0	0	9,476,038	9,420,931
Public Safety	22,968,209	19,659,072	0	0	22,968,209	19,659,072
Community Development	2,117,719	2,088,857	0	0	2,117,719	2,088,857
Liesure Time Activities	3,643,483	3,523,300	0	0	3,643,483	3,523,300
Transportation and Street Repair	9,083,304	8,471,472	0	0	9,083,304	8,471,472
Basic Utility Service	502,866	464,115	0	0	502,866	464,115
Public Health and Welfare	20,582	20,962	0	0	20,582	20,962
Interest and Other Charges	562,058	696,672	0	0	562,058	696,672
Water Utility	0	0	5,703,566	6,733,916	5,703,566	6,733,916
Sewer Utility	0	0	6,835,855	5,950,929	6,835,855	5,950,929
Solid Waste	0	0	2,328,509	2,295,473	2,328,509	2,295,473
Recreation	0	0	1,832,164	1,962,035	1,832,164	1,962,035
Total Program Expenses	48,374,259	44,345,381	16,700,094	16,942,353	65,074,353	61,287,734
Increase (Decrease) in Net Positon before Transfers	4,131,227	2,694,228	1,626,158	(538,958)	5,757,385	2,155,270
Transfers - Internal Activities	(355,000)	(175,000)	355,000	175,000	0	0
Change in Net Position	3,776,227	2,519,228	1,981,158	(363,958)	5,757,385	2,155,270
Net Position - Beginning of Year, Restated	64,323,314	N/A	42,765,453	N/A	107,088,767	N/A
Net Position - End of Year	\$68,099,541	\$64,323,314	\$44,746,611	\$42,765,453	\$112,846,152	\$107,088,767

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$199,783 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$2,825,494. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

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	Governmental Activities	Business-type Activities	Total
Total 2018 operating expenses under GASB 75	\$48,374,259	\$16,700,094	\$65,074,353
OPEB expense under GASB 75	(2,328,047)	(497,447)	(2,825,494)
2018 contractually required contribution	43,704	0	43,704
Adjusted 2018 operating expenses	46,089,916	16,202,647	62,292,563
Total 2017 operating expenses under GASB 45	44,345,381	16,942,353	61,287,734
Change in operating expenses not related to OPEB	\$1,744,535	(\$739,706)	\$1,004,829

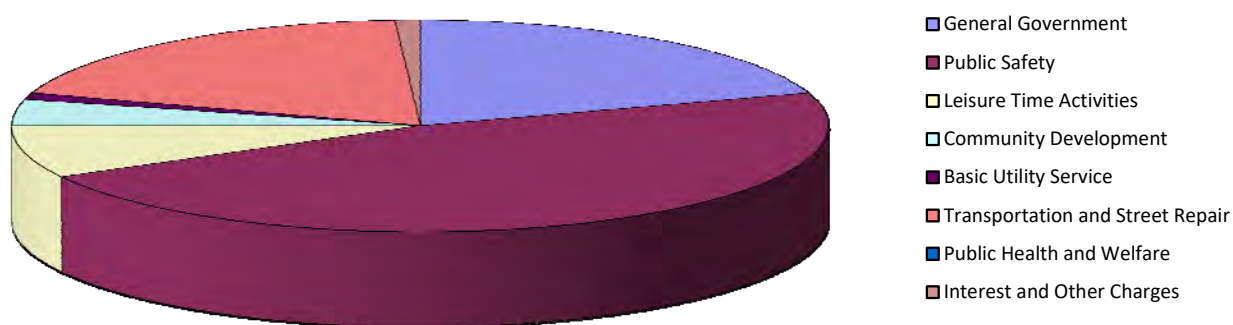
**Governmental Activities**

The City had an increase in revenues mainly due to an increase in charges for services revenues and income tax revenues that the City received in 2018. Total expenses increased mainly due to the City's public safety and leisure time (recreation) services, that they provide, increased from 2017.

Revenues generated by the earnings tax represent approximately 73% of the City's governmental activities revenues. The City's 2018 earnings tax revenues decreased approximately 1% when compared to 2017 earnings tax revenues.

**Governmental Activities**  
**Program Expenses for 2018**

	Percentage
General Government	20%
Public Safety	47%
Leisure Time Activities	8%
Community Development	4%
Basic Utility Service	1%
Transportation and Street Repair	19%
Public Health and Welfare	Less than 1%
Interest and Other Charges	1%
Total	100%



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

**Income Tax**

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

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

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

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

***Business-Type Activities***

The City's business-type activities include Water Utility, Sewer Utility, Solid Waste Management and Recreation Facilities operations. The City's business-type activities had operating income of \$1,560,339 for 2018. The operating revenues for business-type activities were \$18,146,586, while operating

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expenses were \$16,586,247 for 2018. The increase in operating income for 2018 was mainly due to an increase in the City's charges for services revenue, in 2018 as compared to 2017.

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

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

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

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

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

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

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

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

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

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

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

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

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



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**The City's Funds**

The City has three major governmental funds: the General Fund, Fire Levy Fund, and Street Improvement Fund. Assets of these funds comprised \$42,220,868 (74%) of the total governmental fund assets.

**General Fund:** Fund balance at December 31, 2018 was \$19,591,159, an increase in fund balance of \$3,621,217 from 2017. The general fund had an increase in fund balance mainly due to an increase in income tax collections.

**Fire Levy Fund:** Fund balance at December 31, 2018 was \$1,868,006, an increase of \$780,024 from 2017. The increase in fund balance was mostly due to an increase in property tax revenue.

**Street Improvement Fund:** Fund balance at December 31, 2018 was \$7,055,258, a decrease in fund balance of \$244,275 from 2017.

**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 \$27,807,085 and the final actual expenditures were \$26,007,822. The difference was \$1,799,263. Variations from the final budgeted expenditures to the final actual expenditures are primarily due to the following: the City conservatively budgeted for the general services and the police expenditures for 2018. As the City completed the year, its General Fund balance reported an actual fund balance of \$17,966,283, on a Non-GAAP Budgetary Basis.

**Capital Assets and Debt Administration**

**Capital Assets**

At year end, the City had \$133,045,657 invested in land, construction in progress, buildings and improvements, equipment and infrastructure. Table 3 shows 2018 balances compared to 2017:

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$19,112,540	\$19,112,540	\$1,641,949	\$1,641,949	\$20,754,489	\$20,754,489
Construction in Progress	4,316,055	4,919,704	170,536	4,094,287	4,486,591	9,013,991
Buildings and Improvements	48,561,090	48,333,666	51,767,498	49,919,372	100,328,588	98,253,038
Equipment	20,093,843	18,679,804	5,367,650	5,036,981	25,461,493	23,716,785
Infrastructure	108,024,458	101,550,722	38,318,309	34,655,206	146,342,767	136,205,928
Accumulated Depreciation	(110,161,419)	(105,237,564)	(54,166,852)	(51,924,548)	(164,328,271)	(157,162,112)
Total Net Capital Assets	\$89,946,567	\$87,358,872	\$43,099,090	\$43,423,247	\$133,045,657	\$130,782,119

The increase in net capital assets was mainly due to depreciation expense being less than additions. See Note 6 to the notes to the basic financial statements for further details on the City's capital assets.

**Debt**

The City had \$12,597,749 in Governmental Activities long-term debt and \$480,191 in Business-Type Activities long-term debt

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

		2018	2017
Governmental Activities:			
<u>Bonds and Notes:</u>			
Various Purpose Golf and Justice Center - 2009	3.56%	\$280,000	\$555,000
Various Purpose Refunding - 2009	3.23%	0	320,000
Roadway Improvement Bonds - 2010A	4.64-6.09%	6,000,000	6,000,000
Roadway Improvement Bonds - 2010B	3.74-4.44%	0	420,000
2017 Refunding of 2009 Various Purpose Golf & Just. Center	4.05%	3,580,000	3,585,000
Community Arts Center Refunding 2012	4.50%	2,300,000	2,720,000
Premium/(Discount)	n/a	437,749	503,851
Total Bonds and Notes:		<u>\$12,597,749</u>	<u>\$14,103,851</u>
Business Type Activities:			
OWDA Wastewater Improvement Loan	3.79-4.12%	\$43,111	\$219,082
Various Purpose Refunding - 2012	3.66%	415,000	545,000
Premium on Various Purpose Water Refunding - 2012	n/a	22,080	29,440
Total Business Type Activities		<u>\$480,191</u>	<u>\$793,522</u>

The unvoted Various Purpose General Obligation Bonds for street improvement will be paid with municipal income tax revenue. The Various Purpose General Obligation Bonds for other improvements and Community Arts Center Bonds will be paid with property tax revenues via transfers from the General Fund. See Note 9 to the notes to the basic financial statements for further details on the City's long-term debt.

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**Economic Factors**

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

Back in 2013, the City residents approved a reapportionment to replace the \$1,500,00 in lost revenue from cuts in local funding in the State operating budget and elimination of the estate tax. At that time the City apportioned the income tax to the General, Street Improvement and Capital funds. The reapportionment of the income tax beginning in 2013 became 1.2% to the General fund and 0.15% each 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 2018, 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, 2018

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$41,755,093	\$13,164,094	\$54,919,187
Restricted Cash	0	1,031,796	1,031,796
Receivables (Net):			
Taxes	13,248,053	0	13,248,053
Accounts	412,503	2,042,478	2,454,981
Interest	22,478	3,375	25,853
Intergovernmental	4,745,747	0	4,745,747
Inventory	0	186,983	186,983
Nondepreciable Capital Assets	23,428,595	1,812,485	25,241,080
Depreciable Capital Assets, Net	66,517,972	41,286,605	107,804,577
<b>Total Assets</b>	<b>150,130,441</b>	<b>59,527,816</b>	<b>209,658,257</b>
Deferred Outflows of Resources:			
Deferred Charge on Refunding	358,467	14,877	373,344
Pension	7,283,693	1,162,765	8,446,458
OPEB	3,883,542	296,318	4,179,860
<b>Total Deferred Outflows of Resources</b>	<b>11,525,702</b>	<b>1,473,960</b>	<b>12,999,662</b>
Liabilities:			
Accounts Payable	1,236,802	541,379	1,778,181
Accrued Wages and Benefits	1,584,784	291,926	1,876,710
Retainage Payable	135,465	0	135,465
Accrued Interest Payable	45,399	83,780	129,179
Due to Other Governments	8,154	103,211	111,365
Claims Payable	339,419	19,441	358,860
Other Liabilities	0	265,812	265,812
General Obligation Notes Payable	0	4,500,000	4,500,000
Long-Term Liabilities:			
Due Within One Year	2,364,454	419,324	2,783,778
Due In More Than One Year			
Net Pension Liability	33,287,930	4,532,494	37,820,424
Net OPEB Liability	28,701,090	3,288,954	31,990,044
Other Amounts	14,087,297	870,014	14,957,311
<b>Total Liabilities</b>	<b>81,790,794</b>	<b>14,916,335</b>	<b>96,707,129</b>
Deferred Inflows of Resources:			
Property Taxes	7,011,000	0	7,011,000
Grants and Other Taxes	270,762	0	270,762
Pension	3,681,746	1,093,825	4,775,571
OPEB	802,300	245,005	1,047,305
<b>Total Deferred Inflows of Resources</b>	<b>11,765,808</b>	<b>1,338,830</b>	<b>13,104,638</b>
Net Position:			
Net Investment in Capital Assets	77,707,285	38,133,776	115,841,061
Restricted for:			
Debt Service	1,781,236	0	1,781,236
Capital Projects	10,560,811	1,031,796	11,592,607
Street Construction and Maintenance	1,718,417	0	1,718,417
Court Services	5,053,069	0	5,053,069
Public Safety	2,411,346	0	2,411,346
Other Purposes	1,000,266	0	1,000,266
Unrestricted	(32,132,889)	5,581,039	(26,551,850)
<b>Total Net Position</b>	<b>\$68,099,541</b>	<b>\$44,746,611</b>	<b>\$112,846,152</b>

See accompanying notes to the basic financial statements.

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City of Fairfield, Ohio  
Statement of Activities  
For the Fiscal Year Ended December 31, 2018

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$9,476,038	\$1,899,530	\$165,932	\$0
Public Safety	22,968,209	1,187,677	774,802	0
Community Development	2,117,719	1,337,230	0	230,653
Leisure Time Activities	3,643,483	261,393	0	0
Transportation and Street Repair	9,083,304	35,065	2,462,479	3,242,255
Basic Utility Service	502,866	0	0	0
Public Health and Welfare	20,582	0	0	0
Interest and Other Charges	562,058	0	0	0
Total Governmental Activities	48,374,259	4,720,895	3,403,213	3,472,908
Business-Type Activities:				
Water Utility	5,703,566	6,885,777	0	0
Sewer Utility	6,835,855	7,047,636	0	0
Solid Waste	2,328,509	2,346,009	0	0
Recreation	1,832,164	1,615,420	0	0
Total Business-Type Activities	16,700,094	17,894,842	0	0
Totals	\$65,074,353	\$22,615,737	\$3,403,213	\$3,472,908

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

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$7,410,576)	\$0	(\$7,410,576)
(21,005,730)	0	(21,005,730)
(549,836)	0	(549,836)
(3,382,090)	0	(3,382,090)
(3,343,505)	0	(3,343,505)
(502,866)	0	(502,866)
(20,582)	0	(20,582)
(562,058)	0	(562,058)
(36,777,243)	0	(36,777,243)
0	1,182,211	1,182,211
0	211,781	211,781
0	17,500	17,500
0	(216,744)	(216,744)
0	1,194,748	1,194,748
(36,777,243)	1,194,748	(35,582,495)
30,739,815	0	30,739,815
1,540,349	0	1,540,349
5,915,444	0	5,915,444
1,194,021	0	1,194,021
69,773	0	69,773
663,060	179,666	842,726
786,008	251,744	1,037,752
(355,000)	355,000	0
40,553,470	786,410	41,339,880
3,776,227	1,981,158	5,757,385
64,323,314	42,765,453	107,088,767
\$68,099,541	\$44,746,611	\$112,846,152

City of Fairfield, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2018

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$18,025,624	\$2,262,002	\$5,276,170	\$11,927,601	\$37,491,397
Receivables (Net):					
Taxes	6,048,666	5,984,291	607,548	607,548	13,248,053
Accounts	412,503	0	0	0	412,503
Interest	14,364	0	6,730	57	21,151
Intergovernmental	77,729	427,788	1,855,642	2,384,588	4,745,747
Interfund	1,221,811	0	0	0	1,221,811
Total Assets	<u>25,800,697</u>	<u>8,674,081</u>	<u>7,746,090</u>	<u>14,919,794</u>	<u>57,140,662</u>
Liabilities:					
Accounts Payable	323,710	35,082	301,199	554,090	1,214,081
Accrued Wages and Benefits	1,071,465	342,717	0	139,631	1,553,813
Compensated Absences	75,617	0	0	0	75,617
Retainage Payable	0	0	2,650	132,815	135,465
Due to Other Governments	8,154	0	0	0	8,154
Interfund Payable	0	0	0	1,221,811	1,221,811
Claims Payable	62,027	16,197	0	8,489	86,713
Total Liabilities	<u>1,540,973</u>	<u>393,996</u>	<u>303,849</u>	<u>2,056,836</u>	<u>4,295,654</u>
Deferred Inflows of Resources:					
Property Taxes	1,188,285	5,984,291	0	0	7,172,576
Income Taxes	3,043,703	0	380,463	380,463	3,804,629
Grants and Other Taxes	64,116	427,788	0	1,319,835	1,811,739
Special Assessments	263,337	0	0	0	263,337
Accounts	99,796	0	0	0	99,796
Investment Earnings	9,328	0	6,520	0	15,848
Total Deferred Inflows of Resources	<u>4,668,565</u>	<u>6,412,079</u>	<u>386,983</u>	<u>1,700,298</u>	<u>13,167,925</u>
Fund Balances:					
Restricted	0	1,868,006	7,055,258	11,923,801	20,847,065
Assigned	298,960	0	0	57,567	356,527
Unassigned	19,292,199	0	0	(818,708)	18,473,491
Total Fund Balances	<u>19,591,159</u>	<u>1,868,006</u>	<u>7,055,258</u>	<u>11,162,660</u>	<u>39,677,083</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$25,800,697</u>	<u>\$8,674,081</u>	<u>\$7,746,090</u>	<u>\$14,919,794</u>	<u>\$57,140,662</u>

See accompanying notes to the basic financial statements.



City of Fairfield, Ohio  
Reconciliation of Total Governmental Fund Balance to  
Net Position of Governmental Activities  
December 31, 2018

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Total Governmental Fund Balance	\$39,677,083
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets used in the operation of Governmental Funds	89,946,567
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Income Taxes	3,804,629	
Delinquent Property Taxes	161,576	
Interest	15,848	
Intergovernmental	1,540,977	
Other Receivables	363,133	
		5,886,163

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	3,065,534
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In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.

(45,399)

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	(3,681,268)
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Deferred outflow of resources associated with long-term liabilities are not reported in the funds.

358,467

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	7,163,513	
Deferred inflows of resources related to pensions	(3,568,691)	
Deferred outflows of resources related to OPEB	3,852,915	
Deferred inflows of resources related to OPEB	(776,977)	
		6,670,760

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

Net Pension Liability	(32,819,464)	
Net OPEB Liability	(28,361,153)	
Other Amounts	(12,597,749)	
		(73,778,366)

Net Position of Governmental Activities	<u>\$68,099,541</u>
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See accompanying notes to the basic financial statements.

