

CITY OF FAIRFIELD, OHIO
2019
ANNUAL INFORMATION STATEMENT
in Connection with Bonds and Notes of



This Annual Information Statement pertains to the operations of the City of Fairfield for the calendar year 2018 (where possible, 2019 data has been provided).

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

The date of this Annual Information Statement is August 1, 2019.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT	1
THE CITY	2
City Government.....	2
General Government.....	3
Administration of Justice System	4
City-Owned Utilities	5
Financial Management.....	5
Income Tax and Other Major Fees and Charges	5
Management of City Facilities.....	5
Personnel Administration.....	6
Employee Relations	6
City Services and Responsibilities.....	7
Demographic Information.....	7
ECONOMIC INFORMATION	7
Business and Industry	7
Transportation	10
Utilities.....	11
Fire and Police Services.....	11
Print and Broadcast Media.....	12
Culture, Recreation and Education	12
Employment Statistics	14
Largest Employers in Fairfield	14
Largest Employers in Cincinnati Metropolitan Area.....	15
Income and Housing Data.....	15
Building Permits, Home Construction and Housing Valuation.....	16
FINANCIAL MATTERS	16
Introduction.....	16
Budgeting, Tax Levy and Appropriations Procedures.....	16
Financial Reports and Examinations of Accounts	17
Insurance	18
INVESTMENT POLICIES OF THE CITY OF FAIRFIELD.....	18
AD VALOREM TAXES	19
Assessed Valuation	19
Largest Taxpayers	20
Ad Valorem Tax Rates.....	20
Replacement Payments for Reduction or Elimination of Certain Ad Valorem Taxes	23
Collection of Ad Valorem Property Taxes and Special Assessments	25
Delinquency Procedures	26
OTHER MAJOR CITY GENERAL FUND REVENUE SOURCES	27
Income Tax	27
Joint Economic Development.....	27
Local Government Fund	28

City General Fund.....	29
SECURITY AND SOURCES OF PAYMENT FOR GENERAL OBLIGATION BONDS AND NOTES.....	29
Ad Valorem Property Tax Security	29
Sources of Payment.....	30
INVESTMENT CONSIDERATIONS	31
Municipal Fiscal Emergency Legislation	31
CITY DEBT AND OTHER LONG TERM OBLIGATIONS.....	33
Statutory Direct Debt Limitations.....	33
Indirect Debt Limitations and Overlapping Debt	34
Bond Anticipation Notes.....	35
Debt Currently Outstanding.....	36
Long Term Obligations Other Than Bonds and Notes	40
Pension Obligations	40
LEGAL MATTERS.....	41
Litigation.....	41
Bond Counsel.....	41
RATINGS	42
CONTINUING DISCLOSURE.....	42
CONCLUDING STATEMENT	43

APPENDICES

APPENDIX A	2018 Comprehensive Annual Financial Report
APPENDIX B	2019 Budget Appropriation Summary
APPENDIX C	Financial Statement
APPENDIX D	Ten Mill Certificate
APPENDIX E	Rates of Taxation in Butler County, Ohio

CITY OF FAIRFIELD, OHIO



INTRODUCTORY STATEMENT

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

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

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

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

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

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

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

THE CITY

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

City Government

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

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

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

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

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The current elected and appointed City Officials are:

<u>Legislative</u>		Initial Consecutive Term Commenced or <u>Appointed</u>	Present Term <u>Expires</u>
Mayor	Steve Miller	01/01/14	12/31/21
Council Member	Craig Keller	01/01/16	12/31/19
Council Member	Bill Woeste	01/01/14	12/31/21
Council Member	Chad Oberson	01/01/14	12/31/21
Council Member	Leslie Besl	09/12/17	12/31/19
Council Member	Ron D'Epifanio	01/01/18	12/31/21
Council Member	Tim Abbott	01/01/16	12/31/19
Council Member	Debbie Pennington	01/01/12	12/31/19
Clerk of Council	Alisha Wilson	06/01/12	Indefinite

Executive

City Manager	Mark Wendling
Assistant City Manager	Dan Wendt
Finance Director	Scott Timmer
City Law Director	John Clemmons
Police Chief	Stephen Maynard
Fire Chief	Donald G. Bennett
Director of Public Utilities	Adam Sackenheim
Director of Public Works	David Butsch
Parks and Recreation Director	Tiphonie Howard
Development Services Director	Greg Kathman

General Government

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

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

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

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

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

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

Administration of Justice System

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

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

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

City-Owned Utilities

The Fairfield Department of Utilities provides water and sewage treatment on a citywide basis. It employs 40 full-time employees and its 2018 annual payroll was \$1,640,964 for the Water Division and \$1,722,559 for the Wastewater Division. The Department operates one water plant with a production capacity of 10.5 million gallons per day, with an average daily demand of 5.2 million gallons per day. Wastewater is treated by the City's one treatment plant, which has a treatment capacity of 10 million gallons per day and a hydraulic capacity of 15 million gallons per day. For 2018, the average daily demand at the wastewater treatment plant was 5.77 million gallons per day. The Department maintains approximately 180 miles of water lines and 180 miles of sewer mains.

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

Financial Management

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

Income Tax and Other Major Fees and Charges

The one and one half percent (1.5%) municipal income tax was the largest source of revenue for the City in 2018, and sewer and water charges were the second largest source of revenue. Other taxes, including ad valorem property taxes collected by Butler County and returned in part to the City (see "Ad Valorem Taxes" herein), and state-shared taxes accounted for the third largest portion of the City's revenues.

Management of City Facilities

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

Personnel Administration

Personnel wages and personnel-related expenses of \$13,663,299 accounted for the largest share of the City's general fund expenditures in 2018 at approximately 49% of all expenses. Council controls the offices of City Manager and City Law Director and also funds all other personnel costs of the City, with the power to approve or disapprove salary and wage appropriations submitted in the operating budgets for all City employees.

Employee Relations

As of December 31, 2018, the City of Fairfield employed approximately 273 full-time and 278 part-time and seasonal employees in various job classifications. Its 2018 annual payroll was \$24,825,718.

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

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

The City has labor agreements with the following employee unions:

<u>Union</u>	<u>Type of Personnel Covered</u>	<u>Number of Employees Covered</u>	<u>Date Contract Commenced</u>	<u>Date Contract Expires</u>
Fire IAFF 4010	Fire	30	4/1/17	3/31/20
AFL-CIO Local 20	Wastewater	22	3/1/17	2/28/20
FOP Lodge 166	Police	58	4/1/17	3/31/19*
AFSCME	Water, Street, Park, Clerical	91	4/1/17	3/31/20

* Currently in mediation

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

City Services and Responsibilities

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

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

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

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

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

Demographic Information

Population. The estimated 2017 population of the City was 42,566 people. Statistics from the last four U.S. Censuses and the 2017 American Community Survey of population are indicated below.

	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017</u>
City of Fairfield	30,777	39,729	42,097	42,510	42,566
Butler	258,787	289,199	332,807	368,130	380,604
County Cincinnati MSA	1,401,491	1,452,656	1,634,600	2,114,580	N/A

Source: U.S. Bureau of the Census, 2017 American Community Survey.

ECONOMIC INFORMATION

Business and Industry

General. Because the City lies at the southern boundary of Butler County, residents work in Butler County and in Hamilton County, immediately to the south. Both counties are part of the Cincinnati Metropolitan Area (the "Metropolitan Area"). The Metropolitan Area includes 15 counties: Hamilton, Butler, Warren, Clermont, and Brown counties in Ohio; Boone, Bracken, Campbell, Kenton, Gallatin, Grant and Pendleton counties in Kentucky; and Dearborn, Franklin and Ohio counties in Indiana.

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

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

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

Economic Development. The City is continuing its strong efforts to attract and retain quality economic development projects. The Enterprise Zone and Community Reinvestment Area Programs have been widely used by the City to encourage businesses to relocate in the City of Fairfield. The City currently has 12 active Community Reinvestment Area Programs covering the manufacturing, services and financial industries.

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

Pacific Manufacturing Ohio, Inc. is an automotive parts manufacturer, making a variety of metal and plastic component parts. Pacific is a Tier 1 auto parts supplier to Toyota, along with also supplying parts for Honda, Mitsubishi and Subaru. Pacific has operated in Fairfield for more than 25 years and has grown considerably over that time. Pacific recently completed construction on a 72,000 square foot expansion to accommodate large new stamping machines. Total new investment over the next three years is estimated at \$50 million, which includes \$5 million in new building construction and \$45 million in new machinery and equipment. The additional jobs have kept Pacific Manufacturing as one of the City's top employers.

Koch Foods, the City's largest utility user and one of its largest employers, completed a 179,000 square foot expansion in 2015 doubling the plant's capacity with the last production line brought into service in 2017. Koch Foods, one of the largest integrated poultry processing centers in the country, invested over \$42 million in its current location on Port Union Road in Fairfield. The City assisted the project with a 10-year, 75% property tax exemption on the increased value of the addition and will rebate a portion of the company's sewer fees, while the State of Ohio assisted with a job creation tax credit.

Services. Veritiv Corporation is a business-to-business supplier that provides printing, publishing, packaging, and facility solutions for its customers. Recently named #323 on the 2018 Fortune 500 list, the company relocated a major customer service center to Fairfield in 2016. The company leased nearly 80,000 square feet of office space in the Gilmore Pointe office building and invested more than \$2 million to renovate the space and now Veritiv is one of the City's top employers.

Other. Northpointe Development finished construction on a new \$30 million industrial/logistics park near the intersection of Union Centre Boulevard and Seward Road in Fairfield in 2017. The buildings have some occupants and are actively marketing for additional tenants.

Duke Realty constructed a new 446,500 square foot industrial warehouse facility on Union Centre Boulevard in Fairfield. The \$10 million investment was completed in 2016 and is being actively marketed for tenants.

Becknell Industrial is constructing a new \$10 million 176,800 square foot industrial warehouse facility on Commerce Center Drive in Fairfield. The construction is expected to be complete in 2018 and is being actively marketed for tenants

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

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

Located near Mercy Hospital Fairfield off of Mack Road are two subdivisions; Fairview Hills and Lunsford Estates. Fairview Hills is a subdivision of 26 lots on the north side of Mack Road with one lot available for construction. Lunsford Estates is a subdivision of 14 lots located on the south side of Mack Road with 4 remaining lots available for construction. Both subdivisions are located close to Interstate 275 and retail shopping areas.

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

The Olde Winton subdivision located off of Winton Road has 39 small lots, rear-alley access, and white picket fences, giving it a neo-traditional feel. This subdivision offers detached

houses or ranch-style duplexes. This subdivision has approximately one-third of the lots available for construction.

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

Construction was completed on a 199 unit apartment complex for individuals over age 55 called Fairfield Village Senior Apartments located off of Patterson Drive. These apartments are designed for independent living and will provide residents with many amenities including a parking garage.

Transportation

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

The Metropolitan Area is also on the 15,000-mile Great Mississippi River Inland Waterway and Intracoastal Canal System. As a major Ohio River port with 37 commercial water terminals, Cincinnati is the second largest inland coal port. Towboats also handle petroleum, iron, steel, grain, chemicals, fertilizer and automobiles. One hundred seventy-five (175) million tons are annually transported on the Ohio River. There are eight barge lines based in the area with 36 barge lines serving the area.

Three airports serve the City's residents. The most important of these is the Cincinnati/Northern Kentucky International Airport, located in Northern Kentucky and approximately 42 minutes from the City via two interstate routes. The airport is served by 10 major, regional and commuter scheduled air carriers providing non-stop service to 56 cities. Delta Airlines has established the Cincinnati/Northern Kentucky International Airport as a major regional hub for its network. Southwest Airlines began service in June 2017.

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

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

(eight miles) and the Butler Regional Highway; a four-lane, 16 mile, limited access highway that connects the City of Hamilton to I-75. U.S. Route 127 also passes through the City.

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

Approximate Distance from Fairfield to Major Urban Markets

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

Source: Google Maps.

Utilities

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

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

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

Fire and Police Services

Fire protection in the City is provided by the City's fire department, which operates 3 fire stations and 1 mobile command unit (which are located in the City), and 21 vehicles including 2 quints with ladders 75 feet or higher, 2 fully equipped pumpers, 1 heavy rescue vehicle, 1 mass casualty unit, and 1 grass fire unit. The fire department has mutual aid response agreements with other nearby municipalities. The fire department employs 1 chief, 2 deputy chiefs and 21 full-time fire fighters/paramedics with support from 50 part-time staff members and 9 full-time senior

officers. Crews are on duty at the station 24 hours a day. The City's fire insurance rating is Class 2.