City of Fairfield, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended December 31, 2018

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$1,559,735	\$6,019,238	\$0	\$0	\$7,578,973
Income Taxes	24,184,066	0	3,052,144	3,052,144	30,288,354
Charges for Services	1,675,175	1,121,059	0	0	2,796,234
Investment Earnings	381,426	8,793	172,180	113,247	675,646
Intergovernmental	1,129,625	713,848	2,008,666	4,565,430	8,417,569
Special Assessments	56,636	0	0	0	56,636
Fines, Licenses & Permits	1,435,463	5,725	0	651,970	2,093,158
Revenue in Lieu of Taxes	0	0	0	69,773	69,773
Other Revenues	321,344	1,162	0	90,423	412,929
Total Revenues	30,743,470	7,869,825	5,232,990	8,542,987	52,389,272
Expenditures:					
Current:					
General Government	8,034,238	0	0	547,255	8,581,493
Public Safety	11,961,902	7,048,169	0	17,865	19,027,936
Community Development	1,412,325	0	0	0	1,412,325
Leisure Time Activities	2,665,024	0	0	0	2,665,024
Transportation and Street Repair	0	0	0	3,454,387	3,454,387
Basic Utility Service	502,866	0	0	0	502,866
Public Health and Welfare	20,582	0	0	0	20,582
Capital Outlay	102,816	41,632	5,705,179	4,736,856	10,586,483
Debt Service:					
Principal	0	0	0	1,440,000	1,440,000
Interest and Other Charges	0	0	0	581,485	581,485
Total Expenditures	24,699,753	7,089,801	5,705,179	10,777,848	48,272,581
Excess of Revenues Over (Under) Expenditures	6,043,717	780,024	(472,189)	(2,234,861)	4,116,691
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	0	0	0	973	973
Transfers In	0	0	227,914	2,148,849	2,376,763
Transfers (Out)	(2,422,500)	0	0	(509,263)	(2,931,763)
Total Other Financing Sources (Uses)	(2,422,500)	0	227,914	1,640,559	(554,027)
Net Change in Fund Balance	3,621,217	780,024	(244,275)	(594,302)	3,562,664
Fund Balance - Beginning of Year	15,969,942	1,087,982	7,299,533	11,756,962	36,114,419
Fund Balance - End of Year	\$19,591,159	\$1,868,006	\$7,055,258	\$11,162,660	\$39,677,083

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, 2018

Net Change in Fund Balance - Total Governmental Funds	\$3,562,664
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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	7,732,016	
Depreciation Expense	<u>(5,102,313)</u>	
		2,629,703

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.

(42,008)

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 is reported as pension and OPEB expense.

Pension contributions	2,953,439	
Pension Expense	(5,034,433)	
OPEB contributions	43,704	
OPEB Expense	<u>(2,328,027)</u>	
		(4,365,317)

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

Income Taxes	451,461	
Delinquent Property Taxes	(123,180)	
Interest	(12,587)	
Intergovernmental	(346,307)	
Other	<u>146,827</u>	
		116,214

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

1,440,000

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

4,203

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	129,647	
Amortization of Bond Premium	66,102	
Amortization of Deferred Charge on Refunding	<u>(50,878)</u>	
		144,871

(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, 2018

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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>285,897</u>
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Change in Net Position of Governmental Activities	<u>\$3,776,227</u>
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See accompanying notes to the basic financial statements.

City of Fairfield, Ohio  
Statement of Net Position  
Proprietary Funds  
December 31, 2018

	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	\$6,102,862	\$6,404,549	\$656,683	\$13,164,094	\$4,263,696
Restricted Cash	1,031,796	0	0	1,031,796	0
Receivables (Net):					
Accounts	780,133	954,529	307,816	2,042,478	0
Interest	3,125	250	0	3,375	1,327
Inventory	167,144	0	19,839	186,983	0
Total Current Assets	8,085,060	7,359,328	984,338	16,428,726	4,265,023
Noncurrent Assets:					
Capital Assets:					
Nondepreciable Capital Assets	996,261	309,224	507,000	1,812,485	0
Depreciable Capital Assets, Net	17,332,114	21,326,772	2,627,719	41,286,605	0
Total Noncurrent Assets	18,328,375	21,635,996	3,134,719	43,099,090	0
Total Assets	26,413,435	28,995,324	4,119,057	59,527,816	4,265,023
Deferred Outflows of Resources:					
Deferred Charge on Refunding	0	0	14,877	14,877	0
Pension	534,615	524,966	103,184	1,162,765	120,180
OPEB	136,241	133,782	26,295	296,318	30,627
Total Deferred Outflows of Resources	670,856	658,748	144,356	1,473,960	150,807
Liabilities:					
Current Liabilities:					
Accounts Payable	198,432	107,604	235,343	541,379	22,721
Accrued Wages and Benefits	132,392	128,494	31,040	291,926	30,971
Compensated Absences	96,419	99,874	44,920	241,213	8,462
Accrued Interest Payable	55,208	27,604	968	83,780	0
Due to Other Governments	0	103,211	0	103,211	0
Claims Payable	7,333	8,101	4,007	19,441	252,706
Other Liabilities	265,812	0	0	265,812	0
General Obligation Notes Payable	3,000,000	1,500,000	0	4,500,000	0
Long-Term Liabilities Due Within One Year	0	43,111	135,000	178,111	0
Total Current Liabilities	3,755,596	2,017,999	451,278	6,224,873	314,860
Long-Term Liabilities:					
Compensated Absences	236,611	263,413	67,910	567,934	88,655
Bonds, Notes & Loans Payable	0	0	302,080	302,080	0
Net Pension Liability	2,083,947	2,046,333	402,214	4,532,494	468,466
Net OPEB Liability	1,512,193	1,484,899	291,862	3,288,954	339,937
Total Noncurrent Liabilities	3,832,751	3,794,645	1,064,066	8,691,462	897,058
Total Liabilities	7,588,347	5,812,644	1,515,344	14,916,335	1,211,918
Deferred Inflows of Resources:					
Pension	502,918	493,841	97,066	1,093,825	113,055
OPEB	112,648	110,615	21,742	245,005	25,323
Total Deferred Inflows of Resources	615,566	604,456	118,808	1,338,830	138,378
Net Position:					
Net Investment in Capital Assets	15,328,375	20,092,885	2,712,516	38,133,776	0
Restricted for:					
Capital Projects	1,031,796	0	0	1,031,796	0
Unrestricted	2,520,207	3,144,087	(83,255)	5,581,039	3,065,534
Total Net Position	\$18,880,378	\$23,236,972	\$2,629,261	\$44,746,611	\$3,065,534

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, 2018

	Business-Type Activities Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Other Enterprise Funds	Total Business-Type Activities	Internal Service Funds
Operating Revenues:					
Charges for Services	\$6,885,777	\$7,047,636	\$3,961,429	\$17,894,842	\$6,388,567
Other Revenues	150,123	69,818	31,803	251,744	21
Total Operating Revenues	7,035,900	7,117,454	3,993,232	18,146,586	6,388,588
Operating Expenses:					
Personal Services	2,871,779	3,255,488	965,233	7,092,500	698,588
Contactual Services	1,419,466	1,291,295	2,783,576	5,494,337	5,288,675
Materials and Supplies	797,581	581,502	367,440	1,746,523	356,227
Depreciation	551,137	1,670,971	30,779	2,252,887	0
Total Operating Expenses	5,639,963	6,799,256	4,147,028	16,586,247	6,343,490
Operating Income (Loss)	1,395,937	318,198	(153,796)	1,560,339	45,098
Non-Operating Revenues (Expenses):					
Investment Earnings	89,018	88,343	2,305	179,666	40,799
Interest (Expense)	(63,603)	(36,599)	(13,645)	(113,847)	0
Total Non-Operating Revenues (Expenses)	25,415	51,744	(11,340)	65,819	40,799
Income (Loss) Before Contributions and Transfers	1,421,352	369,942	(165,136)	1,626,158	85,897
Transfers In	0	0	355,000	355,000	200,000
Change in Net Position	1,421,352	369,942	189,864	1,981,158	285,897
Net Position - Beginning of Year, Restated	17,459,026	22,867,030	2,439,397	42,765,453	2,779,637
Net Position - End of Year	<u>\$18,880,378</u>	<u>\$23,236,972</u>	<u>\$2,629,261</u>	<u>\$44,746,611</u>	<u>\$3,065,534</u>

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, 2018

	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	\$6,982,887	\$7,092,372	\$3,978,926	\$18,054,185	\$6,388,588
Cash Payments to Employees	(2,421,571)	(2,568,786)	(971,312)	(5,961,669)	(589,528)
Cash Payments to Suppliers	(2,332,105)	(1,988,125)	(3,150,373)	(7,470,603)	(363,771)
Cash Payments for Claims	0	0	0	0	(5,316,591)
Net Cash Provided (Used) by Operating Activities	2,229,211	2,535,461	(142,759)	4,621,913	118,698
Cash Flows from Noncapital Financing Activities:					
Payments from Other Funds	0	0	355,000	355,000	200,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	355,000	355,000	200,000
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(1,102,113)	(692,027)	(134,590)	(1,928,730)	0
Debt Proceeds	3,000,000	1,500,000	0	4,500,000	0
Debt Principal Payments	(3,300,000)	(1,875,971)	(130,000)	(5,305,971)	0
Debt Interest Payments	(44,833)	(27,766)	(16,350)	(88,949)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,446,946)	(1,095,764)	(280,940)	(2,823,650)	0
Cash Flows from Investing Activities:					
Earnings on Investments	94,265	88,880	2,305	185,450	49,762
Net Cash Provided (Used) by Cash Flows from Investing Activities	94,265	88,880	2,305	185,450	49,762
Net Increase (Decrease) in Cash and Cash Equivalents	876,530	1,528,577	(66,394)	2,338,713	368,460
Cash and Cash Equivalents - Beginning of Year	6,258,128	4,875,972	723,077	11,857,177	3,895,236
Cash and Cash Equivalents - End of Year	7,134,658	6,404,549	656,683	14,195,890	4,263,696
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	1,395,937	318,198	(153,796)	1,560,339	45,098
Adjustments:					
Depreciation	551,137	1,670,971	30,779	2,252,887	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	(108,201)	(25,082)	(14,306)	(147,589)	0
(Increase) Decrease in Inventory	78,222	0	1,579	79,801	0
(Increase) Decrease in Deferred Outflows of Resources	429,941	392,285	139,528	961,754	113,950
Increase (Decrease) in Claims Payable	7,333	8,101	4,007	19,441	(45,169)
Increase (Decrease) in Retainage Payable	(100,000)	(1,000)	0	(101,000)	0
Increase (Decrease) in Other Liabilities	500	0	0	500	0
Increase (Decrease) in Payables	(38,592)	(114,328)	(936)	(153,856)	11,582
Increase (Decrease) in Accrued Liabilities	(4,710)	190,696	(4,930)	181,056	34,580
Increase (Decrease) in Deferred Inflows of Resources	572,685	563,537	108,283	1,244,505	128,050
Increase (Decrease) in Net Pension Liability	(697,616)	(607,919)	(280,485)	(1,586,020)	(201,443)
Increase (Decrease) in Net OPEB Liability	142,575	140,002	27,518	310,095	32,050
Net Cash Provided (Used) by Operating Activities	\$2,229,211	\$2,535,461	(\$142,759)	\$4,621,913	\$118,698

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio  
Statement of Assets and Liabilities  
Fiduciary Fund  
December 31, 2018

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$313,704
Receivables (Net):	
Accounts	<u>154,097</u>
Total Assets	<u><u>467,801</u></u>
Liabilities:	
Accounts Payable	108,281
Undistributed Monies	<u>359,520</u>
Total Liabilities	<u><u>\$467,801</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, 2018**

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

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

**Reporting Entity**

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

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

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

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

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

**Basis of Presentation**

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

**Government-wide Financial Statements**

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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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

Fund Financial Statements

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

**Measurement Focus**

Government-wide Financial Statements

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

Fund Financial Statements

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

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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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**Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows and liabilities and deferred inflows are reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio.

Fire Levy Special Revenue Fund – This special revenue fund accounts for expenditures of property tax revenues and other resources in the operation of the City's Fire Department.

Street Improvement Capital Projects Fund - This capital projects fund accounts for the construction and repair of the City's streets. Financing has been derived from 0.15% of the City's income tax.

The other governmental funds of the City account for grants and other resources that are generally restricted to use for a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Utility Fund - The water fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer Utility Fund - The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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

Fiduciary Funds

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

**Basis of Accounting**

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

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements 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, 2018**

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferral on refunding, 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 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, income taxes, grants and other taxes, special assessments, investment revenue, pension, OPEB, and accounts revenues. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance year 2019 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements, while income taxes, special assessments, interest and accounts are only included on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 12 and 13.)

Expenses/Expenditures

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

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

**Equity in Pooled Cash and Investments**

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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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

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

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 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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 2018 amounted to \$381,426 in the general fund, \$8,793 in the fire levy fund, \$172,180 in the street improvement fund and \$113,247 in other governmental funds.

### **Inventory**

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

### **Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, 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 \$1,000 or more, depending on the Asset Class.

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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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, 2018**

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**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 \$23,556,941 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, 2018**

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**Operating Revenues and Expenses**

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

**Interfund Activity**

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

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

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

**Gain/Loss on Refunding**

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

**Estimates**

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

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

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Cash resources of several individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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.

### **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, 2018, \$13,619,547 of the City's bank balance of \$14,369,547 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 market 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 market 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, 2018:

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*	\$22,588,657		\$22,588,657	0.12
Federal National Mortgage Association	8,008,589	\$8,008,589		1.10
Federal Farm Credit Bank	3,958,610	3,958,610		0.75
Negotiable Certificate of Deposit	3,721,201	3,721,201		1.34
Federal Home Loan Mortgage Corporation	2,988,690	2,988,690		1.53
Federal Home Loan Bank	690,914	690,914		1.02
	<u>\$41,956,661</u>	<u>\$19,368,004</u>	<u>\$22,588,657</u>	
Portfolio Weighted Average Maturity				0.59

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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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, 2018. STAROhio is reported at its share price (Net Asset value per share).

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

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

**Concentration of Credit Risk** – The City's investment policy allows investments in Federal Government Securities or Instrumentalities. The City has invested 2% in Federal Home Loan Bank, 19% in Federal National Mortgage Association, 7% in Federal Home Loan Mortgage Corporation, 9% in Federal Farm Credit Bank, 9% in Negotiable CDs and 54% in STAR Ohio.

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

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**Note 4 – Receivables**

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

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

**Property Taxes**

Property taxes include amounts levied against all real estate and public utility. Real property taxes (other than public utility) collected during 2018 were levied after October 1, 2017 on assessed values as of January 1, 2017, 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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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statute permits later payment dates to be established.

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

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

Real Property	\$1,000,644,150
Public Utility	47,648,580
Total Valuation	<u>\$1,048,292,730</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, 2018, 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 2018 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

#### **Income Taxes**

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

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

#### **Note 5 – Risk Management**

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##### **Description**

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

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

**Claim Liabilities**

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

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

**Unpaid Claim Liabilities**

The following represent the changes in workers compensation, dental, and health claims payable for the City from January 1, 2016 to December 31, 2018:

<u>Claims Payable</u>	<u>Amount</u>
Claims Liability, 1/1/2016	\$345,802
Claims net of changes in estimates	3,365,212
Payments	<u>(3,413,139)</u>
Claims Liability, 12/31/2017	297,875
Claims net of changes in estimates	3,806,441
Payments	<u>(3,745,456)</u>
Claims Liability, 12/31/2018	<u><u>\$358,860</u></u>

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City of Fairfield, Ohio  
Notes to the Basic Financial Statements  
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**Note 6 – Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$19,112,540	\$0	\$0	\$19,112,540
Construction in Progress	4,919,704	6,019,181	6,622,830	4,316,055
<b><i>Capital Assets, being depreciated:</i></b>				
Buildings and Improvements	48,333,666	227,424	0	48,561,090
Equipment	18,679,804	1,634,505	220,466	20,093,843
Infrastructure	101,550,722	6,473,736	0	108,024,458
 Totals at Historical Cost	 <u>192,596,436</u>	 <u>14,354,846</u>	 <u>6,843,296</u>	 <u>200,107,986</u>
 Less Accumulated Depreciation:				
Buildings and Improvements	26,722,657	1,401,415	0	28,124,072
Equipment	13,872,780	1,316,412	178,458	15,010,734
Infrastructure	64,642,127	2,384,486	0	67,026,613
 Total Accumulated Depreciation	 <u>105,237,564</u>	 <u>5,102,313</u>	 <u>178,458</u>	 <u>110,161,419</u>
 Governmental Activities Capital Assets, Net	 <u><u>\$87,358,872</u></u>	 <u><u>\$9,252,533</u></u>	 <u><u>\$6,664,838</u></u>	 <u><u>\$89,946,567</u></u>

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City of Fairfield, Ohio  
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	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$1,641,949	\$0	\$0	\$1,641,949
Construction in Progress	4,094,287	1,022,769	4,946,520	170,536
<b><i>Capital Assets, being depreciated:</i></b>				
Buildings and Improvements	49,919,372	1,848,126	0	51,767,498
Equipment	5,036,981	341,252	10,583	5,367,650
Infrastructure	34,655,206	3,663,103	0	38,318,309
Totals at Historical Cost	95,347,795	6,875,250	4,957,103	97,265,942
Less Accumulated Depreciation:				
Buildings and Improvements	28,002,753	1,042,773	0	29,045,526
Equipment	3,956,840	321,857	10,583	4,268,114
Infrastructure	19,964,955	888,257	0	20,853,212
Total Accumulated Depreciation	51,924,548	2,252,887	10,583	54,166,852
Business-Type Activities Capital Assets, Net	<u>\$43,423,247</u>	<u>\$4,622,363</u>	<u>\$4,946,520</u>	<u>\$43,099,090</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$355,983
Public Safety	1,016,210
Leisure Time Activities	763,854
Community Development	5,426
Transportation	2,960,840
Total Depreciation Expense	<u>\$5,102,313</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, 2018**

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**Accumulated Unpaid Sick Leave**

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

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

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

**Note 8 – Notes Payable**

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

		Beginning Balance	Issued	Retired	Ending Balance
Water Utility Fund:					
Various Purpose Series 2017	1.00%	\$3,300,000	\$0	\$3,300,000	\$0
Various Purpose Series 2018	2.50%	0	3,000,000	0	3,000,000
Sewer Utility Fund:					
Various Purpose Series 2017	1.00%	1,700,000	0	1,700,000	0
Various Purpose Series 2018	2.50%	0	1,500,000	0	1,500,000
Total Notes Payable		<u>\$5,000,000</u>	<u>\$4,500,000</u>	<u>\$5,000,000</u>	<u>\$4,500,000</u>

The City issued a combined \$4,500,000 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.

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**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

**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:

		Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
<u>General Obligation Bonds</u>						
2012 Community Arts Center	4.50%	\$2,720,000	\$0	(\$420,000)	\$2,300,000	\$435,000
2009 Various Purpose Refunding	3.23%	320,000	0	(320,000)	0	0
Premium/Discount		503,851	0	(66,102)	437,749	0
2009 Various Purpose Golf and Justice Center	3.56%	555,000	0	(275,000)	280,000	280,000
2010 A Roadway Improvement	4.64%	6,000,000	0	0	6,000,000	0
2010 B Roadway Improvement	3.74%	420,000	0	(420,000)	0	425,000
2017 Refunding of 2009 Various Purpose Golf and Justice Center	2.00%	3,585,000	0	(5,000)	3,580,000	5,000
Total General Obligation Bonds		14,103,851	0	(1,506,102)	12,597,749	1,145,000
Net Pension Liability:						
OPERS		14,725,206	0	(4,452,719)	10,272,487	0
OP&F		22,077,378	938,065	0	23,015,443	0
		36,802,584	938,065	(4,452,719)	33,287,930	0
Net OPEB Liability:						
OPERS		6,443,425	1,010,690	0	7,454,115	0
OP&F		16,545,312	4,701,663	0	21,246,975	0
Total Net Pension/OPEB Liability		22,988,737	5,712,353	0	28,701,090	0
Compensated Absences		4,001,064	1,083,771	(1,230,833)	3,854,002	1,219,454
Total Governmental Activities		\$77,896,236	\$7,734,189	(\$7,189,654)	\$78,440,771	\$2,364,454
<b>Business Type Activities</b>						
<u>Loans</u>						
1999 OWDA Wastewater Improvement Bond	3.79-4.12%	\$219,082	\$0	(\$175,971)	\$43,111	\$43,111
<u>General Obligation Bonds</u>						
2012 Various Purpose Recreation - Refunding	3.66%	545,000	0	(130,000)	415,000	135,000
Premium		29,440	0	(7,360)	22,080	0
Total General Obligation Bonds		574,440	0	(137,360)	437,080	135,000
Net Pension Liability:						
OPERS		6,118,514	0	(1,586,020)	4,532,494	0
Net OPEB Liability:						
OPERS		3,286,745	2,209	0	3,288,954	0
Total Net Pension/OPEB Liability		9,405,259	2,209	(1,586,020)	7,821,448	0
Compensated Absences		855,533	152,426	(198,812)	809,147	241,213
Total Business-Type Activities		\$11,054,314	\$154,635	(\$2,098,163)	\$9,110,786	\$419,324

The City's bonds and loan will be paid from the General Bond Retirement Fund, Water Utility Fund, Sewer Utility Fund and Recreation Facilities Fund. Compensated Absences will be paid from the fund from which the person is paid. Historically, this is the General Fund, a Special Revenue Fund, or an Enterprise Fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

**City of Fairfield, Ohio**  
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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		OWDA Loan	
	Principal	Interest	Principal	Interest
2019	\$1,280,000	\$538,464	\$43,111	\$817
2020	1,345,000	487,567	0	0
2021	1,375,000	444,959	0	0
2022	1,270,000	390,604	0	0
2023	1,310,000	347,454	0	0
2024-2028	4,425,000	1,113,636	0	0
2029-2030	1,570,000	123,383	0	0
Total	<u>\$12,575,000</u>	<u>\$3,446,067</u>	<u>\$43,111</u>	<u>\$817</u>

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**Note 10 – Advance Refunding/ Defeasance of Debt**

During 2017, the City issued \$3,615,000 in Current Interest Bonds with an interest rate between 1.5% and 4.0% which was used to refund \$3,595,000 of the outstanding 2009 Golf Course and Justice Center Various Purpose Bonds with an interest rate between 2.0% and 5.0%. The net proceeds of \$3,941,059 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the bond issues. As a result, \$3,595,000 of the 2009 Golf Course and Justice Center Various Purpose Bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

As of December 31, 2018, \$3,745,430 remained in the escrow account to retire the 2009 Golf Course and Justice Center Various Purpose Bonds outstanding balance in the amount of \$3,595,000.

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**Note 11 – 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, 2018 was \$143,513. 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.

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**Note 12 - Defined Benefit Pension Plans**

***Net Pension Liability/Net Other Postemployment Benefits (OPEB) Liability***

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.

**City of Fairfield, Ohio**  
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The net pension liability and the net OPEB liability 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 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 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 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. Resulting adjustments to the net pension/OPEB liability 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 remainder of this note includes the pension disclosures. See Note 13 for the OPEB disclosures.

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

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional 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](http://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

**City of Fairfield, Ohio**  
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three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<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.

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

**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>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2018 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2018 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* 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 plan. 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 2018, The City's contractually required contribution was \$1,740,154 for the traditional plan. Of this amount \$225,657 is reported as accrued wages and benefits.

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

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

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

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 OPF CAFR 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 OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

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**City of Fairfield, Ohio**  
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	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2018 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	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$1,801,090 for 2018. Of this amount \$214,202 is reported as accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017 to December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the City's defined benefit pension plans:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the:			
Net Pension Liability	\$14,804,980	\$23,015,444	\$37,820,424
Proportion of the Net Pension Liability:			
Current Measurement Date	0.09437100%	0.37500000%	0.46937100%
Prior Measurement Date	<u>0.09178900%</u>	<u>0.34855900%</u>	<u>0.44034800%</u>
Change in Proportionate Share	<u>0.00258200%</u>	<u>0.02644100%</u>	<u>0.02902300%</u>
Pension Expense	\$3,236,575	\$2,891,138	\$6,127,713



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At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OPF	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$15,120	\$349,275	\$364,395
Changes in assumptions	1,769,294	1,002,905	2,772,199
Changes in employer proportionate share of net pension liability	273,498	1,495,122	1,768,620
Contributions subsequent to the measurement date	1,740,154	1,801,090	3,541,244
Total Deferred Outflows of Resources	<u>\$3,798,066</u>	<u>\$4,648,392</u>	<u>\$8,446,458</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$291,758	\$41,635	\$333,393
Net difference between projected and actual earnings on pension plan investments	3,178,434	796,158	3,974,592
Changes in employer proportionate share of net pension liability	102,690	364,896	467,586
Total Deferred Inflows of Resources	<u>\$3,572,882</u>	<u>\$1,202,689</u>	<u>\$4,775,571</u>

\$3,541,244 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OPF	Total
2019	\$1,372,981	\$802,766	\$2,175,747
2020	(182,272)	593,449	411,177
2021	(1,399,614)	(231,179)	(1,630,793)
2022	(1,306,065)	(131,469)	(1,437,534)
2023	0	491,082	491,082
Thereafter	0	119,964	119,964
Total	<u>(\$1,514,970)</u>	<u>\$1,644,613</u>	<u>\$129,643</u>

**Actuarial Assumptions - OPERS**

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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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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, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

OPERS Traditional Plan

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 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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, 2015.

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

During 2017, 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

**City of Fairfield, Ohio**  
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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 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other investments	18.00%	5.26%
Total	100.00%	5.66%

**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability:			
OPERS	\$23,458,743	\$14,804,980	\$5,230,041

**City of Fairfield, Ohio**  
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**Changes between Measurement Date and Report Date** In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

**Actuarial Assumptions – OPF**

OPF's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: 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, 2017, compared with January 1, 2016, are presented below.

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2017, valuation, 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 Conduent 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%

For the January 1, 2017, valuation, 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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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projected with the Conduent 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%

For the January 1, 2016 valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

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 OPF's target asset allocation as of December 31, 2017, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalent	0.00%	0.00%
Domestic Equity	16.00%	5.21%
Non-US Equity	16.00%	5.40%
Core Fixed Income*	20.00%	2.37%
Global Inflation Protected Securities*	20.00%	2.33%
High Yield	15.00%	4.48%
Real Estate	12.00%	5.65%
Private Markets	8.00%	7.99%
Timber	5.00%	6.87%
Master Limited Partnerships	8.00%	7.36%
Total	<u>120.00%</u>	

Note: Assumptions are geometric

\* levered 2x

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

**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability:			
OPF	\$31,905,439	\$23,015,444	\$15,764,838

**Changes between Measurement Date and Report Date** There have been no OPF pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation studies as of the pension plan for the measurement date.

**Note 13 - Defined Benefit Other Postemployment Benefits Plans**

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**Net Other Postemployment Benefits (OPEB) Liability**

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

**City of Fairfield, Ohio**  
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For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates 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 OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

Plan Description - The Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This 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 refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
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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 <https://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 requiring 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, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 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 2018.

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

**Plan Description** – The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare 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. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the



**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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OPF 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.

OPF 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 OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Funding Policy** – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF 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.

OPF maintains funds for health care in two separate accounts. There is 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. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, 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 and is limited by the provisions of Sections 115 and 401(h).

The OPF 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.

Beginning January 1, 2019, OPF is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OPF was \$43,704 for 2018.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPF's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
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proportion of the net OPEB liability 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 and OPEB expense:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$10,743,069	\$21,246,975	\$31,990,044
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.09893000%	0.37500000%	0.47393000%
Prior Measurement Date	<u>0.09633508%</u>	<u>0.34855900%</u>	<u>0.44489408%</u>
Change in Proportionate Share	<u>0.00259492%</u>	<u>0.02644100%</u>	<u>0.02903592%</u>
OPEB Expense	\$1,003,782	\$1,821,712	\$2,825,494

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$8,369	\$0	\$8,369
Changes in assumptions	782,209	2,073,253	2,855,462
Changes in employer proportionate share of net OPEB liability	177,319	1,095,006	1,272,325
Contributions subsequent to the measurement date	<u>0</u>	<u>43,704</u>	<u>43,704</u>
Total Deferred Outflows of Resources	<u>\$967,897</u>	<u>\$3,211,963</u>	<u>\$4,179,860</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$0	\$107,161	\$107,161
Net difference between projected and actual earnings on OPEB plan investments	<u>800,287</u>	<u>139,857</u>	<u>940,144</u>
Total Deferred Inflows of Resources	<u>\$800,287</u>	<u>\$247,018</u>	<u>\$1,047,305</u>

\$43,704 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

Year Ending December 31:	OPERS	OPF	Total
2019	\$262,683	\$412,565	\$675,248
2020	262,683	412,565	675,248
2021	(157,683)	412,564	254,881
2022	(200,073)	412,565	212,492
2023	0	447,529	447,529
Thereafter	0	823,453	823,453
Total	<u>\$167,610</u>	<u>\$2,921,241</u>	<u>\$3,088,851</u>

**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan 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. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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-

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
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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, 2015.

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 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.

During 2017, 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, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and 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 is 15.2 percent for 2017.

The allocation of investment assets with 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 table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	1.88%
Domestic Equities	21.00%	6.37%
Real Estate Investment Trust	6.00%	5.91%
International Equities	22.00%	7.88%
Other investments	17.00%	5.39%
Total	100.00%	4.98%

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
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the OPEB liability on the measurement date of December 31, 2016. 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 6.50 percent and a municipal bond rate of 3.31 percent. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 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 (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability:			
OPERS	\$14,272,631	\$10,743,069	\$7,887,689

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability 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 liability calculated using the assumed trend rates, and the expected net OPEB liability 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.

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 2018 is 7.50 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 that in the not-too-distant future, 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 3.25 percent in the most recent valuation.

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability OPERS	\$10,278,827	\$10,743,069	\$11,222,619

***Changes between Measurement Date and Report Date*** In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of impact to the City's net OPEB liability is not known.

***Actuarial Assumptions – OPF***

OPF's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OPF's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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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**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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 Conduent 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 Conduent 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 prior experience study was completed December 31, 2011.

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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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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 OPF's target asset allocation as of December 31, 2017, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalent	0.00%	0.00%
Domestic Equity	16.00%	5.21%
Non-US Equity	16.00%	5.40%
Core Fixed Income*	20.00%	2.37%
Global Inflation Protected Securities*	20.00%	2.33%
High Yield	15.00%	4.48%
Real Estate	12.00%	5.65%
Private Markets	8.00%	7.99%
Timber	5.00%	6.87%
Master Limited Partnerships	8.00%	7.36%
Total	<u>120.00%</u>	

Note: Assumptions are geometric

\* levered 2x

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

**Discount Rate** The total OPEB liability was calculated using the discount rate of 3.24 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 8 percent. Based on those assumptions, OPF'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 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.



**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

***Sensitivity of the City's 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 3.24 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 (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the Net OPEB Liability OPF	\$26,558,975	\$21,246,975	\$17,159,624

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

Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability OPF	\$16,505,032	\$21,246,975	\$27,637,509

***Changes between Measurement Date and Report Date*** In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. 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. The impact to the City's Net OPEB Liability is not known.

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

**Note 14 – Construction Commitments**

The City had the following outstanding commitments at year end:

Project	Spent-to-date	Commitment Remaining
Well Field Improvements	\$3,072	\$275,430
Route 4 /Michael/Camelot Intersection	0	283,764
North Gilmore Road Improvements	1,043,175	503,460
Winton Road Water Tower	3,578	535,547
River Road Dog Park and Trailhead	3,914	1,160,309
City-Wide Traffic Signal Improvements Phase 2	1,168,103	1,592,347
Total	<u>\$2,221,842</u>	<u>\$4,350,857</u>

**Note 15 – Contingent Liabilities**

**Litigation**

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

**Federal and State Grants**

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2018, 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 16 – Interfund Activity**

Transfers in and out for the year ended December 31, 2018, consisted of the following:

	Transfers	
	In	Out
Major Funds:		
General	\$0	\$2,422,500
Street Improvement	227,914	0
Internal Service	200,000	0
Other Governmental Funds	2,148,849	509,263
Other Enterprise Funds	355,000	0
Totals	<u>\$2,931,763</u>	<u>\$2,931,763</u>

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

**City of Fairfield, Ohio**  
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**For the Fiscal Year Ended December 31, 2018**

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The City made transfers from Capital Improvements to the General Bond Retirement fund for debt payments and the General Bond Retirement to the Recreation Facilities fund for debt payments. These are in the compliance with the ORC.

**Note 17 – Joint Venture**

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

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

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

Distribution of Gross Tax:

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

Net Distribution 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**

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**Accountability**

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

State Issue I	\$712,497
County Motor Vehicle Registration	106,211
Municipal Garage	787,168

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.

**Note 19 – Fund Balances**

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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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Fire Levy	Street Improvement	Other Governmental Funds	Total
Restricted for:					
Street Improvements	\$0	\$0	\$7,055,258	\$1,251,577	\$8,306,835
Probation Services	0	0	0	2,782,366	2,782,366
Court Computer	0	0	0	959,663	959,663
Special Projects	0	0	0	455,953	455,953
Mediation Services	0	0	0	661,424	661,424
Tax Recreation	0	0	0	105,212	105,212
Law Enforcement	0	0	0	246,509	246,509
Drug and Alcohol Treatment	0	0	0	147,005	147,005
Capital Improvements	0	0	0	2,431,191	2,431,191
TIF Monies	0	0	0	193,663	193,663
Debt Service	0	0	0	1,781,236	1,781,236
Flood Protection	0	0	0	4,918	4,918
Park Development	0	0	0	301,998	301,998
Motor Vehicle Registration	0	0	0	287,687	287,687
Fire Levy	0	1,868,006	0	0	1,868,006
Indigent Driver Interlock	0	0	0	313,399	313,399
Total Restricted	0	1,868,006	7,055,258	11,923,801	20,847,065
Assigned to:					
Debt Service	0	0	0	5,208	5,208
Downtown Development	0	0	0	52,359	52,359
Purchases on Order	298,960	0	0	0	298,960
Total Assigned	298,960	0	0	57,567	356,527
Unassigned (Deficit)	19,292,199	0	0	(818,708)	18,473,491
Total Fund Balance	<u>\$19,591,159</u>	<u>\$1,868,006</u>	<u>\$7,055,258</u>	<u>\$11,162,660</u>	<u>\$39,677,083</u>

Purchases on order will be used for functions of the general government, safety of residences, recreational activities, economic development projects, and purchases of capital items for the City.