The City's nationally accredited police department consists of 61 commissioned officers, including the chief, 3 majors/deputy chiefs, and 10 sergeants. The police department also employs 4 part-time park rangers, 10 full-time dispatchers, 10 full-time non-commissioned employees including a juvenile diversion counselor, and 8 part-time non-commissioned employees. The department has 3 canines assigned to evening and night shifts.

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

Print and Broadcast Media

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

Culture, Recreation and Education

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

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

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

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

The educational environment in the Metropolitan Area is set by more than 23 universities, colleges and vocational and technical schools. Approximately 68% of the 572 teachers in the City's public schools have more than a Baccalaureate degree, and the average years of teaching experience is thirteen years. For the school year 2018-2019, the total enrollment was approximately 9,899 students, grades pre-school through 12, in the Fairfield City School District.

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

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

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

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

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

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

The Metropolitan Area supports the Cincinnati Reds of Major League Baseball, the nation's first professional baseball team, as well as the Cincinnati Bengals of the National Football League and the Cincinnati Cyclones, a minor league team competing in the East Coast Hockey League. Horse racing takes place at nearby Turfway Park, Belterra Park Gaming & Entertainment Center and Miami Valley Gaming.

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

Employment Statistics

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

<u>Year</u>	<u>Fairfield City</u>	<u>Butler Co.</u>	<u>Hamilton Co.</u>	<u>State of Ohio</u>	<u>United States</u>
2014	5.0%	5.4%	5.3%	5.7%	6.2%
2015	4.2	4.5	4.4	4.9	5.3
2016	3.9	4.4	4.4	4.9	4.9
2017	4.0	4.4	4.3	5.0	4.4
2018	3.6	4.1	4.1	4.5	3.9

Source: Ohio Department of Job & Family Services.

Largest Employers in Fairfield

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
1. Cincinnati Financial Corporation	Insurance	3,901
2. Mercy Hospital Fairfield	Hospital	2,154
3. Koch Foods	Food Manufacturing	1,636
4. Fairfield City Schools	Education	1,465
5. Pacific Industries	Manufacturing	863
6. Jungle Jim's Market	Grocery	739
7. Liberty Mutual	Insurance	611
8. Express Scripts	Prescription Management	600
9. City of Fairfield	Government	576
10. Veritiv Operating	Logistics	569

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

Largest Employers in Cincinnati Metropolitan Area

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Approx. Number of Employees</u>
The Kroger Co. †	Consumer Goods Distribution	15,668
Children's Hospital Medical Center	Healthcare	15,661
Cincinnati/Northern Kentucky International Airport	International Travel	13,678
TriHealth Inc.	Healthcare	12,500
UC Health	Healthcare	10,991
University of Cincinnati	Education	10,798
Mercy Health Partners	Healthcare	10,500
The Procter & Gamble Co. †	Consumer Goods Distribution	10,000
GE Aviation	Aircraft Engines	9,700
St. Elizabeth Healthcare	Healthcare	8,587
Fifth Third Bank †	Financial Institution	7,503
City of Cincinnati	City Government	6,671
Christ Hospital Health Network	Healthcare	6,197
Cincinnati Public Schools	Education	6,084
Kings Island	Amusement Park	5,000
Internal Revenue Service	Federal Government	4,657
Hamilton County	County Government	4,534
Miami University	Education	4,250
Amazon.com LLC	Selling, Fulfillment, and Distribution	4,000
Fidelity Investments	Financial Services	3,900
U.S. Bank National Association	Financial Institution	3,638
Macy's Inc.	Fashion Retailer	3,600
Boone County Schools	Education	3,400
Cincinnati Financial Corp.	Financial Institution	3,334
State of Ohio	State Government	3,215

†Fortune 500 company with headquarters located in Greater Cincinnati.

Source: Cincinnati Business Courier 2018-2019 Book of Lists (Ranked by local employees as of July 2018)

Income and Housing Data

The following shows the Median Household Income, Per Capita Income, Median Home Value, and the Median Family Income for the City, according to the U.S. Census 2016 American Community Survey, in comparison to Butler County, the State of Ohio and the United States:

	<u>City of Fairfield</u>	<u>Butler County</u>	<u>State of Ohio</u>	<u>United States</u>
Median Household Income	\$60,336	\$59,652	\$50,674	\$55,322
Per Capita Income	28,653	28,556	27,800	29,829
Median Home Value	146,800	159,800	131,900	184,700

Source: U.S. Census Bureau, 2016 American Community Survey.

Building Permits, Home Construction and Housing Valuation

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

<u>Year</u>	<u>Residential</u>	<u>Non-Residential</u>	<u>Combined Total Estimated Value</u>
2014	9	2	\$1,655,000
2015	11	6	12,982,742
2016	18	12*	82,892,252*
2017	23	12	25,113,202
2018	15	10	16,076,847

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

Source: City of Fairfield Building Department.

FINANCIAL MATTERS

Introduction

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

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

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

Budgeting, Tax Levy and Appropriations Procedures

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

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

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

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

By statute, no later than each January, the City Council must adopt a temporary appropriation measure and by April 1, a permanent appropriation measure for that fiscal year. On December 10, 2018, the City adopted a final budget for 2019, alleviating the need to comply with the above-described steps. Annual appropriations should not exceed the County Budget Commission’s official estimates of resources and appropriation measures are to be certified by the County Auditor as not appropriating more moneys than set forth in those latest official estimates.

Financial Reports and Examinations of Accounts

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

The City received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report for the Fiscal Years Ended December 31, 1986 through December 31, 2003 and December 31, 2005 through December 31, 2017.

The most recent examination of the Director of Finance’s accounts and records by an independent certified public accountant has been completed through December 31, 2018.

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

Appendix A contains portions of the City’s Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018. Appendix B presents a summary of the City’s 2019 Budget.

Insurance

The City carries insurance to cover general liability risks, fire protection, police professional liability, automobile fleet and errors and omissions for public officials. The City has thirteen separate policies to cover these risks, and the policies are purchased from private insurance companies with coverage ranging from \$1 million to \$20 million.

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

INVESTMENT POLICIES OF THE CITY OF FAIRFIELD

Chapter 135 of the Ohio Revised Code sets forth the requirements and limitations for investments of the state's political subdivisions, including the City. Under Section 135.14 of the Revised Code, the City may invest its funds provided that such investments must mature or be redeemable within five years from the date of purchase.

The City invests in United States Treasury obligations and eligible guaranteed obligations of the United States, commercial paper, bankers acceptances, the State Treasurer's investment pool ("Star Ohio") certificates of deposit, repurchase agreements and mutual funds which are invested exclusively in United States Treasury obligations. All investments comply with the limitations with respect to length of maturities contained in Chapter 135 of the Ohio Revised Code (the Uniform Depository Act). The City interprets the limits on federal guaranteed investments, bankers acceptances, commercial paper and all other legal investments very conservatively. The City has never owned any derivative type investments, interest only investments or reverse repurchase agreements. The City Finance Director has attended special training in all of the

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

The City values safety, liquidity and return, in that order. Interest earned by the City in 2018 totaled \$901,613.

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

AD VALOREM TAXES

Assessed Valuation

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

Tax Duplicate	Collection		Public Utility		%
<u>Year</u>	<u>Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Total</u>	<u>Change</u>
2014	2015	\$906,549,590	\$37,102,730	\$943,652,320	(1.62)%
2015	2016	903,236,750	38,373,230	941,609,980	(0.22)
2016	2017	903,261,470	41,633,890	944,895,360	0.35
2017	2018	956,212,820	43,078,190	999,291,010	5.76
2018	2019	990,153,600	47,339,530	1,037,493,130	3.83

Source: Butler County Auditor.

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

The tax year 2018 (collection year 2019) assessed valuation of \$1,037,493,130 for the City is comprised of the following types of property in the indicated amounts:

<u>Type</u>	<u>Assessed Valuation</u>	<u>Percent of Total</u>
Residential	\$604,475,830	58.27%
Agricultural	2,000,400	0.19
Commercial	258,053,650	24.87
Industrial	125,548,090	12.10
Public Utility		
Real Property	75,630	0.01
Personal Property	47,339,530	4.56
TOTAL	\$1,037,493,130	100.00%

Largest Taxpayers

The following table shows property taxes payable, total assessed valuation, and the percentage of the City's total assessed valuation for the top ten taxpayers within the City for tax collection year 2019 (tax year 2018):

Tax Table A
Largest Taxpayers

	<u>Taxpayer</u>	<u>Taxes Payable</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
1.	Duke Energy Ohio Inc.	\$3,873,887	\$45,374,290	4.37%
2.	LIT Industrial LTD Partnership	821,010	13,471,500	1.30
3.	NP Seward Rd LLC	637,844	10,468,400	1.01
4.	Boymel Family LLC	490,951	8,055,750	0.78
5.	Cincinnati Financial Corp.	483,258	7,944,520	0.77
6.	Duke Realty Ohio	481,697	7,903,900	0.76
7.	Fath Village Park Apartments LLC	401,536	6,588,590	0.63
8.	Ohio Casualty Insurance Co.	369,822	6,083,640	0.59
9.	Sisters of Mercy	364,674	5,983,750	0.58
10.	Camelot East Owners LLC	<u>348,412</u>	<u>5,716,900</u>	<u>0.55</u>
	TOTAL	\$8,273,091	\$117,591,240	11.34%

Source: Butler County Auditor.

During 2014, Butler County experienced the statutory sexennial, on-site reappraisal of real property, whereby the true value of real property was adjusted to reflect current market values as of January 1, 2014. The laws of the State of Ohio presently require that the County Auditor reassess real property at any time the County Auditor finds that the true or taxable value thereof has changed, and in the third calendar year following the year in which a sexennial reappraisal is completed if ordered by the State Commissioner of Tax Equalization (the "Commissioner"). Such triennial update, which is not accomplished by on-site inspection, was completed during 2017.

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

Ad Valorem Tax Rates

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

Tax Table B
(Tax Year 2018, Collection Year 2019)

	<u>Inside</u> <u>10-Mill</u>	<u>Outside</u> <u>10-Mill</u>	<u>Total</u>
City of Fairfield			
General Fund	0.99	--	0.99
Police Pension	0.30	--	0.30
Fire Levy	--	7.15	7.15
City Total	1.29	7.15	8.44
Board of Education*			
General Fund	6.79	51.71	58.50
Permanent Improvement	--	0.50	0.50
Bond Retirement	--	4.80	4.80
Joint Vocational School**	--	1.93	1.93
Board Total	6.79	58.94	65.73
Butler County			
General Fund	1.92	--	1.92
Child Services	--	2.00	2.00
Comprehensive Mental Health	--	1.50	1.50
Library	--	0.75	0.75
Park	--	0.70	0.70
Mental Retardation	--	3.00	3.00
Senior Citizens	--	1.30	1.30
County Total	1.92	9.25	11.17
TOTAL TAX RATES	10.00	75.34	85.34

Source: Ohio Municipal Advisory Council.

*Fairfield City School District

**Butler Technology Career Development

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

<u>Duplicate</u> <u>Year</u>	<u>Collection</u> <u>Year</u>	<u>City</u> <u>Rate</u>	<u>County</u> <u>Rate</u>	<u>School*</u> <u>Levy</u>	<u>JVSD**</u>	<u>Park</u>	<u>Library</u>	<u>Total</u>
2014	2015	5.94	9.72	65.80	1.93	0.50	0.75	84.64
2015	2016	5.94	9.72	64.50	1.93	0.50	0.75	83.34
2016	2017	8.44	9.72	64.30	1.93	0.70	0.75	85.84
2017	2018	8.44	9.72	64.30	1.93	0.70	0.75	85.84
2018	2019	8.44	9.72	63.80	1.93	0.70	0.75	85.34

Source: Butler County Auditor.

*Fairfield City School District

**Butler Technology Career Development

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

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

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

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

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

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

can file for a reduction in assessed value. If the evidence which the property owner submits justifies the decrease, the board of tax appeals will grant all or part of the reduction requested.