**Note 20 – Tax Abatements**

As of December 31, 2018, 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

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

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for commercial and industrial remodeling and up to 15 years may be exempt for new construction. State law requires reimbursement agreements with school districts for tax revenue losses for CRA in place after 1994. It is the City's policy to have reimbursement agreements with school districts for any CRA prior to 1994. Payments in lieu of taxes paid by the property owner directly to the school districts as required by the agreement are not reduced from the total amount of taxes abated.

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

<u>Tax Abatement Programs</u>	<u>City's Share of Taxes Abated</u>
Community Reinvestment Area	\$1,175,420

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 21 – Implementation of New Accounting Principles and Restatement of Net Position**

For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishments*.

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the City's postemployment benefits plan disclosures, as presented in the notes to the basic financial statements, and added required supplementary information which can be found following these notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending, component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statement of the City.

**City of Fairfield, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended December 31, 2018**

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

A net position restatement is required in order to implement GASB Statement No. 75. The governmental activities, business type activities and internal service at January 1, 2018 have been restated as follows:

	Governmental Activities	Business-Type Activities
Net position as previously reported	\$87,468,677	\$45,695,790
Adjustments:		
Net OPEB Liability	(23,296,624)	(2,978,859)
Deferred Outflow		
Payments Subsequent to Measurement Date	151,261	48,522
Restated Net Position January 1, 2018	<u>\$64,323,314</u>	<u>\$42,765,453</u>

	Enterprise Funds			
	Water	Sewer	Recreation Facilities	Service Center
Net position as previously reported	\$18,806,335	\$24,190,020	\$2,349,434	(\$360,284)
Adjustments:				
Net OPEB Liability	(1,369,618)	(1,344,897)	(264,344)	(307,887)
Deferred Outflow				
Payments Subsequent to Measurement Date	22,309	21,907	4,306	5,015
Restated Net Position January 1, 2018	<u>\$17,459,026</u>	<u>\$22,867,030</u>	<u>\$2,089,396</u>	<u>(\$663,156)</u>

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

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## ***REQUIRED SUPPLEMENTARY INFORMATION***



City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$26,472,769	\$26,472,769	\$26,450,152	(\$22,617)
Licenses & Permits	327,250	327,250	457,407	130,157
Intergovernmental	961,081	961,081	1,116,011	154,930
Charges for Services	1,228,200	1,228,200	1,111,037	(117,163)
Court Costs & Fines	947,300	947,300	978,056	30,756
Special Assessments	27,000	27,000	56,636	29,636
Investment Earnings	140,000	140,000	336,494	196,494
Other Revenues	931,500	931,500	946,345	14,845
Total Revenues	31,035,100	31,035,100	31,452,138	417,038
Expenditures:				
Current:				
<u>General Government</u>				
City Council				
Personnel Related	197,800	197,800	192,652	5,148
Other	23,350	23,350	18,600	4,750
Total City Council	221,150	221,150	211,252	9,898
Mayor				
Personnel Related	11,324	11,324	11,159	165
Other	4,500	4,500	1,167	3,333
Total Mayor	15,824	15,824	12,326	3,498
Administration				
Personnel Related	539,415	539,415	523,365	16,050
Other	37,758	37,758	28,772	8,986
Total Administration	577,173	577,173	552,137	25,036
General Services				
Personnel Related	54,296	66,296	61,247	5,049
Other	3,254,468	3,587,793	3,013,722	574,071
Total General Services	3,308,764	3,654,089	3,074,969	579,120
Law				
Personnel Related	500	500	252	248
Other	515,650	551,650	551,618	32
Total Law	516,150	552,150	551,870	280
Human Resources				
Personnel Related	288,003	303,003	298,433	4,570
Other	81,484	80,695	74,693	6,002
Total Human Resources	369,487	383,698	373,126	10,572
Finance Administration & Accounting				
Personnel Related	689,530	689,530	630,489	59,041
Other	34,860	34,278	23,252	11,026
Total Finance Administration & Accounting	724,390	723,808	653,741	70,067
Income Tax				
Personnel Related	610,315	616,315	607,522	8,793
Other	122,707	121,762	60,996	60,766
Total Income Tax	733,022	738,077	668,518	69,559

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, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Information Technology				
Personnel Related	535,044	540,044	531,286	8,758
Other	62,160	61,980	54,973	7,007
Total Information Technology	597,204	602,024	586,259	15,765
Municipal Court				
Personnel Related	1,575,772	1,575,772	1,480,286	95,486
Other	315,516	315,246	218,504	96,742
Total Municipal Court	1,891,288	1,891,018	1,698,790	192,228
Public Works Administration				
Personnel Related	185,817	190,817	187,975	2,842
Other	33,105	33,105	14,408	18,697
Total Public Works Administration	218,922	223,922	202,383	21,539
Construction Services				
Personnel Related	617,563	617,563	589,108	28,455
Other	133,023	133,023	87,844	45,179
Total Construction Services	750,586	750,586	676,952	73,634
Municipal Building				
Personnel Related	111,784	112,784	108,397	4,387
Other	205,735	205,139	155,306	49,833
Total Municipal Building	317,519	317,923	263,703	54,220
Total General Government	10,241,479	10,651,442	9,526,026	1,125,416
<u>Public Safety</u>				
Police				
Personnel Related	10,285,690	10,785,690	10,481,728	303,962
Other	873,211	871,615	846,273	25,342
Total Police	11,158,901	11,657,305	11,328,001	329,304
Justice Center				
Other	889,612	881,004	863,020	17,984
Total Justice Center	889,612	881,004	863,020	17,984
Total Public Safety	12,048,513	12,538,309	12,191,021	347,288
<u>Community Development</u>				
Planning & Economic Development				
Personnel Related	602,581	600,431	588,200	12,231
Other	49,464	49,464	33,797	15,667
Total Planning & Economic Development	652,045	649,895	621,997	27,898
Building & Zoning Inspection				
Personnel Related	746,086	748,236	723,676	24,560
Other	88,977	88,977	57,766	31,211
Total Building & Zoning Inspection	835,063	837,213	781,442	55,771
Total Community Development	1,487,108	1,487,108	1,403,439	83,669

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, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<u>Leisure Time Activities</u>				
Parks & Recreation Administration				
Personnel Related	847,713	847,713	760,565	87,148
Other	143,930	143,930	124,653	19,277
Total Parks & Recreation Administration	991,643	991,643	885,218	106,425
Parks Maintenance Operations				
Personnel Related	739,376	739,376	734,959	4,417
Other	396,620	385,210	345,252	39,958
Total Parks Maintenance Operations	1,135,996	1,124,586	1,080,211	44,375
Marsh Park Fishing Lake				
Personnel Related	56,616	59,116	58,538	578
Other	54,750	54,250	29,765	24,485
Total Marsh Park Fishing Lake	111,366	113,366	88,303	25,063
Community Arts Center				
Personnel Related	248,611	248,611	237,851	10,760
Other	538,360	536,380	490,628	45,752
Total Community Arts Center	786,971	784,991	728,479	56,512
Total Leisure Time Activities	3,025,976	3,014,586	2,782,211	232,375
Capital Outlay	300,000	115,640	105,125	10,515
Total Expenditures	27,103,076	27,807,085	26,007,822	1,799,263
Excess of Revenues Over (Under) Expenditures	3,932,024	3,228,015	5,444,316	2,216,301
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	30,000	30,000	0	(30,000)
Transfers (Out)	(3,647,500)	(3,822,500)	(2,422,500)	1,400,000
Total Other Financing Sources (Uses)	(3,617,500)	(3,792,500)	(2,422,500)	1,370,000
Net Change in Fund Balance	314,524	(564,485)	3,021,816	3,586,301
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,944,467	14,944,467	14,944,467	0
Fund Balance End of Year	<u>\$15,258,991</u>	<u>\$14,379,982</u>	<u>\$17,966,283</u>	<u>\$3,586,301</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, 2018

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$5,746,892	\$5,746,892	\$6,019,238	\$272,346
Licenses & Permits	6,000	6,000	5,725	(275)
Intergovernmental	687,608	687,608	713,849	26,241
Charges for Services	1,200,000	1,200,000	1,121,058	(78,942)
Investment Earnings	0	0	10,090	10,090
Other Revenues	4,500	4,500	1,162	(3,338)
Total Revenues	<u>7,645,000</u>	<u>7,645,000</u>	<u>7,871,122</u>	<u>226,122</u>
Expenditures:				
Public Safety				
Fire Suppression				
Personnel Related	6,424,547	6,424,547	6,145,120	279,427
Other	1,067,162	1,041,179	979,396	61,783
Total Expenditures	<u>7,491,709</u>	<u>7,465,726</u>	<u>7,124,516</u>	<u>341,210</u>
Net Change in Fund Balance	153,291	179,274	746,606	567,332
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,455,957</u>	<u>1,455,957</u>	<u>1,455,957</u>	<u>0</u>
Fund Balance End of Year	<u>\$1,609,248</u>	<u>\$1,635,231</u>	<u>\$2,202,563</u>	<u>\$567,332</u>

See accompanying notes to the required supplementary information.

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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.09437100%	0.09178900%	0.09411200%	0.09360400%	0.09360400%
City's Proportionate Share of the Net Pension Liability	\$14,804,980	\$20,843,721	\$16,301,385	\$11,289,688	\$11,034,692
City's Covered Payroll	\$12,472,869	\$11,859,208	\$14,007,367	\$11,513,875	\$13,291,146
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.70%	175.76%	116.38%	98.05%	83.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 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.

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 Five Fiscal Years (1)

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.37500000%	0.34855900%	0.35860500%	0.35010860%	0.35010860%
City's Proportionate Share of the Net Pension Liability	\$23,015,444	\$22,077,377	\$23,069,311	\$18,137,085	\$17,051,388
City's Covered Payroll	\$8,719,700	\$8,314,016	\$7,832,215	\$7,196,375	\$8,559,063
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	263.95%	265.54%	294.54%	252.03%	199.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	72.20%	73.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 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.

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

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$1,740,154	\$1,621,473	\$1,423,105	\$1,680,884	\$1,381,665
Contributions in Relation to the Contractually Required Contribution	<u>(1,740,154)</u>	<u>(1,621,473)</u>	<u>(1,423,105)</u>	<u>(1,680,884)</u>	<u>(1,381,665)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$12,429,671	\$12,472,869	\$11,859,208	\$14,007,367	\$11,513,875
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	12.00%

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

Note:

See accompanying notes to the required supplementary information.

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

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$1,801,090	\$1,656,743	\$1,579,663	\$1,573,492	\$1,465,182
Contributions in Relation to the Contractually Required Contribution	<u>(1,801,090)</u>	<u>(1,656,743)</u>	<u>(1,579,663)</u>	<u>(1,573,492)</u>	<u>(1,465,182)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$9,479,421	\$8,719,700	\$8,314,016	\$7,832,215	\$7,196,375
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	20.09%	20.36%

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

Note:

See accompanying notes to the required supplementary information.



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

	2018	2017
City's Proportion of the Net OPEB Liability	0.09893000%	0.09633508%
City's Proportionate Share of the Net OPEB Liability	\$10,743,069	\$9,730,170
City's Covered Payroll	\$12,472,869	\$11,859,208
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	86.13%	82.05%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(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.

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 Two Fiscal Years (1)

	2018	2017
City's Proportion of the Net OPEB Liability	0.37500000%	0.34855900%
City's Proportionate Share of the Net OPEB Liability	\$21,246,975	\$16,545,312
City's Covered Payroll	\$8,719,700	\$8,314,016
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	243.67%	199.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(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.

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 Three Fiscal Years (1)

	2018	2017	2016
Contractually Required Contribution to OPEB	\$0	\$158,493	\$206,425
Contributions to OPEB in Relation to the Contractually Required Contribution	0	(158,493)	(206,425)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$12,429,671	\$12,472,869	\$11,859,208
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	1.27%	1.74%

(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.

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 Three Fiscal Years (1)

	2018	2017	2016
Contractually Required Contribution to OPEB	\$43,704	\$41,290	\$38,147
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>(43,704)</u>	<u>(41,290)</u>	<u>(38,147)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$9,479,421	\$8,719,700	\$8,314,016
Contributions to OPEB as a Percentage of Covered Payroll	0.46%	0.47%	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.

**City of Fairfield, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended December 31, 2018**

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**Note 1 – Budgetary Process**

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

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

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

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

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

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

**City of Fairfield, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended December 31, 2018**

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**Net Change in Fund Balance**

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	General	Fire Levy
GAAP Basis	\$3,621,217	\$780,024
Revenue Accruals	708,668	1,297
Expenditure Accruals	(677,245)	26,021
Encumbrances	(630,824)	(60,736)
Budget Basis	<u>\$3,021,816</u>	<u>\$746,606</u>

**Note 2 – Net Pension Liability**

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**Ohio Public Employees Retirement System (Traditional Plan)**

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2016: 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%

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

Changes between Measurement Date and Report Date: In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

**Ohio Police and Fire Pension Fund**

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2018.

Changes in assumptions:

2014-2017: There were no changes in methods and 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%

**City of Fairfield, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended December 31, 2018**

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**Note 3 – Net Other Post Employment Benefits (OPEB) Liability**

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**Ohio Public Employees Retirement System (Traditional Plan)**

Changes in benefit terms: There were no changes in benefit terms for 2018.

Changes in assumptions: The single discount rate changed from 4.23% to 3.85% for 2018.

Changes between Measurement Date and Report Date: In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of impact to the City's net OPEB liability is not known.

**Ohio Police and Fire Pension Fund**

Changes in benefit terms: There were no changes in benefit terms for 2018.

Changes in assumptions: The single discount rate changed from 3.79% to 3.24% for 2018.

Changes between Measurement Date and Report Date: In March 2018, the OPF Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OPF will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's Net OPEB Liability is not known.

## ***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, 2018

	Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,797,250	\$2,797,250	\$3,111,302	\$314,052
Intergovernmental	204,000	204,000	153,023	(50,977)
Investment Earnings	30,000	30,000	151,532	121,532
Total Revenues	3,031,250	3,031,250	3,415,857	384,607
Expenditures:				
Capital Outlay	1,613,644	7,108,899	6,448,438	660,461
Total Expenditures	1,613,644	7,108,899	6,448,438	660,461
Excess of Revenues Over (Under) Expenditures	1,417,606	(4,077,649)	(3,032,581)	1,045,068
Other Financing Sources (uses):				
Transfers In	998,750	998,750	998,750	0
Transfers (Out)	(771,000)	(771,000)	(770,835)	165
Total Other Financing Sources (Uses)	227,750	227,750	227,915	165
Net Change in Fund Balance	1,645,356	(3,849,899)	(2,804,666)	1,045,233
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,135,727	7,135,727	7,135,727	0
Fund Balance End of Year	<u>\$8,781,083</u>	<u>\$3,285,828</u>	<u>\$4,331,061</u>	<u>\$1,045,233</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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$7,416,508	\$1,787,224	\$2,723,869	\$11,927,601
Receivables (Net):				
Taxes	0	0	607,548	607,548
Interest	0	0	57	57
Intergovernmental	2,113,826	270,762	0	2,384,588
Total Assets	9,530,334	2,057,986	3,331,474	14,919,794
Liabilities:				
Accounts Payable	172,910	780	380,400	554,090
Accrued Wages and Benefits	139,631	0	0	139,631
Retainage Payable	130,465	0	2,350	132,815
Interfund Payable	731,519	0	490,292	1,221,811
Claims Payable	8,489	0	0	8,489
Total Liabilities	1,183,014	780	873,042	2,056,836
Deferred Inflows of Resources:				
Income Taxes	0	0	380,463	380,463
Grants and Other Taxes	1,049,073	270,762	0	1,319,835
Total Deferred Inflows of Resources	1,049,073	270,762	380,463	1,700,298
Fund Balances:				
Restricted	7,404,458	1,781,236	2,738,107	11,923,801
Assigned	0	5,208	52,359	57,567
Unassigned	(106,211)	0	(712,497)	(818,708)
Total Fund Balances	7,298,247	1,786,444	2,077,969	11,162,660
Total Liabilities, Deferred Inflows and Fund Balances	\$9,530,334	\$2,057,986	\$3,331,474	\$14,919,794

City of Fairfield, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Fiscal Year Ended December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Income Taxes	\$0	\$0	\$3,052,144	\$3,052,144
Investment Earnings	71,099	20,567	21,581	113,247
Intergovernmental	3,819,515	0	745,915	4,565,430
Fines, Licenses & Permits	651,970	0	0	651,970
Revenue in Lieu of Taxes	69,773	0	0	69,773
Other Revenues	22,486	0	67,937	90,423
Total Revenues	4,634,843	20,567	3,887,577	8,542,987
Expenditures:				
Current:				
General Government	540,284	6,971	0	547,255
Public Safety	17,865	0	0	17,865
Transportation and Street Repair	3,454,387	0	0	3,454,387
Capital Outlay	1,258,574	0	3,478,282	4,736,856
Debt Service:				
Principal	0	1,440,000	0	1,440,000
Interest and Other Charges	0	581,485	0	581,485
Total Expenditures	5,271,110	2,028,456	3,478,282	10,777,848
Excess of Revenues Over (Under) Expenditures	(636,267)	(2,007,889)	409,295	(2,234,861)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	973	973
Transfers In	0	2,148,849	0	2,148,849
Transfers (Out)	0	(130,000)	(379,263)	(509,263)
Total Other Financing Sources (Uses)	0	2,018,849	(378,290)	1,640,559
Net Change in Fund Balance	(636,267)	10,960	31,005	(594,302)
Fund Balance - Beginning of Year	7,934,514	1,775,484	2,046,964	11,756,962
Fund Balance - End of Year	\$7,298,247	\$1,786,444	\$2,077,969	\$11,162,660

## **NONMAJOR SPECIAL REVENUE FUNDS**

### **Fund Descriptions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Fairfield, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2018

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Assets:					
Equity in Pooled Cash and Investments	\$1,162,825	\$86,726	\$0	\$105,212	\$150,512
Receivables (Net):					
Intergovernmental	994,119	80,604	851,523	0	0
Total Assets	<u>2,156,944</u>	<u>167,330</u>	<u>851,523</u>	<u>105,212</u>	<u>150,512</u>
Liabilities:					
Accounts Payable	67,542	0	95,750	0	0
Accrued Wages and Benefits	84,336	11,461	0	0	0
Retainage Payable	0	0	130,465	0	0
Interfund Payable	0	0	731,519	0	0
Claims Payable	7,248	0	0	0	0
Total Liabilities	<u>159,126</u>	<u>11,461</u>	<u>957,734</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:					
Grants and Other Taxes	834,452	67,658	0	0	0
Total Deferred Inflows of Resources	<u>834,452</u>	<u>67,658</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Restricted	1,163,366	88,211	0	105,212	150,512
Total Fund Balances	<u>1,163,366</u>	<u>88,211</u>	<u>(106,211)</u>	<u>105,212</u>	<u>150,512</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$2,156,944</u>	<u>\$167,330</u>	<u>\$851,523</u>	<u>\$105,212</u>	<u>\$150,512</u>



Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$275,899	\$50,045	\$147,005	\$43,376	\$2,808,084	\$959,663	\$458,675
177,580	0	0	10,000	0	0	0
453,479	50,045	147,005	53,376	2,808,084	959,663	458,675
0	0	0	7,424	2,194	0	0
18,829	0	0	0	22,475	0	2,530
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	1,049	0	192
18,829	0	0	7,424	25,718	0	2,722
146,963	0	0	0	0	0	0
146,963	0	0	0	0	0	0
287,687	50,045	147,005	45,952	2,782,366	959,663	455,953
287,687	50,045	147,005	45,952	2,782,366	959,663	455,953
\$453,479	\$50,045	\$147,005	\$53,376	\$2,808,084	\$959,663	\$458,675
Continued						

City of Fairfield, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2018

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$661,424	\$193,663	\$313,399	\$7,416,508
Receivables (Net):				
Intergovernmental	0	0	0	2,113,826
Total Assets	661,424	193,663	313,399	9,530,334
Liabilities:				
Accounts Payable	0	0	0	172,910
Accrued Wages and Benefits	0	0	0	139,631
Retainage Payable	0	0	0	130,465
Interfund Payable	0	0	0	731,519
Claims Payable	0	0	0	8,489
Total Liabilities	0	0	0	1,183,014
Deferred Inflows of Resources:				
Grants and Other Taxes	0	0	0	1,049,073
Total Deferred Inflows of Resources	0	0	0	1,049,073
Fund Balances:				
Restricted	661,424	193,663	313,399	7,404,458
Total Fund Balances	661,424	193,663	313,399	7,298,247
Total Liabilities, Deferred Inflows and Fund Balances	\$661,424	\$193,663	\$313,399	\$9,530,334

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City of Fairfield, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended December 31, 2018

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Revenues:					
Investment Earnings	\$3,683	\$0	\$0	\$968	\$0
Intergovernmental	2,023,463	164,065	1,264,212	0	0
Fines, Licenses & Permits	0	0	0	2,100	56,495
Revenue in Lieu of Taxes	0	0	0	0	0
Other Revenues	22,324	0	0	0	0
Total Revenues	2,049,470	164,065	1,264,212	3,068	56,495
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	6,482
Transportation and Street Repair	2,897,041	147,273	96,520	0	0
Capital Outlay	13,021	0	1,228,902	0	10,000
Total Expenditures	2,910,062	147,273	1,325,422	0	16,482
Net Change in Fund Balance	(860,592)	16,792	(61,210)	3,068	40,013
Fund Balance - Beginning of Year	2,023,958	71,419	(45,001)	102,144	110,499
Fund Balance - End of Year	<u>\$1,163,366</u>	<u>\$88,211</u>	<u>(\$106,211)</u>	<u>\$105,212</u>	<u>\$150,512</u>

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	\$1,936	\$1,936	\$0	\$49,991	\$6,777	\$3,872
357,775	0	0	10,000	0	0	0
0	4,398	11,143	0	357,996	87,315	51,328
0	0	0	0	0	0	0
0	148	0	0	12	0	2
357,775	6,482	13,079	10,000	407,999	94,092	55,202
0	0	9,322	0	381,803	79,038	70,121
0	0	0	11,383	0	0	0
313,553	0	0	0	0	0	0
0	6,651	0	0	0	0	0
313,553	6,651	9,322	11,383	381,803	79,038	70,121
44,222	(169)	3,757	(1,383)	26,196	15,054	(14,919)
243,465	50,214	143,248	47,335	2,756,170	944,609	470,872
<u>\$287,687</u>	<u>\$50,045</u>	<u>\$147,005</u>	<u>\$45,952</u>	<u>\$2,782,366</u>	<u>\$959,663</u>	<u>\$455,953</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, 2018

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Revenues:				
Investment Earnings	\$1,936	\$0	\$0	\$71,099
Intergovernmental	0	0	0	3,819,515
Fines, Licenses & Permits	46,130	0	35,065	651,970
Revenue in Lieu of Taxes	0	69,773	0	69,773
Other Revenues	0	0	0	22,486
Total Revenues	48,066	69,773	35,065	4,634,843
Expenditures:				
Current:				
General Government	0	0	0	540,284
Public Safety	0	0	0	17,865
Transportation and Street Repair	0	0	0	3,454,387
Capital Outlay	0	0	0	1,258,574
Total Expenditures	0	0	0	5,271,110
Net Change in Fund Balance	48,066	69,773	35,065	(636,267)
Fund Balance - Beginning of Year	613,358	123,890	278,334	7,934,514
Fund Balance - End of Year	\$661,424	\$193,663	\$313,399	\$7,298,247

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, 2018

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,860,000	\$1,860,000	\$2,003,548	\$143,548
Investment Earnings	0	0	6,278	\$6,278
Other Revenues	35,000	35,000	22,325	(12,675)
Total Revenues	1,895,000	1,895,000	2,032,151	137,151
Expenditures:				
Transportation and Street Repair				
Personnel Related	1,906,712	1,906,712	1,802,678	104,034
Other	1,696,969	1,684,435	1,425,716	258,719
Total Expenditures	3,603,681	3,591,147	3,228,394	362,753
Excess of Revenues Over (Under) Expenditures	(1,708,681)	(1,696,147)	(1,196,243)	499,904
Other Financing Sources (uses):				
Transfers In	1,400,000	1,400,000	0	(1,400,000)
Total Other Financing Sources (Uses)	1,400,000	1,400,000	0	(1,400,000)
Net Change in Fund Balance	(308,681)	(296,147)	(1,196,243)	(900,096)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,046,210	2,046,210	2,046,210	0
Fund Balance End of Year	\$1,737,529	\$1,750,063	\$849,967	(\$900,096)

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, 2018

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$157,000	\$157,000	\$162,450	\$5,450
Total Revenues	157,000	157,000	162,450	5,450
Expenditures:				
Transportation and Street Repair Personnel Related	152,175	152,175	149,172	3,003
Total Expenditures	152,175	152,175	149,172	3,003
Net Change in Fund Balance	4,825	4,825	13,278	8,453
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	73,448	73,448	73,448	0
Fund Balance End of Year	\$78,273	\$78,273	\$86,726	\$8,453



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, 2018

	County Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$249,500	\$379,500	\$412,689	\$33,189
Investment Earnings	500	500	0	(500)
Total Revenues	250,000	380,000	412,689	32,689
Expenditures:				
Capital Outlay	4,289	2,789,588	2,693,945	95,643
Total Expenditures	4,289	2,789,588	2,693,945	95,643
Net Change in Fund Balance	245,711	(2,409,588)	(2,281,256)	128,332
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(42,610)	(42,610)	(42,610)	0
Fund Balance End of Year	\$203,101	(\$2,452,198)	(\$2,323,866)	\$128,332

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, 2018

	Tax Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Licenses & Permits	\$900	\$900	\$2,100	\$1,200
Investment Earnings	200	200	968	768
Total Revenues	1,100	1,100	3,068	1,968
Expenditures:				
Capital Outlay	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	1,100	1,100	3,068	1,968
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	102,144	102,144	102,144	0
Fund Balance End of Year	\$103,244	\$103,244	\$105,212	\$1,968

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, 2018

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$750	\$55,750	\$56,495	\$745
Total Revenues	750	55,750	56,495	745
Expenditures:				
Public Safety				
Other	27,000	37,000	16,482	20,518
Total Expenditures	27,000	37,000	16,482	20,518
Net Change in Fund Balance	(26,250)	18,750	40,013	21,263
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	110,499	110,499	110,499	0
Fund Balance End of Year	\$84,249	\$129,249	\$150,512	\$21,263

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2018

	Municipal Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$341,000	\$341,000	\$356,627	\$15,627
Total Revenues	341,000	341,000	356,627	15,627
Expenditures:				
Transportation and Street Repair Personnel Related	329,713	329,713	316,673	13,040
Total Expenditures	329,713	329,713	316,673	13,040
Net Change in Fund Balance	11,287	11,287	39,954	28,667
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	235,945	235,945	235,945	0
Fund Balance End of Year	\$247,232	\$247,232	\$275,899	\$28,667

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, 2018

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$7,000	\$7,000	\$4,398	(\$2,602)
Investment Earnings	0	0	1,936	1,936
Total Revenues	7,000	7,000	6,334	(666)
Expenditures:				
Public Safety				
Other	41,651	41,651	6,503	35,148
Total Expenditures	41,651	41,651	6,503	35,148
Net Change in Fund Balance	(34,651)	(34,651)	(169)	34,482
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	50,214	50,214	50,214	0
Fund Balance End of Year	\$15,563	\$15,563	\$50,045	\$34,482

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, 2018

	Drug and Alcohol Treatment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$13,780	\$13,780	\$11,143	(\$2,637)
Investment Earnings	250	250	1,936	1,686
Total Revenues	14,030	14,030	13,079	(951)
Expenditures:				
General Government				
Other	15,000	15,000	9,322	5,678
Total Expenditures	15,000	15,000	9,322	5,678
Net Change in Fund Balance	(970)	(970)	3,757	4,727
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	143,248	143,248	143,248	0
Fund Balance End of Year	\$142,278	\$142,278	\$147,005	\$4,727

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, 2018

	Local Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Public Safety				
Other	15,400	15,400	14,905	495
Total Expenditures	15,400	15,400	14,905	495
Net Change in Fund Balance	(15,400)	(15,400)	(14,905)	495
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	47,335	47,335	47,335	0
Fund Balance End of Year	\$31,935	\$31,935	\$32,430	\$495

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, 2018

	Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$350,000	\$350,000	\$357,996	\$7,996
Investment Earnings	6,500	6,500	51,308	44,808
Other Revenues	0	0	12	12
Total Revenues	356,500	356,500	409,316	52,816
Expenditures:				
General Government				
Personnel Related	369,372	369,372	350,168	19,204
Other	45,000	45,000	29,860	15,140
Total Expenditures	414,372	414,372	380,028	34,344
Net Change in Fund Balance	(57,872)	(57,872)	29,288	87,160
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,792,568	2,792,568	2,792,568	0
Fund Balance End of Year	\$2,734,696	\$2,734,696	\$2,821,856	\$87,160



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, 2018

	Court Computer Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$83,800	\$83,800	\$87,315	\$3,515
Investment Earnings	1,200	1,200	6,776	5,576
Total Revenues	85,000	85,000	94,091	9,091
Expenditures:				
General Government				
Other	105,000	105,000	79,038	25,962
Total Expenditures	105,000	105,000	79,038	25,962
Net Change in Fund Balance	(20,000)	(20,000)	15,053	35,053
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	944,610	944,610	944,610	0
Fund Balance End of Year	\$924,610	\$924,610	\$959,663	\$35,053

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, 2018

	Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$49,575	\$49,575	\$51,328	\$1,753
Investment Earnings	500	500	3,872	3,372
Other Revenues	0	0	2	2
Total Revenues	50,075	50,075	55,202	5,127
Expenditures:				
General Government				
Personnel Related	69,968	69,968	65,126	4,842
Other	27,000	27,000	4,827	22,173
Total Expenditures	96,968	96,968	69,953	27,015
Net Change in Fund Balance	(46,893)	(46,893)	(14,751)	32,142
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	473,427	473,427	473,427	0
Fund Balance End of Year	\$426,534	\$426,534	\$458,676	\$32,142

City of Fairfield, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2018

	Mediation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$34,785	\$34,785	\$46,130	\$11,345
Investment Earnings	250	250	1,936	1,686
Total Revenues	35,035	35,035	48,066	13,031
Expenditures:				
General Government				
Other	2,000	2,000	0	2,000
Total Expenditures	2,000	2,000	0	2,000
Net Change in Fund Balance	33,035	33,035	48,066	15,031
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	613,357	613,357	613,357	0
Fund Balance End of Year	\$646,392	\$646,392	\$661,423	\$15,031

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, 2018

	Tax Increment Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$170,000	\$170,000	\$69,773	(\$100,227)
Total Revenues	170,000	170,000	69,773	(100,227)
Expenditures:				
Debt Service:				
Principal Retirement	98,000	98,000	0	98,000
Interest and Fiscal Charges	1,000	1,000	0	1,000
Total Expenditures	99,000	99,000	0	99,000
Net Change in Fund Balance	71,000	71,000	69,773	(1,227)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	123,890	123,890	123,890	0
Fund Balance End of Year	\$194,890	\$194,890	\$193,663	(\$1,227)

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, 2018

	Indigent Driver Interlock Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$30,000	\$30,000	\$35,065	\$5,065
Total Revenues	30,000	30,000	35,065	5,065
Expenditures:				
General Government				
Other	5,000	5,000	0	5,000
Total Expenditures	5,000	5,000	0	5,000
Net Change in Fund Balance	25,000	25,000	35,065	10,065
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	278,334	278,334	278,334	0
Fund Balance End of Year	\$303,334	\$303,334	\$313,399	\$10,065

## **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, 2018

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$5,208	\$1,782,016	\$1,787,224
Receivables (Net):			
Intergovernmental	<u>0</u>	<u>270,762</u>	<u>270,762</u>
Total Assets	<u>5,208</u>	<u>2,052,778</u>	<u>2,057,986</u>
Liabilities:			
Accounts Payable	<u>0</u>	<u>780</u>	<u>780</u>
Total Liabilities	<u>0</u>	<u>780</u>	<u>780</u>
Deferred Inflows of Resources:			
Grants and Other Taxes	<u>0</u>	<u>270,762</u>	<u>270,762</u>
Total Deferred Inflows of Resources	<u>0</u>	<u>270,762</u>	<u>270,762</u>
Fund Balances:			
Restricted	0	1,781,236	1,781,236
Assigned	<u>5,208</u>	<u>0</u>	<u>5,208</u>
Total Fund Balances	<u>5,208</u>	<u>1,781,236</u>	<u>1,786,444</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$5,208</u>	<u>\$2,052,778</u>	<u>\$2,057,986</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, 2018

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$0	\$20,567	\$20,567
Total Revenues	0	20,567	20,567
Expenditures:			
Current:			
General Government	5,941	1,030	6,971
Debt Service:			
Principal	1,440,000	0	1,440,000
Interest and Other Charges	579,498	1,987	581,485
Total Expenditures	2,025,439	3,017	2,028,456
Excess of Revenues Over (Under) Expenditures	(2,025,439)	17,550	(2,007,889)
Other Financing Sources (Uses):			
Transfers In	2,148,849	0	2,148,849
Transfers (Out)	(130,000)	0	(130,000)
Total Other Financing Sources (Uses)	2,018,849	0	2,018,849
Net Change in Fund Balance	(6,590)	17,550	10,960
Fund Balance - Beginning of Year	11,798	1,763,686	1,775,484
Fund Balance - End of Year	\$5,208	\$1,781,236	\$1,786,444



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, 2018

	General Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
General Government				
Other	10,500	10,450	5,941	4,509
Debt Service:				
Principal Retirement	1,295,000	1,570,685	1,570,000	685
Interest and Fiscal Charges	556,736	581,101	579,498	1,603
Total Expenditures	1,862,236	2,162,236	2,155,439	6,797
Excess of Revenues Over (Under) Expenditures	(1,862,236)	(2,162,236)	(2,155,439)	6,797
Other Financing Sources (uses):				
Transfers In	1,927,700	1,927,700	2,148,848	221,148
Total Other Financing Sources (Uses)	1,927,700	1,927,700	2,148,848	221,148
Net Change in Fund Balance	65,464	(234,536)	(6,591)	227,945
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,797	11,797	11,797	0
Fund Balance End of Year	\$77,261	(\$222,739)	\$5,206	\$227,945