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

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

Replacement Payments for Reduction or Elimination of Certain Ad Valorem Taxes

As part of the various law changes that accompanied the deregulation of electric utility and natural gas companies in 1999-2000, property tax assessed value for public utility tangible property (“PUTP”) taxes levied by school districts and other local taxing units were reduced. The Ohio General Assembly enacted a program whereby school districts and other local taxing units were reimbursed for these losses, although the payments are subject to a phase-out. In 2005, the General Assembly enacted legislation to gradually repeal the business tangible personal property tax (“TPP”, and together with PUTP, “excluded property”) on manufacturing-related equipment, causing schools and other local taxing units to face more reductions in property tax revenues. A subsequent reimbursement program was implemented to replace the lost revenues, which was also scheduled to be phased out. The reimbursement payments for loss of the excluded property tax revenues are collectively referred to as “replacement payments” and references to “fiscal year” in this section are to the State’s fiscal year. In 2011, the General Assembly adopted modifications to the reimbursement methodology, generally accelerating the original phase-out schedule and reducing replacement payments. Legislation adopted in 2015 again altered the reimbursement formula to base replacement payments on relative need, which is measured by calculating a taxing unit’s replacement payments as a percentage of total revenue sources available to the applicable unit for current operating purposes.

For fixed rate, current expense levies, replacement payments to taxing units are based on a ratio of the proceeds of such levies to total resources of the taxing unit. Taxing units will receive replacement payments to the extent that the ratio is greater than an increasing threshold percentage. As currently enacted, these replacement payments will be phased out through fiscal year 2021. Replacement payments attributable to fixed-rate, non-current expense levies were completely phased out in fiscal year 2016. Replacement payments attributable to emergency levies will be phased out over five years, beginning with fiscal year 2017 (with respect to PUTP values) and fiscal year 2018 (with respect to TPP values).

Replacement payments for voter-approved debt levies will continue to be paid in the same amount paid in fiscal year 2014 until the levy is no longer imposed. Unvoted school district debt levies which qualified for reimbursement in fiscal year 2015 were reimbursed through fiscal year 2016 (with respect to PUTP values) and fiscal year 2018 (with respect to TPP values). Unvoted

debt levies of other local taxing units which qualified for reimbursement in calendar year 2015 were reimbursed through calendar year 2016 (with respect to PUTP values) and calendar year 2017 (with respect to TPP values).

For additional information, please reference the Ohio Department of Taxation website at [http://www.tax.ohio.gov/personal _property/phaseout.aspx](http://www.tax.ohio.gov/personal_property/phaseout.aspx).

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

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Collection of Ad Valorem Property Taxes and Special Assessments

The following are the amounts billed and collected by Butler County as ad valorem taxes on the tax duplicates of the County for property in the City, and the special assessments billed and collected, for the indicated tax collection years.

Real Estate and Public Utility

Collection <u>Year</u>	Current <u>Billed</u>	Current <u>Collected</u>	<u>%</u>	Delinquent <u>Collected</u>
2014	\$5,245,233	\$5,081,457	96.90%	\$168,336
2015	5,219,376	5,099,800	97.70	115,661
2016	5,222,810	5,162,111	98.80	102,848
2017	7,695,087	7,561,109	98.26	162,361
2018	7,864,880	7,730,567	98.29	161,180

Source: Butler County Auditor.

Special Assessments

Collection <u>Year</u>	Current <u>Billed</u>	Total <u>Collected*</u>	<u>%</u>
2014	\$712,254	\$676,237	94.90%
2015	354,389	470,410	132.76
2016	461,192	452,980	98.20
2017	390,219	378,794	97.07
2018	278,196	276,276	99.31

* Includes delinquent assessments.

Source: Butler County Auditor.

Service Payments in Lieu of Taxes (TIF)

Collection <u>Year</u>	Current <u>Billed</u>	Current <u>Collected</u>
2014	\$9,128	\$799
2015	160,592	30,768
2016	157,638	31,180
2017	164,671	39,282
2018	213,226	68,723

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

Included in the above figures for ad valorem property taxes “Billed,” “Collected,” and “% Collected” are certain real property tax relief payments made by Ohio from State revenue sources; such payments are not made with respect to special assessments. The “Homestead Exemption” is made available for people over 65; people who are permanently disabled; or are the surviving spouse of a qualified homeowner who is at least 59. All must prove they earn less than \$30,000 a year beginning tax year 2014. Ohio law provides for the payment to taxing subdivisions from State funds of an amount equaling approximately 10% (12½% with respect to owner-occupied non-business residential property) of ad valorem real property taxes levied, thereby reducing the tax obligation of any real property owner in any given year by an equivalent percentage. As an indication of the extent of such State assistance as applied to the City’s share of the County’s tax collections, the “Homestead Exemption” and the “rollback” payment made by Ohio to the City in 2018 was \$684,591. Legislation eliminated the 12.5% “rollback” for all new and replacement levies approved at the November 5, 2013 election and thereafter.

Delinquency Procedures

Taxes for real and utility property for fiscal year 2018 became a lien on January 1, 2019.

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

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

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

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OTHER MAJOR CITY GENERAL FUND REVENUE SOURCES

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

The City collects revenues from a number of fees, permits and licenses issued by the City's various departments and agencies. The City also collects revenue from the operations of the Fairfield Municipal Court for fines, court costs and bond forfeitures. In 2018, the total amount collected from these sources amounted to \$2,262,350.

Income Tax

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

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

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

<u>Year</u>	<u>Tax Rate</u>	<u>Tax Collections</u>
2014	1.5%	\$26,532,187
2015	1.5	27,461,579
2016	1.5	29,119,482
2017	1.5	30,722,921
2018	1.5	31,113,019

Joint Economic Development

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

The terms of the Fairfield JEDD agreement are currently being renegotiated. As of December 31, 2018, this JEDD has no activity.

The City also partnered with West Chester Township and the City of Springdale to create the West Chester Township JEDD. The only employer currently located in the JEDD is the General Electric Company (or “GE”). GE consolidated engineering operations from its Evendale and Springdale facilities into these office buildings. The payroll for the JEDD in 2018 was \$197,252,156 with total collected taxes of \$2,054,003. The allocation to the partners for the first ten years is: Fairfield – 10%, West Chester – 83% and Springdale – 7%. In year eleven and beyond, the allocation is: Fairfield – 10% and West Chester – 90%. The following table shows the revenues to the City:

West Chester Township JEDD

	JEDD
<u>Year</u>	<u>Revenues</u>
2014	\$177,942
2015	591,518*
2016	201,607
2017	186,937
2018	190,418

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

*Per the West Chester JEDD I agreement, 2015 revenues included a payment to Fairfield to cover any shortage in revenue based on the City’s capital contribution. The 2015 payment from West Chester Township to Fairfield was \$393,539 and is included in JEDD Revenues.

Local Government Fund

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

<u>Year</u>	<u>Amount</u>
2014	\$592,786
2015	648,390
2016	633,463
2017	633,668
2018	670,692

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City General Fund

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

<u>Year</u>	<u>Budget and General Fund Balance</u>
2014	\$14,828,533
2015	13,500,825
2016	14,298,164
2017	14,944,468
2018	18,597,107

Source City of Fairfield, Director of Finance.

SECURITY AND SOURCES OF PAYMENT FOR GENERAL OBLIGATION BONDS AND NOTES

Ad Valorem Property Tax Security

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

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

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

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

or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

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

Section 133.36 of the Revised Code permits a political subdivision, such as the City, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, and upon approval of the State Tax Commissioner, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision (also, see “Municipal Fiscal Emergency Legislation” herein). The taxing authority of such subdivision may, upon like approval of the State Tax Commissioner, refund its outstanding securities, whether matured or unmatured and exchange refunding bonds for the securities being refunded. In its order approving such refunding, the State Tax Commissioner shall fix the maturities of the bonds to be issued, which shall not exceed thirty years. No taxing subdivision is permitted, in availing itself of the provisions of the Bankruptcy Code, to scale down, cut down or reduce the principal sum of its securities except that interest thereon may be reduced in whole or in part.

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

Sources of Payment

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

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

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

INVESTMENT CONSIDERATIONS

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

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

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

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

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

Municipal Fiscal Emergency Legislation

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

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

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

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

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

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

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

CITY DEBT AND OTHER LONG TERM OBLIGATIONS

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

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

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

Statutory Direct Debt Limitations

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

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

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

Appendix C of this Annual Statement is a Financial Statement for the City, certified by the Finance Director, calculating the amount of the outstanding obligations of the City (including the Notes) which are subject to the total direct debt limit (10½% limit) and the unvoted direct debt limit (5½% limit). The total principal amount of voted and unvoted general obligation debt that could be issued by the City, subject to the 10½% total direct debt limitation is \$108,936,778 and the City’s net debt subject to such limitation presently outstanding is \$10,735,000 leaving a balance of approximately \$98,201,778 borrowing capacity issuable within such limitation on combined voted and unvoted non-exempt debt. The City has no voted debt outstanding which is subject to such limitation as indicated on pages 36 & 37 herein.

The total unvoted City general obligation debt that could be issued subject to the 5½% unvoted direct debt limitation is \$57,062,122. The net City debt subject to such limitation presently outstanding, is \$10,735,000, leaving a balance of approximately \$46,327,122 of additional unvoted non-exempt debt that could be issued by the City under such 5½% limitation.

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

Indirect Debt Limitations and Overlapping Debt

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

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

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

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

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

The Board of County Commissioners of the County of Butler, Ohio, cannot incur unvoted general obligation debt in excess of one percent of its assessed valuation, which debt must be included with voted county debt against an overall county debt limitation of three per centum (3%)

of the first one hundred million dollars (\$100,000,000) of its assessed valuation, plus one and one-half per centum (1½%) of the next two hundred million dollars (\$200,000,000), plus two and one-half per centum (2½%) of all assessed valuation in excess of three hundred million dollars (\$300,000,000). However, the board of county commissioners may authorize general obligation revenue or special assessment supported bonds for utilities and certain other purposes, which are exempt from unvoted debt limitations to the extent net revenues or assessments service such general obligation bonds. Such obligations are subject to the indirect tax or ten-mill limitation described above.

Appendix D of this Annual Information Statement is the most recent Ten-Mill Certificate, certified by the Butler County Auditor as of April 11, 2019, calculating the required tax rate, in mills, required to pay debt service for unvoted general obligation debt of the City and its overlapping political subdivisions for the fiscal year in which the debt service will be the highest. The Ten-Mill Certificate indicates all unvoted general obligation debt of the City and its overlapping subdivisions, require 4.4355 mills to be levied (2.2366 mills of which are attributable to the City), if the debt is not paid from other revenues, leaving 5.5645 mills of unused debt capacity under the direct limitation to the City and its overlapping political subdivisions for the issuance of additional unvoted general obligation debt.

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

Debt Table A
Fairfield Debt and Overlapping Debt
August 30, 2019*

Net Debt of City	\$18,575,000
Per Capita City Debt	\$436
City Debt as a percentage of Tax Valuation	1.84%
Net Overlapping Debt (all political subdivisions)	\$71,165,539
Per Capita Overlapping Debt	\$1,672
Overlapping Debt as a percentage of Tax Valuation	7.05%

Source: Ohio Municipal Advisory Council (OMAC).

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

Bond Anticipation Notes

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

As of August 1, 2019, the City had \$6,000,000 in the form of general obligation bond anticipation notes. The ability of the City to retire any bond anticipation notes from the proceeds of the sale of either renewal notes or bonds would be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing. Under Ohio law, the greater of ten and one-half percent or one percent below the base rate for advances and discounts to member banks in effect at the Federal Reserve Bank in the Second Federal Reserve District on its third business day preceding the day of adoption of the ordinances or resolution providing for the issuance of the bonds, notes or other obligations, is the highest annual interest rate permitted on general obligation bonds and notes of the City.

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

Debt Currently Outstanding

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

Debt Table B
Principal Amount of Debt Outstanding
as of August 1, 2019

General Obligation Bonds

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Coupon Maturity</u>	<u>Final Bond</u>	<u>Amount Outstanding</u>
10/30/09	Various Purpose	\$6,065,000	2.00-4.40	J1 - D1	12/1/29	\$280,000*
6/29/10	Road Improvements	9,125,000	2.00-6.09	J1 - D1	12/1/30	6,000,000
5/9/12	Various Purpose Ref.	7,930,000	2.00-3.00	J1 - D1	12/1/23	2,715,000
8/16/17	Various Purpose Ref.	<u>3,615,000</u>	1.50-4.00	J1 - D1	12/1/29	<u>3,580,000</u>
		\$26,735,000				\$12,575,000

*The remainder of these bonds were defeased with the proceeds of the 2017 Bonds.