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, 2018

	Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$650,700	\$650,700	\$230,653	(\$420,047)
Investment Earnings	1,500	1,500	67,554	66,054
Total Revenues	652,200	652,200	298,207	(353,993)
Expenditures:				
Current:				
General Government				
Other	2,100	2,100	250	1,850
Debt Service:				
Principal Retirement	650,000	648,010	276,084	371,926
Interest and Fiscal Charges	0	1,990	1,987	3
Total Expenditures	652,100	652,100	278,321	373,779
Net Change in Fund Balance	100	100	19,886	19,786
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,768,569	1,768,569	1,768,569	0
Fund Balance End of Year	\$1,768,669	\$1,768,669	\$1,788,455	\$19,786

## **NONMAJOR CAPITAL PROJECTS FUNDS**

### **Fund Descriptions**

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

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

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

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

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

City of Fairfield, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2018

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	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development
Assets:					
Equity in Pooled Cash and Investments	\$2,347,794	\$4,918	\$0	\$52,359	\$318,798
Receivables (Net):					
Taxes	607,548	0	0	0	0
Interest	57	0	0	0	0
Total Assets	<u>2,955,399</u>	<u>4,918</u>	<u>0</u>	<u>52,359</u>	<u>318,798</u>
Liabilities:					
Accounts Payable	143,745	0	219,855	0	16,800
Retainage Payable	0	0	2,350	0	0
Interfund Payable	0	0	490,292	0	0
Total Liabilities	<u>143,745</u>	<u>0</u>	<u>712,497</u>	<u>0</u>	<u>16,800</u>
Deferred Inflows of Resources:					
Income Taxes	380,463	0	0	0	0
Total Deferred Inflows of Resources	<u>380,463</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Restricted	2,431,191	4,918	0	0	301,998
Assigned	0	0	0	52,359	0
Unassigned	0	0	(712,497)	0	0
Total Fund Balances	<u>2,431,191</u>	<u>4,918</u>	<u>(712,497)</u>	<u>52,359</u>	<u>301,998</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u><u>\$2,955,399</u></u>	<u><u>\$4,918</u></u>	<u><u>\$0</u></u>	<u><u>\$52,359</u></u>	<u><u>\$318,798</u></u>

Total Nonmajor Capital Projects Funds
\$2,723,869
607,548
57
3,331,474
380,400
2,350
490,292
873,042
380,463
380,463
2,738,107
52,359
(712,497)
2,077,969
\$3,331,474

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, 2018

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development
Revenues:					
Income Taxes	\$3,052,144	\$0	\$0	\$0	\$0
Investment Earnings	21,581	0	0	0	0
Intergovernmental	133,195	0	612,720	0	0
Other Revenues	67,937	0	0	0	0
Total Revenues	3,274,857	0	612,720	0	0
Expenditures:					
Current:					
Capital Outlay	2,398,066	0	712,497	53,845	313,874
Total Expenditures	2,398,066	0	712,497	53,845	313,874
Excess of Revenues Over (Under) Expenditures	876,791	0	(99,777)	(53,845)	(313,874)
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	973	0	0	0	0
Transfers (Out)	(379,263)	0	0	0	0
Total Other Financing Sources (Uses)	(378,290)	0	0	0	0
Net Change in Fund Balance	498,501	0	(99,777)	(53,845)	(313,874)
Fund Balance - Beginning of Year	1,932,690	4,918	(612,720)	106,204	615,872
Fund Balance - End of Year	\$2,431,191	\$4,918	(\$712,497)	\$52,359	\$301,998

Total Nonmajor Capital Projects Funds
\$3,052,144
21,581
745,915
67,937
3,887,577
3,478,282
3,478,282
409,295
973
(379,263)
(378,290)
31,005
2,046,964
\$2,077,969

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, 2018

	Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$2,802,250	\$2,802,250	\$3,111,302	\$309,052
Intergovernmental	0	0	133,195	133,195
Investment Earnings	7,000	7,000	27,970	20,970
Other Revenues	1,000	1,000	67,937	66,937
Total Revenues	2,810,250	2,810,250	3,340,404	530,154
Expenditures:				
Capital Outlay	990,774	5,241,023	4,714,175	526,848
Total Expenditures	990,774	5,241,023	4,714,175	526,848
Excess of Revenues Over (Under) Expenditures	1,819,476	(2,430,773)	(1,373,771)	1,057,002
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	30,000	30,000	973	(29,027)
Transfers In	998,750	998,750	998,750	0
Transfers (Out)	(1,081,000)	(1,381,000)	(1,378,013)	2,987
Total Other Financing Sources (Uses)	(52,250)	(352,250)	(378,290)	(26,040)
Net Change in Fund Balance	1,767,226	(2,783,023)	(1,752,061)	1,030,962
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,937,864	1,937,864	1,937,864	0
Fund Balance End of Year	\$3,705,090	(\$845,159)	\$185,803	\$1,030,962



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, 2018

	Flood Protection Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,918	4,918	4,918	0
Fund Balance End of Year	\$4,918	\$4,918	\$4,918	\$0

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, 2018

	State Issue I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50,000	\$660,000	\$612,720	(\$47,280)
Total Revenues	50,000	660,000	612,720	(47,280)
Expenditures:				
Capital Outlay	50,000	815,000	726,918	88,082
Total Expenditures	50,000	815,000	726,918	88,082
Net Change in Fund Balance	0	(155,000)	(114,198)	40,802
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(612,720)	(612,720)	(612,720)	0
Fund Balance End of Year	(\$612,720)	(\$767,720)	(\$726,918)	\$40,802

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, 2018

	Downtown Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	13,000	58,000	53,845	4,155
Total Expenditures	13,000	58,000	53,845	4,155
Net Change in Fund Balance	(13,000)	(58,000)	(53,845)	4,155
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	106,206	106,206	106,206	0
Fund Balance End of Year	\$93,206	\$48,206	\$52,361	\$4,155

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, 2018

	Park Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	299,511	429,551	429,551	0
Total Expenditures	299,511	429,551	429,551	0
Net Change in Fund Balance	(299,511)	(429,551)	(429,551)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	615,871	615,871	615,871	0
Fund Balance End of Year	\$316,360	\$186,320	\$186,320	\$0

## **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, 2018

	Compensated Leave Fund(1)			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$0	\$0	\$10,649	\$10,649
Total Revenues	0	0	10,649	10,649
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	10,649	10,649
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	675,427	675,427	675,427	0
Fund Balance End of Year	<u>\$675,427</u>	<u>\$675,427</u>	<u>\$686,076</u>	<u>\$10,649</u>

(1) This fund is combined with the General fund in 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 providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges.

**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, 2018

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Assets:			
Equity in Pooled Cash and Investments	\$255,620	\$401,063	\$656,683
Receivables (Net):			
Accounts	307,816	0	307,816
Inventory	0	19,839	19,839
Total Current Assets	563,436	420,902	984,338
Noncurrent Assets:			
Capital Assets:			
Nondepreciable Capital Assets	0	507,000	507,000
Depreciable Capital Assets, Net	0	2,627,719	2,627,719
Total Noncurrent Assets	0	3,134,719	3,134,719
Total Assets	563,436	3,555,621	4,119,057
Deferred Outflows of Resources:			
Deferred Charge on Refunding	0	14,877	14,877
Pension	0	103,184	103,184
OPEB	0	26,295	26,295
Total Deferred Outflows of Resources	0	144,356	144,356
Liabilities:			
Current Liabilities:			
Accounts Payable	195,935	39,408	235,343
Accrued Wages and Benefits	0	31,040	31,040
Compensated Absences	0	44,920	44,920
Accrued Interest Payable	0	968	968
Claims Payable	0	4,007	4,007
Long-Term Liabilities Due Within One Year	0	135,000	135,000
Total Current Liabilities	195,935	255,343	451,278
Long-Term Liabilities:			
Compensated Absences	0	67,910	67,910
Bonds, Notes & Loans Payable	0	302,080	302,080
Net Pension Liability	0	402,214	402,214
Net OPEB Liability	0	291,862	291,862
Total Liabilities	195,935	1,319,409	1,515,344
Deferred Inflows of Resources:			
Pension	0	97,066	97,066
OPEB	0	21,742	21,742
Total Deferred Inflows of Resources	0	118,808	118,808
Net Position:			
Net Investment in Capital Assets	0	2,712,516	2,712,516
Unrestricted	367,501	(450,756)	(83,255)
Total Net Position	\$367,501	\$2,261,760	\$2,629,261



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, 2018

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for Services	\$2,346,009	\$1,615,420	\$3,961,429
Other Revenues	0	31,803	31,803
Total Operating Revenues	2,346,009	1,647,223	3,993,232
Operating Expenses:			
Personal Services	0	965,233	965,233
Contactual Services	2,328,509	455,067	2,783,576
Materials and Supplies	0	367,440	367,440
Depreciation	0	30,779	30,779
Total Operating Expenses	2,328,509	1,818,519	4,147,028
Operating Income (Loss)	17,500	(171,296)	(153,796)
Non-Operating Revenues (Expenses):			
Investment Earnings	0	2,305	2,305
Interest (Expense)	0	(13,645)	(13,645)
Total Non-Operating Revenues (Expenses)	0	(11,340)	(11,340)
Income (Loss) Before Contributions and Transfers	17,500	(182,636)	(165,136)
Transfers In	0	355,000	355,000
Change in Net Position	17,500	172,364	189,864
Net Position - Beginning of Year, Restated	350,001	2,089,396	2,439,397
Net Position - End of Year	\$367,501	\$2,261,760	\$2,629,261

City of Fairfield, Ohio  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended December 31, 2018

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$2,331,703	\$1,647,223	\$3,978,926
Cash Payments to Employees	0	(971,312)	(971,312)
Cash Payments to Suppliers	(2,325,318)	(825,055)	(3,150,373)
Net Cash Provided (Used) by Operating Activities	6,385	(149,144)	(142,759)
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	355,000	355,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	355,000	355,000
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	0	(134,590)	(134,590)
Debt Principal Payments	0	(130,000)	(130,000)
Debt Interest Payments	0	(16,350)	(16,350)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(280,940)	(280,940)
Cash Flows from Investing Activities:			
Earnings on Investments	0	2,305	2,305
Net Cash Provided (Used) by Cash Flows from Investing Activities	0	2,305	2,305
Net Increase (Decrease) in Cash and Cash Equivalents	6,385	(72,779)	(66,394)
Cash and Cash Equivalents - Beginning of Year	249,235	473,842	723,077
Cash and Cash Equivalents - End of Year	255,620	401,063	656,683
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	17,500	(171,296)	(153,796)
Adjustments:			
Depreciation	0	30,779	30,779
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	(14,306)	0	(14,306)
(Increase) Decrease in Inventory	0	1,579	1,579
(Increase) Decrease in Deferred Outflows of Resources	0	139,528	139,528
Increase (Decrease) in Claims Payable	0	4,007	4,007
Increase (Decrease) in Payables	3,191	(4,127)	(936)
Increase (Decrease) in Accrued Liabilities	0	(4,930)	(4,930)
Increase (Decrease) in Deferred Inflows of Resources	0	108,283	108,283
Increase (Decrease) in Net Pension Liability	0	(280,485)	(280,485)
Increase (Decrease) in OPEB Liability	0	27,518	27,518
Net Cash Provided (Used) by Operating Activities	\$6,385	(\$149,144)	(\$142,759)

## **NONMAJOR FUNDS**

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

### **Fund Descriptions**

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

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

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

### **Fund Descriptions**

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

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

City of Fairfield, Ohio  
Combining Statement of Net Position  
Internal Service Funds  
December 31, 2018

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$4,102,260	\$161,436	\$4,263,696
Receivables (Net):			
Interest	1,327	0	1,327
Total Current Assets	4,103,587	161,436	4,265,023
Deferred Outflows of Resources:			
Pension	0	120,180	120,180
OPEB	0	30,627	30,627
Total Deferred Outflows of Resources	0	150,807	150,807
Liabilities:			
Current Liabilities:			
Accounts Payable	52	22,669	22,721
Accrued Wages and Benefits	0	30,971	30,971
Compensated Absences	0	8,462	8,462
Claims Payable	250,833	1,873	252,706
Total Current Liabilities	250,885	63,975	314,860
Long-Term Liabilities:			
Compensated Absences	0	88,655	88,655
Net Pension Liability	0	468,466	468,466
Net OPEB Liability	0	339,937	339,937
Total Long-Term Liabilities	0	897,058	897,058
Total Liabilities	250,885	961,033	1,211,918
Deferred Inflows of Resources:			
Pension	0	113,055	113,055
OPEB	0	25,323	25,323
Total Deferred Inflows of Resources	0	138,378	138,378
Net Position:			
Unrestricted	3,852,702	(787,168)	3,065,534
Total Net Position	\$3,852,702	(\$787,168)	\$3,065,534

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, 2018

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$5,638,623	\$749,944	\$6,388,567
Other Revenues	0	21	21
Total Operating Revenues	5,638,623	749,965	6,388,588
Operating Expenses:			
Personal Services	0	698,588	698,588
Contactual Services	5,269,513	19,162	5,288,675
Materials and Supplies	0	356,227	356,227
Total Operating Expenses	5,269,513	1,073,977	6,343,490
Operating Income (Loss)	369,110	(324,012)	45,098
Non-Operating Revenues (Expenses):			
Investment Earnings	40,799	0	40,799
Total Non-Operating Revenues (Expenses)	40,799	0	40,799
Income (Loss) Before Contributions and Transfers	409,909	(324,012)	85,897
Transfers In	0	200,000	200,000
Change in Net Position	409,909	(124,012)	285,897
Net Position - Beginning of Year, Restated	3,442,793	(663,156)	2,779,637
Net Position - End of Year	\$3,852,702	(\$787,168)	\$3,065,534

City of Fairfield, Ohio  
Statement of Cash Flows  
Internal Service Funds  
For the Fiscal Year Ended December 31, 2018

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$5,638,623	\$749,965	\$6,388,588
Cash Payments to Employees	0	(589,528)	(589,528)
Cash Payments to Suppliers	0	(363,771)	(363,771)
Cash Payments for Claims	(5,316,591)	0	(5,316,591)
Net Cash Provided (Used) by Operating Activities	322,032	(203,334)	118,698
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	0	200,000	200,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	200,000	200,000
Cash Flows from Investing Activities:			
Earnings on Investments	49,762	0	49,762
Net Cash Provided (Used) by Cash Flows from Investing Activities	49,762	0	49,762
Net Increase (Decrease) in Cash and Cash Equivalents	371,794	(3,334)	368,460
Cash and Cash Equivalents - Beginning of Year	3,730,466	164,770	3,895,236
Cash and Cash Equivalents - End of Year	4,102,260	161,436	4,263,696
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	369,110	(324,012)	45,098
Changes in Assets & Liabilities:			
(Increase) Decrease in Deferred Outflows of Resources	0	113,950	113,950
Increase (Decrease) in Claims Payable	(47,042)	1,873	(45,169)
Increase (Decrease) in Payables	(36)	11,618	11,582
Increase (Decrease) in Accrued Liabilities	0	34,580	34,580
Increase (Decrease) in Deferred Inflows of Resources	0	128,050	128,050
Increase (Decrease) in Net Pension Liability	0	(201,443)	(201,443)
Increase (Decrease) in Net OPEB Liability	0	32,050	32,050
Net Cash Provided (Used) by Operating Activities	\$322,032	(\$203,334)	\$118,698

City of Fairfield, Ohio  
Statement of Changes In Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended December 31, 2018

	Municipal Court			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$166,806	\$700,970	\$681,675	\$186,101
Total Assets	166,806	700,970	681,675	186,101
Liabilities:				
Undistributed Monies	166,806	700,970	681,675	186,101
Total Liabilities	\$166,806	\$700,970	\$681,675	\$186,101

	Joint Economic Development District			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$143,905	\$1,999,279	\$2,015,581	\$127,603
Receivables (Net):				
Accounts	166,754	154,097	166,754	154,097
Total Assets	310,659	2,153,376	2,182,335	281,700
Liabilities:				
Accounts Payable	122,842	108,281	122,842	108,281
Undistributed Monies	187,817	2,045,095	2,059,493	173,419
Total Liabilities	\$310,659	\$2,153,376	\$2,182,335	\$281,700

	Total All Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$310,711	\$2,700,249	\$2,697,256	\$313,704
Receivables (Net):				
Accounts	166,754	154,097	166,754	154,097
Total Assets	477,465	2,854,346	2,864,010	467,801
Liabilities:				
Accounts Payable	122,842	108,281	122,842	108,281
Undistributed Monies	354,623	2,746,065	2,741,168	359,520
Total Liabilities	\$477,465	\$2,854,346	\$2,864,010	\$467,801