Special Assessment Bonds

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Coupon Maturity</u>	<u>Final Bond</u>	<u>Amount Outstanding</u>
12/15/15	Sidewalk*	\$63,680	2.00%	J1	06/01/20	\$12,736
11/28/17	Sidewalk*	63,694	0.33-1.33	D1	12/01/21	38,133
11/28/17	Sidewalk*	43,116	0.18-0.90	D1	12/01/22	34,557
12/01/18	Sidewalk*	<u>38,109</u>	2.50	D1	12/01/23	<u>38,109</u>
		\$208,599				\$123,535

* These bonds are held by the City Treasury.

Bond Anticipation Notes

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

Bond Anticipation Notes

<u>Original Date of Issue</u>	<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
05/03/17	05/01/19	Various Purpose	\$5,000,000	3.00%	04/29/20	\$6,000,000

OWDA Loans

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

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

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Debt Table C-1
SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS
AUGUST 1, 2019
BY PRINCIPAL ONLY

	BOND	GENERAL	SPECIAL			% OF
	ANTICIPATION	OBLIGATION	ASSESSMENT	OWDA		PRINCIPAL
<u>DATE</u>	<u>NOTES²</u>	<u>BONDS</u>	<u>BONDS</u>	<u>LOANS</u>	<u>TOTAL</u>	<u>REMAINING</u>
12/31/19	\$180,000.00	\$1,280,000.00	\$28,439.88	\$0.00	\$1,488,439.88	92.04%
12/31/20	190,000.00	1,345,000.00	41,471.88	0.00	1,576,471.88	83.61
12/31/21	200,000.00	1,375,000.00	29,094.78	0.00	1,604,094.78	75.03
12/31/22	210,000.00	1,270,000.00	16,524.53	0.00	1,496,524.53	67.03
12/31/23	225,000.00	1,310,000.00	8,002.72	0.00	1,543,002.72	58.77
12/31/24	230,000.00	830,000.00	0.00	0.00	1,060,000.00	53.11
12/31/25	240,000.00	850,000.00	0.00	0.00	1,090,000.00	47.28
12/31/26	260,000.00	885,000.00	0.00	0.00	1,145,000.00	41.15
12/31/27	265,000.00	915,000.00	0.00	0.00	1,180,000.00	34.84
12/31/28	280,000.00	945,000.00	0.00	0.00	1,225,000.00	28.29
12/31/29	300,000.00	975,000.00	0.00	0.00	1,275,000.00	21.47
12/31/30	310,000.00	595,000.00	0.00	0.00	905,000.00	16.63
12/31/31	325,000.00	0.00	0.00	0.00	325,000.00	14.89
12/31/32	340,000.00	0.00	0.00	0.00	340,000.00	13.08
12/31/33	360,000.00	0.00	0.00	0.00	360,000.00	11.15
12/31/34	380,000.00	0.00	0.00	0.00	380,000.00	9.12
12/31/35	395,000.00	0.00	0.00	0.00	395,000.00	7.01
12/31/36	415,000.00	0.00	0.00	0.00	415,000.00	4.79
12/31/37	435,000.00	0.00	0.00	0.00	435,000.00	2.46
12/31/38	<u>460,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>460,000.00</u>	0.00
TOTALS	\$6,000,000.00	\$12,575,000.00	\$123,533.79	\$0.00	\$18,698,533.79	

* DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED AUGUST 1, 2019, FIRST INTEREST DECEMBER 1, 2019, FIRST MATURITY DECEMBER 1, 2019, LAST MATURITY DECEMBER 1, 2037, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON.

Debt Table C-2
SUMMARY OF DEBT SERVICE DUE ON OUTSTANDING OBLIGATIONS
AUGUST 1, 2019
BY TOTAL DEBT SERVICE

<u>DATE</u>	<u>BOND ANTICIPATION NOTES*</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>SPECIAL ASSESSMENT BONDS</u>	<u>OWDA LOANS</u>	<u>TOTAL</u>	<u>% OF DEBT SERVICE REMAINING</u>
12/31/19	\$330,000.00	\$1,549,231.25	\$29,991.96	\$0.00	\$1,909,223.21	92.47%
12/31/20	481,000.00	1,832,567.50	42,982.68	0.00	2,356,550.18	83.18
12/31/21	481,500.00	1,819,958.50	29,991.96	0.00	2,331,450.46	73.98
12/31/22	481,500.00	1,660,603.50	16,998.45	0.00	2,159,101.95	65.47
12/31/23	486,000.00	1,657,454.50	8,202.79	0.00	2,151,657.29	56.99
12/31/24	479,750.00	1,133,002.00	0.00	0.00	1,612,752.00	50.63
12/31/25	478,250.00	1,112,333.00	0.00	0.00	1,590,583.00	44.35
12/31/26	486,250.00	1,112,633.00	0.00	0.00	1,598,883.00	38.05
12/31/27	478,250.00	1,099,225.00	0.00	0.00	1,577,475.00	31.83
12/31/28	480,000.00	1,081,443.50	0.00	0.00	1,561,443.50	25.67
12/31/29	486,000.00	1,062,148.50	0.00	0.00	1,548,148.50	19.57
12/31/30	481,000.00	631,235.50	0.00	0.00	1,112,235.50	15.18
12/31/31	480,500.00	0.00	0.00	0.00	480,500.00	13.29
12/31/32	479,250.00	0.00	0.00	0.00	479,250.00	11.40
12/31/33	482,250.00	0.00	0.00	0.00	482,250.00	9.49
12/31/34	484,250.00	0.00	0.00	0.00	484,250.00	7.59
12/31/35	480,250.00	0.00	0.00	0.00	480,250.00	5.69
12/31/36	480,500.00	0.00	0.00	0.00	480,500.00	3.80
12/31/37	479,750.00	0.00	0.00	0.00	479,750.00	1.90
12/31/38	<u>483,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>483,000.00</u>	0.00
TOTALS	\$9,479,250.00	\$15,751,835.75	\$128,167.84	\$0.00	\$25,359,253.59	

* DEBT SERVICE ON THE NOTES IS COMPUTED AS IF THE NOTES WERE CONVERTED TO BONDS ISSUED AUGUST 1, 2019, FIRST INTEREST DECEMBER 1, 2019, FIRST MATURITY DECEMBER 1, 2019, LAST MATURITY DECEMBER 1, 2037, BASED ON LEVEL DEBT SERVICE AND A 5.00 % COUPON.

Future Financing

The City is not currently planning to issue any new money debt.

Long Term Obligations Other Than Bonds and Notes

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

Pension Obligations

Employers Contribution to Public Employees Retirement System

<u>Year</u>	<u>Employer's Contribution</u>	<u>Contribution</u>
2014	14.00%	\$1,821,634
2015	14.00	1,828,837
2016	14.00	1,856,993
2017	14.00	1,889,939
2018	14.00	1,930,559

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

OPERS provides coverage for approximately 184 present full and part-time employees of the City. Currently, employees contribute at a statutory rate of 10% of earnable salary or compensation. As indicated above, the City currently contributes at a rate of 14% of the same base, the rate statutorily established for OPERS. These rates are currently set to the statutory maximum by the OPRES Board. Benefits for members of OPERS are established under state laws.

The City's 2018 payroll for employees under OPERS was \$13,789,707. The City's current-year covered payroll for employees under OP&F was \$5,712,338 for Police and \$3,118,094 for Fire. The City's total payroll for the year ended December 31, 2018 was \$24,825,718. The City's annual pension contribution, which totaled \$3,792,807 for 2018 is treated as a current expense and is included in its operating expenditure.

OP&F provides coverage for approximately 94 full-time employees of the City's police and fire departments, who contributed at a statutory rate of 10% of gross earnings until July 2013, when the rate increased to 10.75%. As of July 2014, the rate increased to 11.5%. The City currently contributes (for the year 2014) at a rate of 19.5% for police employees and 24% for fire employees. This rate is fixed by the Board of Trustees of the OP&F on the basis of actuarial evaluations required by law to be made each year.

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

<u>Year</u>	<u>Amount</u>
2014	\$1,533,650
2015	1,573,492
2016	1,618,286
2017	1,697,168
2018	1,862,248

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

LEGAL MATTERS

Litigation

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

Bond Counsel

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

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

RATINGS

The City has a rating from Moody's Investors Service, Inc. for its outstanding general obligation bonds. That rating reflects only the views of such rating agency. Any explanation of the significance of the rating may only be obtained from the rating agency. The City furnished to the rating agency certain information and materials, some of which may not have been included in this Annual Statement, relating to the outstanding general obligation bond issues and the City. Generally, the rating agency bases their ratings on such information and materials and investigation, studies and assumptions by the rating agency. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the City's outstanding obligations.

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

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

CONTINUING DISCLOSURE

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

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CONCLUDING STATEMENT

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

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

CITY OF FAIRFIELD, OHIO

By: /s/ Scott Timmer
Director of Finance

Dated: August 1, 2019

APPENDIX A
2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

[SEE ATTACHED]

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

CITY OF **FAIRFIELD**



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.

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	vii
Public Officials	xi
Service Delivery Chart	xii
Certificate of Achievement for Excellence in Financial Reporting	xiii
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	23
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Statement of Fiduciary Assets and Liabilities	28
Notes to the Basic Financial Statements	29
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	77
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Levy Fund	80
Schedule of the City's Proportionate Share of the Net Pension Liability	
Ohio Public Employees Retirement System - Traditional Plan	81
Schedule of the City's Proportionate Share of the Net Pension Liability	
Ohio Police and Fire Pension Fund	82
Schedule of City Contributions for Net Pension Liability	
Ohio Public Employees Retirement System - Traditional Plan	83
Schedule of City Contributions for Net Pension Liability	
Ohio Police and Fire Pension Fund	84
Schedule of the City's Proportionate Share of the Net OPEB Liability	
Ohio Public Employees Retirement System - Traditional Plan	85
Schedule of the City's Proportionate Share of the Net OPEB Liability	
Ohio Police and Fire Pension Fund	86
Schedule of City Contributions for Net OPEB Liability	
Ohio Public Employees Retirement System - Traditional Plan	87
Schedule of City Contributions for Net OPEB Liability	
Ohio Police and Fire Pension Fund	88
Notes to the Required Supplementary Information	89

	<u>Page</u>
Combining Statements and Individual Fund Schedules:	
Major Governmental Fund	93
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Street Improvement Fund	94
Nonmajor Governmental Funds	95
Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	97
Nonmajor Special Revenue Funds:	
Fund Descriptions	98
Combining Balance Sheet	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	104
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
Street Construction, Maintenance and Repair Fund	107
State Highway Improvement Fund	108
County Motor Vehicle Registration Fund	109
Tax Recreation Fund	110
Law Enforcement Fund	111
Municipal Motor Vehicle Registration Fund	112
Law Enforcement and Education Fund	113
Drug and Alcohol Treatment Fund	114
Local Law Enforcement Fund	115
Probation Services Fund	116
Court Computer Fund	117
Special Projects Fund	118
Mediation Services Fund	119
Tax Increment Equivalent Fund	120
Indigent Driver Interlock Fund	121
Nonmajor Debt Service Funds:	
Fund Descriptions	122
Combining Balance Sheet	123
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	124
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):	
General Bond Retirement Fund	125
Special Assessment Fund	126

	<u>Schedule</u>	<u>Page</u>
Nonmajor Capital Projects Funds:		
Fund Descriptions		127
Combining Balance Sheet		128
Combining Statement of Revenues, Expenditures and Changes in Fund Balance		130
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):		
Capital Improvement Fund		132
Flood Protection Fund		133
State Issue I Fund		134
Downtown Development Fund		135
Park Development Fund		136
Other General Fund:		
Fund Description		137
Compensated Leave Fund		138
Nonmajor Enterprise Funds:		
Fund Descriptions		139
Combining Statement of Net Position		140
Combining Statement of Revenues, Expenses and Changes in Fund Net Position		141
Combining Statement of Cash Flows		142
Nonmajor Funds:		
Fund Descriptions		143
Internal Service Funds:		
Combining Statement of Net Position		144
Combining Statement of Revenues, Expenses and Changes in Fund Net Position		145
Combining Statement of Cash Flows		146
Agency Funds:		
Statement of Changes in Assets and Liabilities		147
STATISTICAL SECTION		
Statistical Section Description Page		148
Net Position by Component	1	149
Changes in Net Position	2	150
Fund Balances, Governmental Funds	3	153
Changes in Fund Balances, Governmental Funds	4	154
Assessed Value and Estimated Actual Value of Taxable Property	5	156
Direct and Overlapping Property Tax Rates	6	157
Principal Property Tax Payers	7	158
Property Tax Levies and Collections	8	159
Income Tax by Payer Type and Income Tax Rate	9	160
Principal Income Taxpayers	10	161
Ratios of Outstanding Debt by Type	11	162
Ratios of General Bonded Debt Outstanding	12	163
Direct and Overlapping Governmental Activities Debt	13	164
Legal Debt Margin Information	14	165
Pledged-Revenue Coverage	15	166
Demographic and Economic Statistics - Butler County	16	167
Major Employers	17	168
Full-Time Equivalent City Government Employees by Function/Program	18	169
Operating Indicators by Function/Program	19	170
Capital Asset Statistics by Function/Program	20	172

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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

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

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

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

Economic Conditions and Outlook

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

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

The residents approved an income tax reapportionment of the 1.5% income tax in 2012 to offset losses in State revenue. This reapportionment was effective in 2013 and reallocated monies to the General fund by reducing the Street and Capital Improvement funds each by 0.05%. It was understood at the time of the reapportionment should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. In 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

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

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

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

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

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>

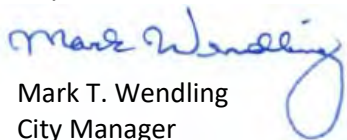
Independent Audit

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

Acknowledgements

Preparation of this report could not have been accomplished without the professional, efficient and dedicated services of the entire staff of the Finance Department and various department heads and employees who assisted and contributed to its preparation. Further appreciation is extended to the Mayor and City Council for their encouragement, assistance and approval. It is a 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

CITY OF FAIRFIELD

PUBLIC OFFICIALS

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

Tiphannie 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

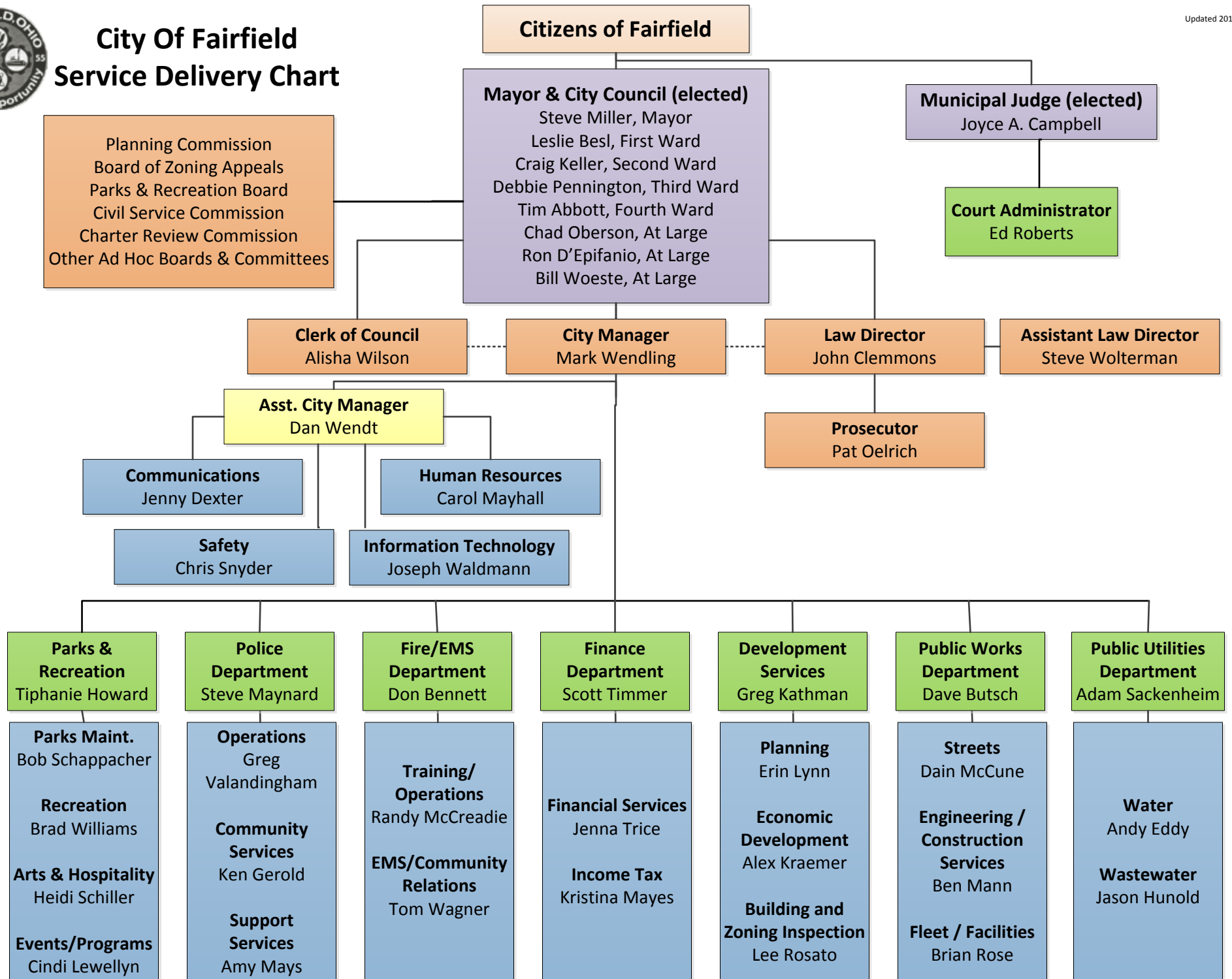
Income Tax Administrator

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)

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)

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.

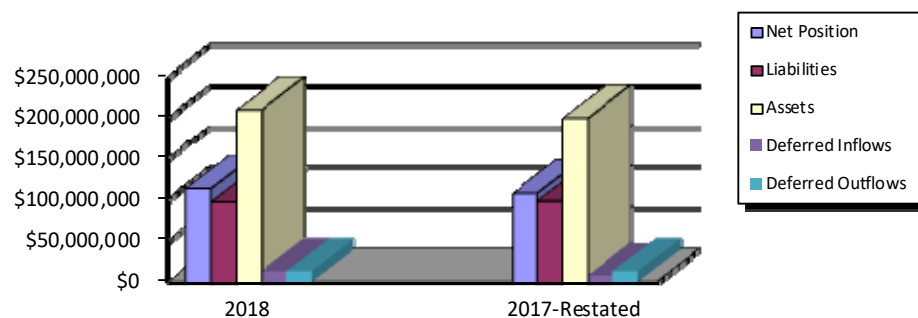
City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2018
(Unaudited)

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
Assets:						
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
Total Assets	150,130,441	142,431,633	59,527,816	57,451,256	209,658,257	199,882,889
Deferred Outflows of Resources:						
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
Total Deferred Outflows of Resources	11,525,702	10,372,380	1,473,960	2,440,673	12,999,662	12,813,053
Liabilities:						
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
Total Liabilities	81,790,794	80,750,311	14,916,335	17,032,149	96,707,129	97,782,460
Deferred Inflows of Resources:						
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
Total Deferred Inflows of Resources	11,765,808	7,730,388	1,338,830	94,325	13,104,638	7,824,713
Net Position:						
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)
Total Net Position	\$68,099,541	\$64,323,314	\$44,746,611	\$42,765,453	\$112,846,152	\$107,088,767



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

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

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

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

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

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:

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

	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

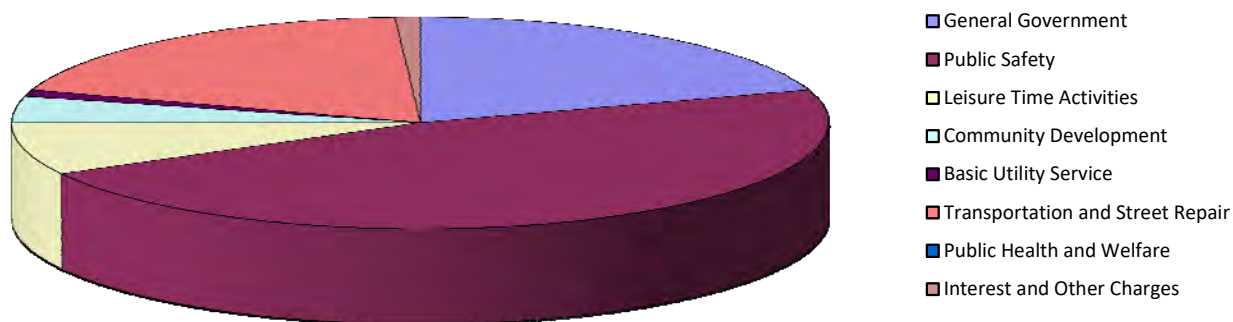
Governmental Activities

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%



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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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.

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

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
Total Assets	150,130,441	59,527,816	209,658,257
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
Total Deferred Outflows of Resources	11,525,702	1,473,960	12,999,662
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
Total Liabilities	81,790,794	14,916,335	96,707,129
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
Total Deferred Inflows of Resources	11,765,808	1,338,830	13,104,638
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)
Total Net Position	\$68,099,541	\$44,746,611	\$112,846,152

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

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	(5,102,313)	
		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	(2,328,027)	
		(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	146,827	
		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	(50,878)	
		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

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><u>\$3,776,227</u></u>
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See accompanying notes to the basic financial statements.

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

	<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

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

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

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

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

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

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

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

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

Operating Revenues and Expenses

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

Interfund Activity

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

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

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

Gain/Loss on Refunding

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

Estimates

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

Note 3 – Equity in Pooled Cash and Investments

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

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

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

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.

Note 4 – Receivables

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

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

Property Taxes

Property taxes include amounts levied against all real estate and public utility. Real property taxes (other than public utility) collected during 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

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

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

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
For the Fiscal Year Ended December 31, 2018

Note 6 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$19,112,540	\$0	\$0	\$19,112,540
Construction in Progress	4,919,704	6,019,181	6,622,830	4,316,055
<i>Capital Assets, being depreciated:</i>				
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	 192,596,436	 14,354,846	 6,843,296	 200,107,986
 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	 105,237,564	 5,102,313	 178,458	 110,161,419
 Governmental Activities Capital Assets, Net	 \$87,358,872	 \$9,252,533	 \$6,664,838	 \$89,946,567

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

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,641,949	\$0	\$0	\$1,641,949
Construction in Progress	4,094,287	1,022,769	4,946,520	170,536
<i>Capital Assets, being depreciated:</i>				
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

Accumulated Unpaid Sick Leave

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

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

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

Note 8 – Notes Payable

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

		Beginning Balance	Issued	Retired	Ending Balance
Water Utility Fund:					
Various Purpose Series 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
Governmental Activities						
<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
Business Type Activities						
<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
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2018

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>

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.

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.

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

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

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

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 ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

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

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

**** These pension and employer health care rates are for the traditional and combined 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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

	<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

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

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

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

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

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
For the Fiscal Year Ended December 31, 2018

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

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

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
For the Fiscal Year Ended December 31, 2018

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

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 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
For the Fiscal Year Ended December 31, 2018

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
For the Fiscal Year Ended December 31, 2018

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
For the Fiscal Year Ended December 31, 2018

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

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

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

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

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

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

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

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

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	(43,704)	(41,290)	(38,147)
Contribution Deficiency (Excess)	\$0	\$0	\$0
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

Note 1 – Budgetary Process

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

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

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

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

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

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

Net Change in Fund Balance

	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

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

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

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

	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>\$2,955,399</u>	<u>\$4,918</u>	<u>\$0</u>	<u>\$52,359</u>	<u>\$318,798</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)	1,781,236	1,781,236
Total Net Debt Applicable to Limit	11,253,593	11,253,593
Legal Debt Margin	98,817,144	46,402,507

	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	22,584,055	30,016,645	26,437,198	24,462,392	22,755,891	20,647,296	18,483,701	16,260,509	14,678,291	11,253,593
Legal Debt Margin	\$87,199,853	\$75,260,101	\$73,788,708	\$75,763,514	\$76,856,309	\$79,029,135	\$80,385,347	\$82,945,688	\$90,247,265	\$98,817,144
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	22,584,055	30,016,645	26,437,198	24,462,392	22,755,891	20,647,296	18,483,701	16,260,509	14,678,291	11,253,593
Legal Debt Margin	\$34,921,802	\$25,128,317	\$26,062,086	\$28,036,892	\$29,421,928	\$31,564,168	\$33,304,848	\$35,704,642	\$40,282,715	\$46,402,507
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

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

APPENDIX B
2019 BUDGET APPROPRIATION SUMMARY

[SEE ATTACHED]

Ordinance Number 127 - 18

AN ORDINANCE TO MAKE ESTIMATED APPROPRIATIONS FOR THE EXPENSES AND OTHER EXPENDITURES OF THE CITY FAIRFIELD, OHIO DURING THE PERIOD BEGINNING JANUARY 1, 2019 AND ENDING DECEMBER 31, 2019.