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# STATISTICAL SECTION

City of Fairfield, Ohio

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## STATISTICAL SECTION

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

### **Contents**

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

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

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

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

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

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017 (2)	2018
Governmental Activities										
Net Investment in Capital Assets	\$65,966,427	\$66,371,105	\$64,296,950	\$67,275,297	\$69,235,249	\$70,400,669	\$70,871,957	\$72,702,624	\$73,664,366	\$77,707,285
Restricted	14,757,991	13,308,997	15,986,150	16,117,641	17,137,210	16,288,586	15,892,445	18,160,599	20,743,247	22,525,145
Unrestricted	9,942,780	9,016,660	12,370,308	13,959,061	17,136,178	16,492,976	(5,843,139)	(5,913,774)	(30,084,299)	(32,132,889)
Total Governmental Activities Net Position	<u>\$90,667,198</u>	<u>\$88,696,762</u>	<u>\$92,653,408</u>	<u>\$97,351,999</u>	<u>\$103,508,637</u>	<u>\$103,182,231</u>	<u>\$80,921,263</u>	<u>\$84,949,449</u>	<u>\$64,323,314</u>	<u>\$68,099,541</u>
Business-type activities										
Net Investment in Capital Assets	\$37,114,611	\$37,096,724	\$37,488,020	\$37,444,547	\$37,900,975	\$38,873,969	\$39,709,765	\$40,221,046	\$39,221,993	\$38,133,776
Restricted	1,018,871	1,018,149	1,018,291	1,018,832	1,021,404	1,022,736	1,023,003	1,024,340	1,027,000	1,031,796
Unrestricted	10,201,536	9,683,097	8,968,926	9,140,411	9,583,331	9,242,621	5,784,274	4,814,362	2,516,460	5,581,039
Total Business-Type Activities Net Position	<u>\$48,335,018</u>	<u>\$47,797,970</u>	<u>\$47,475,237</u>	<u>\$47,603,790</u>	<u>\$48,505,710</u>	<u>\$49,139,326</u>	<u>\$46,517,042</u>	<u>\$46,059,748</u>	<u>\$42,765,453</u>	<u>\$44,746,611</u>
Total Primary Government										
Net Investment in Capital Assets	\$103,081,038	\$103,467,829	\$101,784,970	\$104,719,844	\$107,136,224	\$109,274,638	\$110,581,722	\$112,923,670	\$112,886,359	\$115,841,061
Restricted	15,776,862	14,327,146	17,004,441	17,136,473	18,158,614	17,311,322	16,915,448	19,184,939	\$21,770,247	23,556,941
Unrestricted	20,144,316	18,699,757	21,339,234	23,099,472	26,719,509	25,735,597	(58,865)	(1,099,412)	(\$27,567,839)	(26,551,850)
Total Primary Government Net Position	<u>\$139,002,216</u>	<u>\$136,494,732</u>	<u>\$140,128,645</u>	<u>\$144,955,789</u>	<u>\$152,014,347</u>	<u>\$152,321,557</u>	<u>\$127,438,305</u>	<u>\$131,009,197</u>	<u>\$107,088,767</u>	<u>\$112,846,152</u>

(2) - 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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
General Government	\$8,302,202	\$8,219,146	\$8,375,019	\$8,451,042	\$7,631,141	\$8,179,792	\$8,240,596	\$7,968,208	\$9,420,931	\$9,476,038
Public Safety	16,505,748	17,357,175	16,309,564	16,249,928	16,268,499	17,231,019	18,459,890	18,841,094	19,659,072	22,968,209
Leisure Time Activities	3,275,415	3,449,071	3,394,755	3,412,316	3,466,481	3,294,693	3,020,368	3,746,235	3,523,300	3,643,483
Community Development	1,489,030	1,438,118	1,366,224	1,359,819	1,341,884	1,483,394	1,094,499	1,950,158	2,088,857	2,117,719
Basic Utility Service	524,491	510,171	479,877	412,238	451,823	442,800	441,845	458,368	464,115	502,866
Transportation and Street Repair	9,604,526	8,622,712	7,610,384	7,447,779	6,045,380	8,004,851	8,667,858	8,097,174	8,471,472	9,083,304
Public Health and Welfare	23,074	22,441	21,998	21,784	21,476	21,581	21,248	21,125	20,962	20,582
Interest and Fiscal Charges	687,450	794,384	1,034,139	808,963	851,250	815,863	780,363	732,471	696,672	562,058
Total Governmental Activities Expenses	40,411,936	40,413,218	38,591,960	38,163,869	36,077,934	39,473,993	40,726,667	41,814,833	44,345,381	48,374,259
Business-Type Activities:										
Water Utility	4,780,644	4,450,415	4,622,668	4,510,147	4,626,165	5,044,656	5,225,446	6,407,038	6,733,916	5,703,566
Sewer Utility	4,987,541	5,030,761	4,951,150	5,100,875	5,139,515	5,272,460	5,591,952	5,735,840	5,950,929	6,835,855
Solid Waste Management	2,373,306	2,513,726	2,581,355	2,444,874	2,140,007	2,173,408	2,216,074	2,259,529	2,295,473	2,328,509
Recreation Facilities	2,222,772	2,358,398	2,066,756	2,142,869	2,177,176	2,280,222	2,174,232	1,873,055	1,962,035	1,832,164
Total Business-Type Activities Expenses	14,364,263	14,353,300	14,221,929	14,198,765	14,082,863	14,770,746	15,207,704	16,275,462	16,942,353	16,700,094
Total Primary Government Expenses	\$54,776,199	\$54,766,518	\$52,813,889	\$52,362,634	\$50,160,797	\$54,244,739	\$55,934,371	\$58,090,295	\$61,287,734	\$65,074,353
Program Revenues										
Governmental Activities:										
Charges for Services and Sales:										
General Government	\$2,135,946	\$2,002,295	\$2,333,954	\$1,881,872	\$1,734,805	\$1,802,079	\$1,795,353	\$1,422,096	\$1,930,245	\$1,899,530
Public Safety	1,264,931	1,144,876	1,224,775	1,183,079	1,189,223	1,162,252	1,144,227	1,130,784	1,101,654	1,187,677
Leisure Time Activities	248,862	278,973	252,125	272,605	281,499	248,952	497,097	958,658	244,100	261,393
Community Development	365,788	335,889	79,800	281,964	354,464	529,106	223,544	1,194,603	1,137,106	1,337,230
Basic Utility Service	512,159	640,082	384,635	670,950	565,538	566,935	77,917	0	0	0
Transportation and Street Repair	15,307	28,587	26,561	38,233	38,389	37,452	593,242	1,705,115	39,889	35,065
Operating Grants and Contributions	3,352,963	3,010,499	3,614,620	3,338,989	2,933,524	2,944,428	3,077,018	3,243,396	3,301,379	3,403,213
Capital Grants and Contributions	1,331,917	790,846	3,115,434	3,880,495	1,707,738	14,506	897,858	185,742	1,257,952	3,472,908
Total Governmental Activities Program Revenues	\$9,227,873	\$8,232,047	\$11,031,904	\$11,548,187	\$8,805,180	\$7,305,710	\$8,306,256	\$9,840,394	\$9,012,325	\$11,597,016

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-Type Activities:										
Charges for Services and Sales:										
Water Utility	\$3,759,023	\$3,777,374	\$3,749,292	\$4,025,197	\$4,666,222	\$4,825,443	\$4,944,528	\$5,121,220	\$5,686,777	\$6,885,777
Sewer Utility	4,720,792	4,795,347	5,229,115	5,492,327	5,733,338	5,968,424	5,992,562	6,145,668	6,306,111	7,047,636
Solid Waste Management	1,774,420	1,937,507	2,294,545	2,373,948	2,119,641	2,165,612	2,218,507	2,261,648	2,273,206	2,346,009
Recreation Facilities	2,057,814	2,084,567	1,953,697	2,097,727	1,871,477	1,831,891	1,859,761	1,769,065	1,791,263	1,615,420
Operating Grants and Contributions	33,290	65,667	25,919	3,999	31,597	88,048	0	0	0	0
Capital Grants and Contributions	0	0	0	0	145,770	900	12,090	0	0	0
Total Business-Type Activities Program Revenues	12,345,339	12,660,462	13,252,568	13,993,198	14,568,045	14,880,318	15,027,448	15,297,601	16,057,357	17,894,842
Total Primary Government Program Revenues	\$21,573,212	\$20,892,509	\$24,284,472	\$25,541,385	\$23,373,225	\$22,186,028	\$23,333,704	\$25,137,995	\$25,069,682	\$29,491,858
Net (Expense)/Revenue										
Governmental Activities	(\$31,184,063)	(\$32,181,171)	(\$27,560,056)	(\$26,615,682)	(\$27,272,754)	(\$32,168,283)	(\$32,420,411)	(\$31,974,439)	(\$35,333,056)	(\$36,777,243)
Business-type activities	(2,018,924)	(1,692,838)	(969,361)	(205,567)	485,182	109,572	(180,256)	(977,861)	(884,996)	1,194,748
Total Primary Government Net Expenses	(\$33,202,987)	(\$33,874,009)	(\$28,529,417)	(\$26,821,249)	(\$26,787,572)	(\$32,058,711)	(\$32,600,667)	(\$32,952,300)	(\$36,218,052)	(\$35,582,495)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$20,975,945	\$23,206,157	\$23,652,942	\$23,709,192	\$25,606,839	\$23,586,464	\$25,318,834	\$28,822,572	\$28,041,922	\$30,739,815
Property Taxes Levied for:										
General Purposes	1,547,487	1,551,760	1,474,934	1,385,870	1,476,744	1,987,282	1,636,590	1,439,432	1,677,991	1,540,349
Special Revenue Purposes	3,921,193	3,799,059	3,595,787	3,551,089	3,538,952	3,587,886	3,642,740	3,722,358	6,017,623	5,915,444
Grants and Entitlements not Restricted	1,571,533	2,143,796	2,412,622	1,725,889	1,404,103	1,580,380	1,194,667	1,413,792	1,092,049	1,194,021
Investment Earnings	403,898	216,726	177,580	241,232	126,654	140,964	185,456	147,846	423,476	663,060
Other Revenues	168,142	211,309	642,837	851,001	1,693,821	1,253,901	722,374	671,625	774,223	855,781
Transfers-Internal Activities	(568,060)	(918,072)	(440,000)	(150,000)	(145,000)	(295,000)	(315,000)	(215,000)	(175,000)	(355,000)
Total Governmental Activities	28,020,138	30,210,735	31,516,702	31,314,273	33,702,113	31,841,877	32,385,661	36,002,625	37,852,284	40,553,470
Business-Type Activities:										
Investment Earnings	120,747	95,397	61,252	(17,798)	9,546	24,544	11,405	28,592	81,541	179,666
Other Revenues	126,228	142,321	145,376	201,918	295,954	204,500	244,583	276,975	264,497	251,744
Transfers-Internal Activities	568,060	918,072	440,000	150,000	145,000	295,000	315,000	215,000	175,000	355,000
Total Business-Type Activities	815,035	1,155,790	646,628	334,120	450,500	524,044	570,988	520,567	521,038	786,410
Total Primary Government	\$28,835,173	\$31,366,525	\$32,163,330	\$31,648,393	\$34,152,613	\$32,365,921	\$32,956,649	\$36,523,192	\$38,373,322	\$41,339,880

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Change in Net Position										
Governmental Activities	(\$3,163,925)	(\$1,970,436)	\$3,956,646	\$4,698,591	\$6,429,359	(\$326,406)	(\$34,750)	\$4,028,186	\$2,519,228	\$3,776,227
Business-Type Activities	(1,203,889)	(537,048)	(322,733)	128,553	935,682	633,616	390,732	(457,294)	(363,958)	1,981,158
Total Primary Government	<u>(\$4,367,814)</u>	<u>(\$2,507,484)</u>	<u>\$3,633,913</u>	<u>\$4,827,144</u>	<u>\$7,365,041</u>	<u>\$307,210</u>	<u>\$355,982</u>	<u>\$3,570,892</u>	<u>\$2,155,270</u>	<u>\$5,757,385</u>

Source: City Records

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

	2009	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$323,790	\$481,771	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	10,262,820	8,748,151	0	0	0	0	0	0	0	0
Assigned			251,377	92,799	358,413	1,276,408	673,678	1,779,678	370,256	298,960
Unassigned			10,161,500	12,352,032	15,236,166	13,107,411	14,274,603	14,034,551	15,599,686	19,292,199
Total General Fund	10,586,610	9,229,922	10,412,877	12,444,831	15,594,579	14,383,819	14,948,281	15,814,229	15,969,942	19,591,159
All Other Governmental Funds										
Reserved	1,753,678	8,672,323	0	0	0	0	0	0	0	0
Unreserved, Reported in:										
Special Revenue Funds	4,433,536	4,546,166	0	0	0	0	0	0	0	0
Debt Service Funds	1,453,973	1,485,833	0	0	0	0	0	0	0	0
Capital Projects Funds	5,493,406	4,540,749	0	0	0	0	0	0	0	0
Restricted			17,004,137	14,821,559	15,154,484	14,631,812	14,507,341	16,656,232	20,684,196	20,847,065
Assigned			212,497	209,911	193,969	186,814	164,254	148,835	118,002	57,567
Unassigned			(907,538)	(1,043,316)	(437,769)	(346,988)	(431,443)	(69,540)	(657,721)	(818,708)
Total all Other Governmental Funds	\$13,134,593	\$19,245,071	\$16,309,096	\$13,988,154	\$14,910,684	\$14,471,638	\$14,240,152	\$16,735,527	\$20,144,477	\$20,085,924

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$26,861,747	\$28,266,333	\$28,583,571	\$28,664,812	\$30,423,136	\$28,234,609	\$31,186,625	\$33,784,963	\$36,031,807	\$37,867,327
Fines, Licenses & Permits	2,136,001	2,261,968	2,182,221	2,005,002	1,886,788	1,859,215	1,784,422	1,975,184	2,140,372	2,093,158
Charges for Services	2,211,605	1,790,882	2,370,058	2,561,018	2,619,848	2,675,730	2,747,915	2,598,343	2,698,535	2,796,234
Investment Earnings	406,997	367,848	211,364	245,561	135,821	142,171	175,768	135,229	431,784	675,646
Intergovernmental	6,560,501	6,189,211	7,382,476	8,716,682	6,548,135	5,461,873	5,446,943	5,934,448	5,191,496	8,417,569
Special Assessments	69,656	28,213	19,026	28,940	276,143	40,587	250,298	223,868	17,367	56,636
Other Revenues	662,331	385,809	1,193,989	420,692	671,902	441,998	462,221	1,032,869	514,038	482,702
Total Revenues	<u>\$38,908,838</u>	<u>\$39,290,264</u>	<u>\$41,942,705</u>	<u>\$42,642,707</u>	<u>\$42,561,773</u>	<u>\$38,856,183</u>	<u>\$42,054,192</u>	<u>\$45,684,904</u>	<u>\$47,025,399</u>	<u>\$52,389,272</u>
Expenditures:										
Current:										
General Government	\$7,932,771	\$7,591,020	\$7,868,338	\$7,492,947	\$7,297,563	\$8,062,959	\$8,338,732	\$7,926,097	\$8,341,413	\$8,581,493
Public Safety	15,262,238	15,724,127	15,276,912	14,999,429	15,441,781	16,157,770	16,829,972	17,148,478	17,784,469	19,027,936
Leisure Time Activities	2,600,220	2,683,583	2,527,523	2,279,421	2,416,016	2,526,615	2,588,912	2,565,624	2,598,885	2,665,024
Community Development	1,439,439	1,451,970	1,326,096	1,304,371	1,326,648	1,434,544	1,457,640	1,555,296	1,465,974	1,412,325
Basic Utility Service	524,491	510,171	479,877	412,238	451,823	442,800	441,845	458,368	464,115	502,866
Transportation and Street Repair	7,318,320	6,208,262	5,315,056	4,388,564	3,063,645	5,314,576	3,351,636	3,211,071	3,239,569	3,454,387
Public Health and Welfare	23,074	22,441	21,998	21,784	21,476	21,581	21,248	21,125	20,962	20,582
Capital Outlay	6,902,977	6,092,909	7,697,920	9,258,968	5,277,220	3,633,918	5,739,648	6,690,901	7,192,216	10,586,483
Debt Service:										
Principal Retirement	954,515	1,233,549	1,577,547	1,716,763	1,686,207	1,654,765	1,680,000	1,740,000	1,425,000	1,440,000
Interest and Fiscal Charges	565,524	776,107	1,024,387	839,474	876,493	835,371	800,002	747,541	630,909	581,485
Bond Issuance Cost	0	0	0	0	0	0	0	0	85,090	0
Total Expenditures	<u>\$43,523,569</u>	<u>\$42,294,139</u>	<u>\$43,115,654</u>	<u>\$42,713,959</u>	<u>\$37,858,872</u>	<u>\$40,084,899</u>	<u>\$41,249,635</u>	<u>\$42,064,501</u>	<u>\$43,248,602</u>	<u>\$48,272,581</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (Deficiency) of Revenues Over Expenditures	(\$4,614,731)	(\$3,003,875)	(\$1,172,949)	(\$71,252)	\$4,702,901	(\$1,228,716)	\$804,557	\$3,620,403	\$3,776,797	\$4,116,691
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	\$346	\$18,115	\$25,929	\$122,264	\$54,377	\$73,910	\$68,419	\$155,920	\$77,776	\$973
Issuance of Capital Leases	378,346	0	0	0	0	0	0	0	0	0
Issuance of Long-Term Capital-Related Debt	6,065,000	9,125,000	0	0	0	0	0	0	0	0
Sale of Refunding Bonds	2,750,000	0	0	6,540,000	0	0	0	0	3,615,000	0
Payments to Refunded Bond Escrow Agent	(2,829,535)	0	0	(6,852,466)	0	0	0	0	(3,855,969)	0
Premium/(Discount) on Sale of Refunded Bonds	35,083	37,037	0	422,277	0	0	0	0	326,059	0
Transfers In	9,330,293	3,374,427	3,591,239	4,721,472	5,515,626	6,531,244	3,900,000	8,074,458	4,950,000	2,376,763
Transfers (Out)	(10,048,353)	(4,644,233)	(4,197,239)	(5,061,472)	(6,200,626)	(7,026,244)	(4,440,000)	(8,489,458)	(5,325,000)	(2,931,763)
Total Other Financing Sources (Uses)	5,681,180	7,910,346	(580,071)	(107,925)	(630,623)	(421,090)	(471,581)	(259,080)	(212,134)	(554,027)
Net Change in Fund Balances	<u>\$1,066,449</u>	<u>\$4,906,471</u>	<u>(\$1,753,020)</u>	<u>(\$179,177)</u>	<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>
Debt service as a percentage of noncapital expenditures (1)	4.7%	4.2%	5.5%	7.3%	7.7%	6.9%	6.5%	6.7%	5.6%	5.0%

Source: City Records

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

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

Calendar Year (1)	Assessed Value			Estimated Actual Value	Direct Rate
	Real Property	Public Utilities Personal	Total	Total	Total
2009	\$1,021,253,020	\$24,308,010	\$1,045,561,030	\$3,036,815,632	5.94
2010	976,992,690	25,642,990	1,002,635,680	2,786,117,887	5.94
2011	977,696,820	28,055,930	1,005,752,750	2,794,779,582	5.94
2012	923,744,720	30,787,720	954,532,440	2,652,448,898	5.94
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

Source: County Auditor

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

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

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

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

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

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

2018 (1)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio	\$45,374,290	4.33%
LIT Industrial Partnership	13,471,500	1.29%
NP Seward	10,468,400	1.00%
Boymel Family LLC	8,055,750	0.77%
Cincinnati Financial Corp	7,944,520	0.76%
Duke Realty Ohio	7,903,900	0.75%
Faith Village Park Apartments	6,588,590	0.63%
Ohio Casualty Insurance	6,083,640	0.58%
Sisters of Mercy	5,983,750	0.57%
Camelot East Owners LLC	5,716,900	0.55%
	<u>\$117,591,240</u>	<u>11.23%</u>

2009 (2)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy	\$23,513,480	2.25%
Sam Boymel Trustee	12,535,570	1.20%
Ohio Casualty Insurance Co.	7,571,160	0.72%
Faith-Village Park Apartments	6,619,000	0.63%
Cincinnati Financial Corp	6,062,830	0.58%
Timber Hollow Apartments	5,752,010	0.55%
Osborne Joyce H Family LTD PRT	5,415,040	0.52%
TGM Camelot, Inc.	5,380,780	0.51%
Rajole LLC	5,352,500	0.51%
Meijer Stores LTD PRT	4,700,150	0.45%
	<u>\$82,902,520</u>	<u>7.92%</u>

Source: County Auditor

(1) - Calendar Year 2018

(2) - Collection Year 2009

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

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Delinquent Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$5,174,402	\$4,860,458	93.93%	\$173,884	\$5,034,342	97.29%
2010	5,184,904	4,963,811	95.74%	63,638	5,027,449	96.96%
2011	5,225,619	4,993,958	95.57%	175,800	5,169,758	98.93%
2012	5,153,091	4,977,999	96.60%	172,024	5,150,023	99.94%
2013	5,120,551	5,048,532	98.59%	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%

Source: County Auditor

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

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

Source: City Finance Department

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

	2018
Name	Amount
Cincinnati Insurance Corporation	\$4,414,865
Mercy Health Cincinnati LLC	1,468,459
Liberty Mutual Group Inc	962,865
Fairfield Board of Education	723,892
Koch Meat Co Inc	604,885
Express Scripts Services Company	464,866
Pacific Manufacturing Ohio Inc	453,461
City of Fairfield	432,346
Takumi Stamping Inc	357,405
Martin Brower Co LLC	312,648
Total Collections - Principal Taxpayers	<u>\$10,195,692</u>
Total Collections	\$31,113,019
Combined percentage of total income taxes	32.8%
	2009
Name	Amount
Cincinnati Insurance	\$2,848,228
Liberty Mutual	878,945
Mercy Regional Health	858,950
Medco Health Solutions	718,801
Fairfield Board of Education	703,189
City of Fairfield	307,939
Koch Meat Co Inc.	285,104
Pacific Mfg Ohio Inc.	252,159
Takumi stamping Inc.	156,695
PNG Telecommunications Inc.	151,481
Total Collections - Principal Taxpayers	<u>\$7,161,491</u>
Total Collections	\$22,261,565
Combined percentage of total income taxes	32.2%

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	Capital Leases	Loans	General Obligation Bonds			
2009	\$16,840,566	\$348,831	\$6,655,829	\$3,843,489	\$27,688,715	0.22%	\$658
2010	24,832,967	275,282	5,920,185	3,483,678	34,512,112	0.27%	812
2011	23,323,331	197,735	5,154,545	3,113,867	31,789,478	0.23%	748
2012	22,074,185	115,972	4,357,688	2,755,301	29,303,146	0.20%	689
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	N/A	308

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	Less: Restricted for Debt Service (1)	General Bonded Debt Outstanding	Percentage of Estimated Actual Taxable Value of Property	Per Capita
	Total General Obligation Bonds		Net General Obligation Bonds		
2009	\$20,684,055	\$1,451,329	\$19,232,726	0.63%	\$457
2010	28,316,645	1,692,960	26,623,685	0.96%	626
2011	26,437,198	1,646,970	24,790,228	0.89%	583
2012	24,829,486	1,674,118	23,155,368	0.87%	545
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

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, 2018  
Schedule 13

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Fairfield
Butler County	\$33,539,290	12.50%	\$4,192,411
Hamilton County	126,870,000	0.00%	0
Fairfield City School District	69,728,000	68.39%	47,686,979
Lakota Local School District	101,665,000	0.34%	345,661
Northwest L School District	84,780,000	0.00%	0
Butler Technology & Career Center Jt. Voc. School District	8,035,000	11.49%	923,222
Subtotal Overlapping Debt	424,617,290		53,148,273
City of Fairfield - Direct Debt	12,597,749	100.00%	12,597,749
Total Direct and Overlapping Debt	\$437,215,039		\$65,746,022

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 Calendar Year 2018

Assessed Value	\$1,048,292,730	\$1,048,292,730
Statutory Legal Debt Limitation (1)	10.5%	5.5%
Total Debt Limitation	110,070,737	57,656,100
Debt Applicable to Limit:		
Gross Indebtedness	13,034,829	13,034,829
Less: Restricted for Debt Service (2)	<u>1,781,236</u>	<u>1,781,236</u>
Total Net Debt Applicable to Limit	<u>11,253,593</u>	<u>11,253,593</u>
Legal Debt Margin	<u>\$98,817,144</u>	<u>\$46,402,507</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Debt Limit (1)										
Debt Limit (10.5%)	\$109,783,908	\$105,276,746	\$100,225,906	\$100,225,906	\$99,612,200	\$99,676,431	\$98,869,048	\$99,206,197	\$104,925,556	\$110,070,737
Total Net Debt Applicable to Limit	<u>22,584,055</u>	<u>30,016,645</u>	<u>26,437,198</u>	<u>24,462,392</u>	<u>22,755,891</u>	<u>20,647,296</u>	<u>18,483,701</u>	<u>16,260,509</u>	<u>14,678,291</u>	<u>11,253,593</u>
Legal Debt Margin	<u>\$87,199,853</u>	<u>\$75,260,101</u>	<u>\$73,788,708</u>	<u>\$75,763,514</u>	<u>\$76,856,309</u>	<u>\$79,029,135</u>	<u>\$80,385,347</u>	<u>\$82,945,688</u>	<u>\$90,247,265</u>	<u>\$98,817,144</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.6%	28.5%	26.4%	24.4%	22.8%	20.7%	18.7%	16.4%	14.0%	10.2%
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Unvoted Debt Limit (1)										
Debt Limit (5.5%)	\$57,505,857	\$55,144,962	\$52,499,284	\$52,499,284	\$52,177,819	\$52,211,464	\$51,788,549	\$51,965,151	\$54,961,006	\$57,656,100
Total Net Debt Applicable to Limit	<u>22,584,055</u>	<u>30,016,645</u>	<u>26,437,198</u>	<u>24,462,392</u>	<u>22,755,891</u>	<u>20,647,296</u>	<u>18,483,701</u>	<u>16,260,509</u>	<u>14,678,291</u>	<u>11,253,593</u>
Legal Debt Margin	<u>\$34,921,802</u>	<u>\$25,128,317</u>	<u>\$26,062,086</u>	<u>\$28,036,892</u>	<u>\$29,421,928</u>	<u>\$31,564,168</u>	<u>\$33,304,848</u>	<u>\$35,704,642</u>	<u>\$40,282,715</u>	<u>\$46,402,507</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	39.3%	54.4%	50.4%	46.6%	43.6%	39.5%	35.7%	31.3%	26.7%	19.5%

Source: City Records

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

(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			
	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2009	\$37,251	\$0	\$0	N/A
2010	25,576	0	0	N/A
2011	274,721	0	0	N/A
2012	506,161	0	0	N/A
2013	369,777	0	0	N/A
2014	676,237	0	0	N/A
2015	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

Source: County Auditor

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

N/A - Information not available

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

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Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2009	42,097	\$12,653,202	\$34,512	9.30%
2010	42,510	12,959,978	35,138	8.80%
2011	42,510	13,538,158	36,590	7.90%
2012	42,510	14,398,043	38,852	6.00%
2013	42,510	14,592,549	39,304	7.10%
2014	42,510	15,294,977	40,878	4.50%
2015	42,510	15,631,343	41,534	4.50%
2016	42,510	16,411,074	43,423	4.10%
2017	42,510	17,089,200	44,900	4.70%
2018	42,510	N/A	N/A	4.20%

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

2018			
Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Employment
AK Steel Holding Corp	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Fairfield City Schools	Govt	(3)	(4)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
GE Aviation	Mfg	(3)	(4)
Hamilton City Schools	Govt	(3)	(4)
Koch Foods	Serv	(3)	(4)
Lakota Local Schools	Govt	(3)	(4)
Liberty Mutual/Ohio Casualty Corp	Ins	(3)	(4)
Mercy Regional Hospital	Serv	(3)	(4)
Miami University	Govt	(3)	(4)
Pierre Foods	Mfg	(3)	(4)

2009			
Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Population
AK Steel Holding Corp	Mfg	(3)	(4)
Amylin Pharmaceuticals Inc	Mfg	(3)	(4)
Armor Holdings Inc	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Fairfield City Schools	Govt	(3)	(4)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
Hamilton City Schools	Govt	(3)	(4)
Lakota Local Schools	Govt	(3)	(4)
Liberty Mutual/Ohio Casualty Corp	Ins	(3)	(4)
Mercy Regional Hospital	Serv	(3)	(4)
Miami University	Govt	(3)	(4)
Middletown Regional Health System	Serv	(3)	(4)

Source: Ohio Department of Development

(1) - For all of Butler County

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

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

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

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

Function/Program	Full-Time Equivalent Employees as of December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
City Administration	5	5	5	5	5	5	10	10	12	12
City Council	2	2	2	2	2	1	1	1	1	1
Engineering	7	6	6	6	6	6	6	6	6	6
Facility/Janitors	2	2	2	2	2	1	1	1	1	1
Municipal Court	21	21	21	20	19	20	20	20	20	20
Finance	23	22	21	21	21	21	16	18	17	18
Public Safety										
Police										
Officers	61	60	59	58	58	57	57	58	58	60
Non-Sworn	20	20	20	20	20	20	20	20	18	19
Fire	31	31	30	29	29	28	27	28	31	34
Leisure Time Activities										
Parks and recreation	22	21	20	20	20	20	20	19	18	18
Community Development										
Planning and Zoning	4	4	4	4	4	4	4	3	4	4
Building Inspection	10	8	8	8	8	8	8	8	8	8
Economic Development	1	1	1	1	1	1	1	1	1	1
Basic Utility Service										
Water	21	21	21	21	19	18	20	21	21	21
Wastewater	22	21	22	21	21	22	22	21	21	22
Transportation and Street Repair	30	29	28	27	27	27	28	27	28	28
Total	282	274	270	265	262	259	261	262	265	273

Source: City Finance Department



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
Community Environment										
Planning and Development										
Building permits issued	1,890	1,806	1,787	2,068	1,771	1,720	1,712	1,834	1,838	1,882
Building inspections conducted	2,841	3,250	2,665	2,904	2,820	2,542	2,554	3,229	3,477	2,858
Economic Development										
Value of Residential Construction	\$7,878,345	\$7,131,659	\$6,581,580	\$8,020,432	\$6,689,302	\$5,589,157	\$7,516,667	\$9,058,653	\$9,667,134	\$8,551,521
Value of Commercial Construction	\$10,637,756	\$18,436,106	\$16,158,312	\$22,505,453	\$27,617,808	\$25,374,335	\$35,644,173	\$122,371,102	\$56,811,744	\$49,150,566
General Government										
Finance Department - Income Tax										
Income Tax Refunds	1,060	1,108	948	1,063	928	959	1,022	847	819	985
Dollar Amount of Refunds	\$838,260	\$733,150	\$488,939	\$493,998	\$475,670	\$3,322,818	\$1,538,826	\$564,945	\$1,477,354	\$623,538
Average Refund Amount	\$791	\$662	\$516	\$465	\$513	\$3,465	\$1,506	\$667	\$1,804	\$633
Court										
Number of Criminal Cases	4,702	4,478	4,334	3,359	3,215	3,590	2,869	3,303	3,464	4,065
Number of Civil Cases	1,837	1,660	1,667	1,459	1,223	1,185	1,152	1,188	1,306	1,438
Construction Services										
Square Footage of Sidewalk Repairs	32,598	19,432	31,350	13,951	24,976	17,460	19,036	25,700	13,800	10,906
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	3,612	3,458	3,476	2,802	2,732	2,485	2,430	2,851	3,509	3,461
Juvenile	387	355	26	222	258	295	255	265	286	279
Citations	3,432	3,208	2,555	2,310	3,043	2,842	2,980	3,048	3,450	3,609
Accidents	1,283	1,207	1,232	1,237	1,144	1,322	1,440	1,358	1,386	1,447
Fire										
Emergency responses	4,355	4,676	5,378	5,465	5,437	5,870	4,972	5,593	6,089	5,453
Fire Calls	1,022	879	869	906	866	944	915	806	873	1,002
Inspections	2,100	2,124	2,136	1,526	1,855	1,934	1,846	1,460	1,441	1,752
Transportation										
Public Works										
Number of Street Miles Resurfaced	6	7	5	4	13	15	12	11	14	32
Tons of Street Salt Used	5,277	8,146	3,671	1,177	4,686	4,315	4,368	2,213	1,197	4,286
Cubic Yards of Leaves Picked-up	6,074	4,396	2,929	3,952	3,959	4,152	5,346	5,676	4,150	6,081

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
Leisure										
Parks and Recreation										
Number of Theater Patrons	13,775	15,516	14,395	14,345	12,195	14,120	14,158	15,336	13,562	12,630
Number of Pool Admissions	41,747	34,741	46,505	34,838	24,090	24,641	26,511	26,062	24,893	29,621
Program Attendance:										
Youth/Preschool	26,464	19,710	18,861	21,796	20,073	20,805	19,418	20,570	20,946	22,647
Fitness	12,695	12,298	12,254	12,479	9,636	8,976	5,659	5,838	6,600	8,502
Senior Activities	12,957	14,521	13,559	16,323	18,047	17,898	19,160	19,896	20,500	20,540
Water										
Water main breaks	65	64	60	57	64	81	56	71	59	72
Average daily consumption (millions of gallons)	5.360	5.250	5.200	5.149	5.068	4.998	4.597	5.219	5.430	5.34
Peak daily consumption (millions of gallons)	8.208	7.749	7.407	8.282	7.746	6.978	6.884	7.256	7.319	8.28
Wastewater										
Average daily sewage treatment (millions of gallons)	5.679	5.084	4.934	4.955	5.323	5.182	5.216	4.779	5.133	5.791

Source: Various City Departments

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
General Government										
Municipal Building (square footage)	19,284	19,284	19,284	19,284	19,284	19,281	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	26	26	27	24	24	21	25	28	24	24
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	5	5	5	4	4	4	4	4	4	4
Number of EMS Vehicles	4	4	4	4	4	4	4	4	4	4
Public Works										
Area of City (square miles)	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18	20.18
Streets (miles)	160.5	160.5	160.6	160.7	166.3	166.3	180.0	180.0	180.0	180.0
Highways (miles)	7.14	7.14	7.27	7.27	7.27	7.27	7.27	7.27	7.27	7.27
Streetlights	1,525	1,525	2,962	2,962	2,962	2,983	2,983	2,986	2,986	2,986
Traffic signals	58	58	60	61	61	63	61	61	61	61
Parks and Recreation										
Number of Parks	25	25	25	26	29	29	37	35	35	36
Area of Parks (acreage)	469	469	469	577	676	538	665	659	827	827
Playgrounds	12	12	12	15	14	21	14	14	14	14
Baseball/softball diamonds	16	16	16	16	18	21	20	20	20	20
Soccer/football fields	11	11	11	11	12	17	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)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Water Mains (miles)	172.00	172.00	172.00	172.00	172.00	169.00	169.00	169.00	170.00	170.00
Fire hydrants	2,384	2,384	1,965	1,965	1,966	2,000	2,000	2,000	2,000	2,000
Sewers										
Treatment Capacity (millions of gallons)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Sanitary Sewers (miles)	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00	175.00

Source: Various City Departments