BE IT ORDAINED by the Council of the City of Fairfield, Ohio:

Section 1. That to provide for the estimated expenses and other expenditures of the City of Fairfield, Ohio during the beginning January 1, 2019 and ending December 31, 2019, the following sums are hereby set aside and appropriated as follows, TO WIT:

Section 2. That sums are hereby appropriated from the various funds of the City to accounts of the City for the purposes therein described as follows:

FROM: UNAPPROPRIATED FUND 100 - GENERAL FUND		29,348,718.00
TO: 110	MAYOR & CITY COUNCIL	222,108.00
	Personnel	198,758.00
	Other	23,350.00
TO: 115	MAYOR	15,824.00
	Personnel	11,324.00
	Other	4,500.00
TO: 120	CITY MANAGER	610,367.00
	Personnel	557,827.00
	Other	52,540.00
TO: 125	GENERAL SERVICES	4,716,908.00
	Personnel	65,140.00
	Other	4,651,768.00
TO: 130	LAW DIRECTOR	563,550.00
	Personnel	500.00
	Other	563,050.00
TO: 145	HUMAN RESOURCES	375,592.00
	Personnel	297,542.00
	Other	78,050.00
TO: 150	PLANNING & ECONOMIC DEVL	662,506.00
	Personnel	616,556.00
	Other	45,950.00
TO: 155	BUILDING & ZONING INSPECTION	839,629.00
	Personnel	742,629.00
	Other	97,000.00
TO: 160	SPECIAL APPROPRIATION	0.00
	Personnel	0.00
	Other	0.00
TO: 210	FINANCE ADM & ACCOUNTING	694,970.00
	Personnel	665,070.00
	Other	29,900.00
TO: 211	INCOME TAX	717,728.00

	Personnel	618,218.00	
	Other	99,510.00	
TO: 213	INFORMATION TECHNOLOGY		626,041.00
	Personnel	556,251.00	
	Other	69,790.00	
TO: 310	POLICE		12,064,613.00
	Personnel	11,200,863.00	
	Other	863,750.00	
TO: 315	MUNICIPAL COURT		1,921,444.00
	Personnel	1,612,244.00	
	Other	309,200.00	
TO: 316	JUSTICE CENTER		841,096.00
	Personnel	0.00	
	Other	841,096.00	
TO: 410	PUBLIC WORKS ADMINISTRATION		220,343.00
	Personnel	190,468.00	
	Other	29,875.00	
TO: 411	CONSTRUCTION SERVICES		757,976.00
	Personnel	623,876.00	
	Other	134,100.00	
TO: 412	MUNICIPAL BUILDING		391,394.00
	Personnel	201,944.00	
	Other	189,450.00	
TO: 510	PARKS & RECREATION ADM		974,317.00
	Personnel	812,817.00	
	Other	161,500.00	
TO: 512	PARKS MAINTENANCE OPERATIONS		1,220,662.00
	Personnel	825,662.00	
	Other	395,000.00	
TO: 513	MARSH PARK FISHING LAKE		121,273.00
	Personnel	64,873.00	
	Other	56,400.00	
TO: 530	COMMUNITY ARTS CENTER		790,377.00
	Personnel	250,378.00	
	Other	539,999.00	
TOTAL GENERAL FUND			<u>29,348,718.00</u>
FROM: UNAPPROPRIATED FUND 201 - STREET CONST, MAINT & REPAIR			<u>3,372,937.00</u>
TO: 420	STREETS & TRANSPORTATION		3,372,937.00
	Personnel	1,910,897.00	
	Other	1,462,040.00	
TOTAL STREET CONST, MAINT & REPAIR			<u>3,372,937.00</u>
FROM: UNAPPROPRIATED FUND 202 - STATE HIGHWAY IMP			<u>152,175.00</u>
TO: 420	STREETS & TRANSPORTATION		152,175.00

Personnel	152,175.00	
Other	0.00	
TOTAL STATE HIGHWAY IMP	<u>152,175.00</u>	
FROM: UNAPPROPRIATED FUND 203 - FIRE LEVY		<u>7,304,778.00</u>
TO: 320 FIRE SUPPRESSION		7,304,778.00
Personnel	6,290,478.00	
Other	1,014,300.00	
TOTAL FIRE LEVY	<u>7,304,778.00</u>	
FROM: UNAPPROPRIATED FUND 205 - COUNTY MOTOR VEHICLE		<u>0.00</u>
TO: 160 SPECIAL APPROPRIATION		0.00
Personnel	0.00	
Other	0.00	
TO: 160 SPECIAL APPROPRIATIONS		0.00
Personnel	0.00	
Other	0.00	
TOTAL COUNTY MOTOR VEHICLE	<u>0.00</u>	
FROM: UNAPPROPRIATED FUND 206 - TAX RECREATION		<u>0.00</u>
TO: 160 SPECIAL APPROPRIATIONS		0.00
Personnel	0.00	
Other	0.00	
TOTAL TAX RECREATION	<u>0.00</u>	
FROM: UNAPPROPRIATED FUND 211 - LAW ENFORCEMENT		<u>27,000.00</u>
TO: 310 POLICE		27,000.00
Personnel	0.00	
Other	27,000.00	
TOTAL LAW ENFORCEMENT	<u>27,000.00</u>	
FROM: UNAPPROPRIATED FUND 212 - MUNICIPAL MOTOR VEHICLE		<u>329,713.00</u>
TO: 420 STREETS & TRANSPORTATION		329,713.00
Personnel	329,713.00	
Other	0.00	
TOTAL MUNICIPAL MOTOR VEHICLE	<u>329,713.00</u>	
FROM: UNAPPROPRIATED FUND 213 - LAW ENFORCEMENT & EDU		<u>35,000.00</u>
TO: 310 POLICE		35,000.00

Personnel	0.00	
Other	35,000.00	
TOTAL LAW ENFORCEMENT & EDU		<u>35,000.00</u>
<hr/>		
FROM: UNAPPROPRIATED FUND 214 - DRUG & ALCOHOL TREATMENT		<u>12,000.00</u>
TO: 315 MUNICIPAL COURT	12,000.00	
Personnel	0.00	
Other	12,000.00	
TOTAL DRUG & ALCOHOL TREATMENT		<u>12,000.00</u>
<hr/>		
FROM: UNAPPROPRIATED FUND 215 - LOCAL LAW ENFORCE BLOCK		<u>15,400.00</u>
TO: 310 POLICE	15,400.00	
Personnel	0.00	
Other	15,400.00	
TOTAL LOCAL LAW ENFORCE BLOCK		<u>15,400.00</u>
<hr/>		
FROM: UNAPPROPRIATED FUND 216 - PROBATION SERVICES		<u>418,644.00</u>
TO: 315 MUNICIPAL COURT	418,644.00	
Personnel	366,644.00	
Other	52,000.00	
TOTAL PROBATION SERVICES		<u>418,644.00</u>
<hr/>		
FROM: UNAPPROPRIATED FUND 217 - COURT COMPUTER		<u>105,000.00</u>
TO: 315 MUNICIPAL COURT	105,000.00	
Personnel	0.00	
Other	105,000.00	
TOTAL COURT COMPUTER		<u>105,000.00</u>
<hr/>		
FROM: UNAPPROPRIATED FUND 218 - SPECIAL PROJECTS		<u>101,105.00</u>
TO: 315 MUNICIPAL COURT	101,105.00	
Personnel	69,105.00	
Other	32,000.00	
TOTAL SPECIAL PROJECTS		<u>101,105.00</u>
<hr/>		
FROM: UNAPPROPRIATED FUND 219 - MEDIATION SERVICES		<u>2,000.00</u>
TO: 315 MUNICIPAL COURT	2,000.00	
Personnel	0.00	
Other	2,000.00	
TOTAL MEDIATION SERVICES		<u>2,000.00</u>
<hr/>		

FROM: UNAPPROPRIATED FUND 220 - TAX INCREMENT EQUIVALENT		<u>1,000.00</u>
TO: 160 TAX INCREMENT EQUIVALENT		1,000.00
Personnel	0.00	
Other	1,000.00	
TOTAL TAX INCREMENT EQUIVALENT		<u>1,000.00</u>

FROM: UNAPPROPRIATED FUND 221 - INDIGENT DRIVER INTERLOCK		<u>0.00</u>
TO: 315 INDIGENT DRIVER INTERLOCK		0.00
Personnel	0.00	
Other	0.00	
TOTAL INDIGENT DRIVER INTERLOCK		<u>0.00</u>

FROM: UNAPPROPRIATED FUND 301 - GENERAL BOND RETIREMENT		<u>1,819,713.00</u>
TO: 160 SPECIAL APPROPRIATION		1,819,713.00
Personnel	0.00	
Other	1,819,713.00	
TOTAL GENERAL BOND RETIREMENT		<u>1,819,713.00</u>

FROM: UNAPPROPRIATED FUND 401 - STREET IMPROVEMENT		<u>1,135,000.00</u>
TO: 160 SPECIAL APPROPRIATION		1,135,000.00
Personnel	0.00	
Other	1,135,000.00	
TOTAL STREET IMPROVEMENT		<u>1,135,000.00</u>

FROM: UNAPPROPRIATED FUND 402 - CAPITAL IMPROVEMENT		<u>1,383,500.00</u>
TO: 160 SPECIAL APPROPRIATION		1,383,500.00
Personnel	0.00	
Other	1,383,500.00	
TOTAL CAPITAL IMPROVEMENT		<u>1,383,500.00</u>

FROM: UNAPPROPRIATED FUND 407 - WATER EXPANSION		<u>5,000.00</u>
TO: 160 SPECIAL APPROPRIATION		5,000.00
Personnel	0.00	
Other	5,000.00	
TOTAL WATER EXPANSION		<u>5,000.00</u>

FROM: UNAPPROPRIATED FUND 408 - SEWER EXPANSION		<u>10,000.00</u>
TO: 160 SPECIAL APPROPRIATION		10,000.00

Personnel	0.00	
Other	10,000.00	
TOTAL SEWER EXPANSION	<u>10,000.00</u>	
<hr/>		
FROM: UNAPPROPRIATED FUND 409 - FLOOD PROTECTION		<u>0.00</u>
TO: 160 SPECIAL APPROPRIATION	0.00	
Personnel	0.00	
Other	0.00	
TOTAL FLOOD PROTECTION	<u>0.00</u>	
<hr/>		
FROM: UNAPPROPRIATED FUND 410 - STATE ISSUE I		<u>10,000.00</u>
TO: 160 SPECIAL APPROPRIATION	10,000.00	
Personnel	0.00	
Other	10,000.00	
TOTAL STATE ISSUE I	<u>10,000.00</u>	
<hr/>		
FROM: UNAPPROPRIATED FUND 411 - DOWNTOWN DEVELOPMENT		<u>0.00</u>
TO: 160 SPECIAL APPROPRIATION	0.00	
Personnel	0.00	
Other	0.00	
TOTAL DOWNTOWN DEVELOPMENT	<u>0.00</u>	
<hr/>		
FROM: UNAPPROPRIATED FUND 413 - PARK DEVELOPMENT FUND		<u>0.00</u>
TO: 160 SPECIAL APPROPRIATION	0.00	
Personnel	0.00	
Other	0.00	
TOTAL PARK DEVELOPMENT FUND	<u>0.00</u>	
<hr/>		
FROM: UNAPPROPRIATED FUND 501 - SPECIAL ASSESSMENT		<u>402,100.00</u>
TO: 160 SPECIAL APPROPRIATION	402,100.00	
Personnel	0.00	
Other	402,100.00	
TOTAL SPECIAL ASSESSMENT	<u>402,100.00</u>	
<hr/>		
FROM: UNAPPROPRIATED FUND 601 - WATER REVENUE		<u>5,614,217.00</u>
TO: 212 UTILITY COLLECTION	339,056.00	
Personnel	178,931.00	
Other	160,125.00	
TO: 610 PUBLIC UTILITY ADMINISTRATION	219,493.00	

	Personnel	108,143.00	
	Other	111,350.00	
TO: 611	WATER SUPERVISION		794,256.00
	Personnel	369,356.00	
	Other	424,900.00	
TO: 612	WATER PUMPING TREATMENT		2,227,100.00
	Personnel	892,910.00	
	Other	1,334,190.00	
TO: 613	WATER DISTRIBUTION & MAINT		1,349,312.00
	Personnel	839,712.00	
	Other	509,600.00	
TO: 619	WATER DEBT SERVICE		685,000.00
	Personnel	0.00	
	Other	685,000.00	
	TOTAL WATER REVENUE		<u>5,614,217.00</u>
FROM: UNAPPROPRIATED FUND 602 - WATER BOND & INTEREST			<u>438,500.00</u>
TO: 619	WATER DEBT SERVICE		438,500.00
	Personnel	0.00	
	Other	438,500.00	
	TOTAL WATER BOND & INTEREST		<u>438,500.00</u>
FROM: UNAPPROPRIATED FUND 603 - WATER BOND REDEMPTION			<u>0.00</u>
TO: 619	WATER DEBT SERVICE		0.00
	Personnel	0.00	
	Other	0.00	
	TOTAL WATER BOND REDEMPTION		<u>0.00</u>
FROM: UNAPPROPRIATED FUND 604 - WATER REPLACEMENT & IMP			<u>10,000.00</u>
TO: 160	SPECIAL APPROPRIATION		10,000.00
	Personnel	0.00	
	Other	10,000.00	
TO: 160	WATER REPLACEMENT & IMP		0.00
	Personnel	0.00	
	Other	0.00	
TO: 619	WATER DEBT SERVICE		0.00
	Personnel	0.00	
	Other	0.00	
	TOTAL WATER REPLACEMENT & IMP		<u>10,000.00</u>
FROM: UNAPPROPRIATED FUND 605 - WATER SURPLUS			<u>4,000.00</u>
TO: 160	SPECIAL APPROPRIATION		4,000.00

Personnel	0.00	
Other	4,000.00	
TOTAL WATER SURPLUS	<u>4,000.00</u>	
<hr/>		
FROM: UNAPPROPRIATED FUND 606 - WATER GUARANTEED TRUST		<u>65,000.00</u>
TO: 212 UTILITY COLLECTION	65,000.00	
Personnel	0.00	
Other	65,000.00	
TOTAL WATER GUARANTEED TRUST	<u>65,000.00</u>	
<hr/>		
FROM: UNAPPROPRIATED FUND 620 - SEWER REVENUE		<u>6,269,780.00</u>
TO: 212 UTILITY COLLECTION	1,506,524.00	
Personnel	146,399.00	
Other	1,360,125.00	
TO: 610 PUBLIC UTILITY ADMINISTRATION	157,743.00	
Personnel	108,143.00	
Other	49,600.00	
TO: 621 SEWER SUPERVISION	1,041,446.00	
Personnel	474,476.00	
Other	566,970.00	
TO: 622 SEWER PLANT	1,788,816.00	
Personnel	971,352.00	
Other	817,464.00	
TO: 623 SEWER COLLECTION & MAINT	1,244,451.00	
Personnel	987,901.00	
Other	256,550.00	
TO: 629 SEWER DEBT SERVICE	530,800.00	
Personnel	0.00	
Other	530,800.00	
TOTAL SEWER REVENUE	<u>6,269,780.00</u>	
<hr/>		
FROM: UNAPPROPRIATED FUND 621 - SEWER BOND & INTEREST		<u>230,800.00</u>
TO: 629 SEWER DEBT SERVICE	230,800.00	
Personnel	0.00	
Other	230,800.00	
TOTAL SEWER BOND & INTEREST	<u>230,800.00</u>	
<hr/>		
FROM: UNAPPROPRIATED FUND 622 - SEWER BOND REDEMPTION		<u>0.00</u>
TO: 629 SEWER DEBT SERVICE	0.00	
Personnel	0.00	
Other	0.00	
TOTAL SEWER BOND REDEMPTION	<u>0.00</u>	
<hr/>		

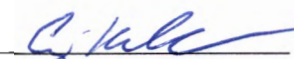
FROM: UNAPPROPRIATED FUND 623 - SEWER REPLACEMENT & IMP		201,536.00
TO: 160	SEWER REPLACEMENT & IMP	201,536.00
	Personnel	0.00
	Other	201,536.00
	TOTAL SEWER REPLACEMENT & IMP	201,536.00
FROM: UNAPPROPRIATED FUND 624 - SEWER SURPLUS		22,000.00
TO: 160	SPECIAL APPROPRIATION	22,000.00
	Personnel	0.00
	Other	22,000.00
	TOTAL SEWER SURPLUS	22,000.00
FROM: UNAPPROPRIATED FUND 630 - SOLID WASTE MANAGEMENT		2,300,000.00
TO: 630	SOLID WASTE MANAGEMENT	2,300,000.00
	Personnel	0.00
	Other	2,300,000.00
	TOTAL SOLID WASTE MANAGEMENT	2,300,000.00
FROM: UNAPPROPRIATED FUND 640 - RECREATIONAL FACILITIES		1,603,852.00
TO: 511	AQUATIC CENTER OPERATIONS	198,245.00
	Personnel	129,745.00
	Other	68,500.00
TO: 514	AQUATIC CENTER DEBT	12,450.00
	Personnel	0.00
	Other	12,450.00
TO: 515	GOLF PRO SHOP	699,656.00
	Personnel	375,487.00
	Other	324,169.00
TO: 520	GOLF MAINTENANCE	693,501.00
	Personnel	373,051.00
	Other	320,450.00
	TOTAL RECREATIONAL FACILITIES	1,603,852.00
FROM: UNAPPROPRIATED FUND 641 - RECREATION ACTIVITY		464,580.00
TO: 510	PARKS & RECREATION ADM	464,580.00
	Personnel	283,080.00
	Other	181,500.00
	TOTAL RECREATION ACTIVITY	464,580.00
FROM: UNAPPROPRIATED FUND 702 - EMPLOYEES BENEFITS		5,535,000.00

TO: 160 SPECIAL APPROPRIATION	5,535,000.00	
Personnel	5,500,000.00	
Other	35,000.00	
TOTAL EMPLOYEES BENEFITS	<u>5,535,000.00</u>	
FROM: UNAPPROPRIATED FUND 705 - MUNICIPAL GARAGE SERVICES		<u>1,056,218.00</u>
TO: 430 FLEET MANAGEMENT	1,056,218.00	
Personnel	639,043.00	
Other	417,175.00	
TOTAL MUNICIPAL GARAGE SERVICES	<u>1,056,218.00</u>	
FROM: UNAPPROPRIATED FUND 706 - COMPENSATED LEAVE		<u>0.00</u>
TO: 160 COMPENSATED LEAVE	0.00	
Personnel	0.00	
Other	0.00	
TOTAL COMPENSATED LEAVE	<u>0.00</u>	
FROM: UNAPPROPRIATED FUND 707 - WEST CHESTER JEDD I		<u>2,199,507.00</u>
TO: 211 WEST CHESTER JEDD 1	6,598.00	
Personnel	0.00	
Other	6,598.00	
TO: 211 WEST CHESTER JEDD I	2,192,909.00	
Personnel	0.00	
Other	2,192,909.00	
TOTAL WEST CHESTER JEDD I	<u>2,199,507.00</u>	
TOTAL APPROPRIATIONS		<u>72,005,773.00</u>

Section 3. That the Finance Director is hereby directed to make payment from any of the foregoing appropriations upon receiving proper certification and vouchers approved by board or officers authorized by law to approve the same or an ordinance or resolution of Council to make expenditures; provided that no warrants shall be drawn or paid for salaries or wages except to persons employed by authority of and in accordance with law or ordinance. Provided further, that an appropriation for contingencies can only be expended for the purposes constituting a legal obligation against the City, and for no other purposes other than those covered by the specific appropriations herein made.

Section 4. That this Ordinance shall take effect at the earliest period allowed by law and is hereby declared to be necessary for the orderly fiscal management of said City and in order to assure the proper payment of financial obligations of the City of Fairfield, Ohio including salaries and wages of employees and is necessary for the general welfare of the citizens and shall take effect immediately upon its passage.

Passed 12/10/18


Mayor's Approval

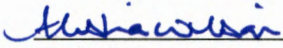
Posted 12/11/18

First Reading 12/19/18

Rules Suspended 12/19/18

Second Reading —

Third Reading —

ATTEST: 
Clerk of Council

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


Clerk of Council

APPENDIX C
FINANCIAL STATEMENT

[SEE ATTACHED]



**FINANCIAL STATEMENT
MUNICIPALITY
OHIO REVISED CODE § 133.05**

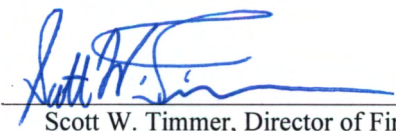
STATE OF OHIO
COUNTY OF BUTLER

I, Scott W. Timmer, of the Municipality of Fairfield, State of Ohio, do hereby certify that the following statements concerning the finances of said municipality are true and correct as appear from the records in my office:

1. ASSESSED VALUATION of the taxable property of the municipality, as shown on the tax duplicate for the year 2018: **\$1,048,292,730**
2. Total amount of all bonds and notes or other evidence of indebtedness issued and outstanding, and INCLUDING THE PRESENT ISSUE OF **\$6,000,000**: **\$ 19,265,042**
3. Exempt debt:
 - [6] Self-supporting securities issued for any purposes including, without limitation any of the following:
 - a. Water systems or facilities: **\$5,000,000**
 - b. Sanitary sewerage, surface and storm water drainage systems or facilities: **\$1,543,111**
 - j. Public attraction facilities (recreational, etc.): **\$ 415,000**
 - [19] Securities issued in anticipation of the levy or collection of special assessments, either in original or refunded form: **\$ 146,931**
4. Total of items in Line 3: **\$7,105,042**
5. Total bonds and notes subject to 10-½% limitation (Line 2 minus Line 4:): **\$11,880,000**
 - a. Amount in sinking fund or bond retirement fund applicable to the payment of principal: **\$ 1,145,000**
 - b. Net amount subject to 10-½% limitation: **\$10,735,000**
6. Bonds and notes included in Line 5 above but issued WITHOUT AUTHORITY OF AN ELECTION: **\$11,880,000**
 - a. Amount in sinking fund or bond retirement fund applicable to the payment of principal thereof: **\$ 1,145,000**
 - b. Net amount subject to 5-½% limitation: **\$10,735,000**
7. Bonds and notes included in Lines 5 and 6 above, issued during the PRESENT CALENDAR YEAR WITHOUT AUTHORITY OF AN ELECTION: **\$ 1,145,000**

I FURTHER CERTIFY that the income from the waterworks, sewer system, off-street parking and other revenue producing facilities for which bonds were issued as included in Line 3 above is sufficient to cover all operating expenses of such facilities and interest charges on such bonds and to provide a sufficient amount for retirement or sinking fund to retire \$7,105,042 principal amount of such bonds as they become due.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of July, 2019.



Scott W. Timmer, Director of Finance

DINSMORE & SHOHL LLP
BOND ATTORNEYS
CINCINNATI AND COLUMBUS, OHIO

APPENDIX D
TEN MILL CERTIFICATE


[SEE ATTACHED]

TEN -MILL CERTIFICATE
FOR POLITICAL SUBDIVISIONS ISSUING UNVOTED GENERAL OBLIGATION BONDS & NOTES

The undersigned, COUNTY AUDITOR OF Butler County, Ohio, hereby certifies in connection with a proposed issue of Bonds, Notes of Fairfield City in the principal amount of \$2,000,000 dated April 11, 2019, that the tax rates required to produce an amount to pay the highest annual aggregate debt charges for the proposed issue and all other general obligation securities of the Issuer and the subdivision and the subdivisions overlapping it, which are payable from taxes subject to the 10 mill limitation of Article XII, Section 2, Ohio Constitution and applicable Revised Code provisions, based upon the facts hereinafter set forth and assuming that all levies were to be made for those debit charges on the general tax list and duplicate are as follows:

Overlapping Subdivisions	County	Assessed Valuation	Bonds and Notes Outstanding	Present Principal Amount	Debt Charges for fiscal year in which they will total the highest, to-wit, 2020 For Principal	Required Tax Rate for Two Previous Columns
Butler	County	8,260,661,850	(a) Special Assessment bonds & notes in original or refunded form: (b) All other bonds & notes payable from or secured by taxes inside 10 mill limitation:	\$3,753,120 \$53,209,290	\$459,770 \$9,883,259	0.0760 MILLS 1.4325 MILLS
Fairfield	City	1,048,292,730	(a) Special Assessment bonds & notes in original or refunded form: (b) All other bonds & notes payable from or secured by taxes inside 10 mill limitation:	\$0 \$12,295,000	\$0 \$1,545,435	0.0000 MILLS 2.1870 MILLS
Lakota	City School District	3,047,318,560	Bonds & notes payable from taxes inside 10 mill limitation:	\$25,335,000	\$835,000	0.6158 MILLS
Butler Technology School JVS	School JVS	8,998,500,570	Bonds & notes payable from taxes inside 10 mill limitation: Proposed issue	\$8,035,000 \$2,000,000	\$385,000 \$50,000	0.0746 MILLS 0.0496 MILLS
TOTAL					\$2,000	4.4355 MILLS

Dated this 11th day of April 2019


County Auditor

APPENDIX E
RATES OF TAXATION IN BUTLER COUNTY, OHIO

[SEE ATTACHED]

**RATES OF TAXATION IN BUTLER COUNTY, OHIO
TAX YEAR 2018**

TAXING DISTRICT	COUNTY	SCHOOL	JVS	TWP	MUNI	PARK	LIBRARY	TOTAL GROSS	TOTAL EFFECTIVE RATE CLASS I	TOTAL COMPOSITE RATE CLASS I	TOTAL EFFECTIVE RATE CLASS II	TOTAL COMPOSITE RATE CLASS II
FAIRFIELD TOWNSHIP												
A02 FAIRFIELD TWP-FRFLD CSD	9.72	63.80	1.93	11.09	0.00	0.7	0.75	87.99	57.670569	0.344578	62.375756	0.291104
A03 FAIRFIELD TWP-FRFLD CSD-FFD #2	9.72	63.80	1.93	16.09	0.00	0.7	0.75	92.99	62.289049	0.330153	67.007746	0.279409
A05 FAIRFIELD TWP-NORTHWEST LSD	9.72	58.00	1.93	11.09	0.00	0.7	0.00	81.44	55.706488	0.315981	61.429584	0.245707
A06 FAIRFIELD TWP-ROSS LSD	9.72	49.73	1.93	11.09	0.00	0.7	0.75	73.92	45.766968	0.380858	49.447166	0.331072
FAIRFIELD CORPORATION												
A07 FAIRFIELD CITY-FAIRFIELD CSD	9.72	63.80	1.93	0.00	8.44	0.7	0.75	85.34	55.991031	0.343906	60.944199	0.285866
A09 FAIRFIELD CITY-NORTHWEST LSD	9.72	58.00	1.93	0.00	8.44	0.7	0.00	78.79	54.026950	0.314292	59.998027	0.238507
HANOVER TOWNSHIP												
B10 HANOVER TWP-TALAWANDA CSD	9.72	55.30	1.93	7.97	0.00	0.7	0.75	76.37	46.675701	0.388822	50.699221	0.336137
B11 HANOVER TWP/TLWND CSD/CLLG LD	9.72	55.30	1.93	7.97	0.00	0.7	0.75	76.37	46.675701	0.388822	50.699221	0.336137
B12 HANOVER TWP-HAMILTON CSD	9.72	53.81	0.00	7.97	0.00	0.7	0.75	72.95	54.212625	0.256852	61.899137	0.151485
B13 HANOVER TWP-ROSS LSD	9.72	49.73	1.93	7.97	0.00	0.7	0.75	70.80	44.296536	0.374343	48.176080	0.319547
B14 HANOVER TWP-EDGEWOOD CSD	9.72	50.08	1.93	7.97	0.00	0.7	0.75	71.15	54.469913	0.234457	63.935449	0.101424
B15 HANOVER TWP-MLLV CORP/ROSS LSD	9.72	49.73	1.93	2.17	8.05	0.7	0.75	73.05	46.585073	0.362285	50.426080	0.309705
LEMON TOWNSHIP												
C17 LEMON TWP-MIDDLETOWN CSD	9.72	54.08	1.93	6.72	0.00	0.7	0.75	73.90	71.304796	0.035066	72.639803	0.017000
C18 LEMON TWP-MON CORP-MONROE LSD	9.72	45.58	1.93	0.60	9.32	0.7	0.75	68.60	62.500434	0.088915	65.678179	0.042592
C19 LEMON TWP-MONROE LSD	9.72	45.58	1.93	6.72	0.00	0.7	0.75	65.40	62.717488	0.041017	63.118115	0.034891
LIBERTY TOWNSHIP												
D20 LIBERTY TWP-LAKOTA LSD	9.72	69.14	1.93	15.09	0.00	0.7	0.75	97.33	62.664963	0.356160	65.993952	0.321957
D70 LIBERTY TWP-MON CORP/LKTA LSD	9.72	69.14	1.93	0.59	8.00	0.7	0.75	90.83	55.397831	0.390093	63.792172	0.297675
MADISON TOWNSHIP												
E22 MADISON TWP-MADISON LSD	9.72	39.54	1.93	5.26	0.00	0.7	0.75	57.90	53.679227	0.072898	56.773109	0.019463
E23 MADISON TWP-EDGEWOOD CSD	9.72	50.08	1.93	5.26	0.00	0.7	0.75	68.44	51.249517	0.251198	60.934151	0.109697
MILFORD TOWNSHIP												
F26 MILFORD TWP-TALAWANDA CSD	9.72	55.30	1.93	9.74	0.00	0.7	0.75	78.14	47.044695	0.397943	51.618917	0.339405
F27 MILFORD TWP-TLWND CSD-CLLG LD	9.72	55.30	1.93	9.74	0.00	0.7	0.75	78.14	47.044695	0.397943	51.618917	0.339405
F28 MILFORD TWP-EDGEWOOD CSD	9.72	50.08	1.93	9.74	0.00	0.7	0.75	72.92	54.838907	0.247979	64.855145	0.110623
F29 MILFORD TWP-TALAWANDA CSD	9.72	55.30	1.93	9.74	0.00	0.7	0.75	78.14	47.044695	0.397943	51.618917	0.339405
MORGAN TOWNSHIP												
G32 MORGAN TWP-ROSS LSD	9.72	49.73	1.93	8.47	0.00	0.7	0.75	71.30	44.667539	0.373527	48.634630	0.317887
G33 MORGAN TWP/SW LSD/HAMILTON CO/	9.72	48.32	2.70	8.47	0.00	0.7	0.00	69.91	46.435749	0.335778	51.170414	0.268053
OXFORD TOWNSHIP												
H35 OXFORD TWP-TALAWANDA CSD-C L	9.72	55.30	1.93	13.59	0.00	0.7	0.75	81.99	47.901665	0.415762	50.902214	0.379166
H36 OXFORD TWP-TALAWANDA CSD-D L	9.72	55.30	1.93	13.59	0.00	0.7	0.75	81.99	47.901665	0.415762	50.902214	0.379166
H37 OXFORD TWP/CLLG CRNR LSD/C L	9.72	32.10	0.00	13.59	0.00	0.7	0.00	56.11	44.452601	0.207760	44.035808	0.215188
H38 OXFORD TWP-CLLG CRNR CORP-D L	9.72	32.10	0.00	0.24	21.40	0.7	0.00	64.16	47.450487	0.260435	49.392501	0.230167
H39 OXFORD TWP-CLLG CRNR CORP C L	9.72	32.10	0.00	0.24	21.40	0.7	0.00	64.16	47.450487	0.260435	49.392501	0.230167
OXFORD CORPORATION												
H40 OXFORD TWP-O CORP-C L/TWND CSD	9.72	55.30	1.93	0.24	6.90	0.7	0.75	75.54	46.108408	0.389616	49.869221	0.339830
H41 OXFORD TWP-O CORP-D L/TWND CSD	9.72	55.30	1.93	0.24	6.90	0.7	0.75	75.54	46.108408	0.389616	49.869221	0.339830
REILY TOWNSHIP												
J43 REILY TWP-TALAWANDA CSD	9.72	55.30	1.93	6.64	0.00	0.7	0.75	75.04	45.412798	0.394819	49.369221	0.342095
ROSS TOWNSHIP												
K46 ROSS TWP-ROSS LSD	9.72	49.73	1.93	12.22	0.00	0.7	0.75	75.05	48.066261	0.359543	52.319904	0.302866
K47 ROSS TWP-MILLV CORP-ROSS LSD	9.72	49.73	1.93	0.92	7.55	0.7	0.75	71.30	44.923251	0.369940	48.676080	0.317306
ST CLAIR TOWNSHIP												
L49 ST. CLAIR TWP-NEW MIAMI LSD	9.72	29.44	1.93	7.97	0.00	0.7	0.75	50.51	47.102541	0.067461	46.920448	0.071066
L50 ST. CLAIR TWP-ROSS LSD	9.72	49.73	1.93	7.97	0.00	0.7	0.75	70.80	44.327654	0.373903	48.176080	0.319547
L52 ST. CLAIR TWP-EDGEWOOD CSD	9.72	50.08	1.93	7.97	0.00	0.7	0.75	71.15	54.501031	0.234020	63.935449	0.101424
L53 ST. CLAIR TWP-NEW MIAMI CORP	9.72	29.44	1.93	4.51	9.30	0.7	0.75	56.35	52.470289	0.068850	52.331063	0.071321
L54 ST. CLAIR TWP-SVNML CORP/EW CSD	9.72	50.08	1.93	0.51	5.73	0.7	0.75	69.42	52.814304	0.239228	62.178881	0.104335
WEST CHESTER TOWNSHIP												
M55 FAIRFIELD CITY-LAKOTA LSD	9.72	69.14	1.93	0.00	8.44	0.7	0.75	90.68	57.771221	0.362911	63.671367	0.297846
M56 WEST CHESTER TWP-LAKOTA LSD	9.72	69.14	1.93	14.59	0.00	0.7	0.75	96.83	63.810028	0.341010	68.985295	0.287563
M57 WEST CHESTER TWP-MASON LSD	9.72	82.79	2.70	14.59	0.00	0.7	0.00	110.50	64.379785	0.417378	71.154350	0.356069
M58 WEST CHESTER TWP-PRINCETON LSD	9.72	62.18	2.70	14.59	0.00	0.7	0.00	89.89	62.627444	0.303288	73.596080	0.181265
M75 SHARONVILLE CORP-PRINCETON CSD	9.72	62.18	2.70	0.00	0.00	0.7	0.00	75.30	49.091185	0.348059	60.472623	0.196911
WAYNE TOWNSHIP												
N59 WAYNE TWP-EDGEWOOD CSD-FD 2	9.72	50.08	1.93	5.58	0.00	0.7	0.75	68.76	52.319769	0.239118	61.518536	0.105341
N60 WAYNE TWP-SHAWNEE LSD-FD 1	9.72	20.00	4.01	5.58	0.00	0.7	0.00	40.01	38.571168	0.035962	39.140286	0.021737
N61 WAYNE TWP-EDGEWOOD CSD-FD 1	9.72	50.08	1.93	5.58	0.00	0.7	0.75	68.76	52.319769	0.239118	61.518536	0.105341
N62 WAY TWP-JCKNBRG CORP/EDGWD CSD	9.72	50.08	1.93	0.51	2.00	0.7	0.75	65.69	49.249769	0.250293	58.448881	0.110259
N63 WAYNE TWP-SVNML CORP/EDGWD CSD	9.72	50.08	1.93	0.51	5.73	0.7	0.75	69.42	52.814304	0.239228	62.178881	0.104335
HAMILTON CORPORATION												
P63 ST CLAIR TWP-HAMIL CTY-ROSS LSD	9.72	49.73	1.93	1.36	4.36	0.7	0.75	68.55	42.095610	0.385914	45.855342	0.331067
P64 HAMILTON CORP-HAMILTON CSD	9.72	53.81	0.00	0.00	6.81	0.7	0.75	71.79	53.101699	0.260319	60.668399	0.154919
P65 HAMILTON CORP-EDGEWOOD CSD	9.72	50.08	1.93	0.00	6.24	0.7	0.75	69.42	52.788987	0.239593	62.134711	0.104971
P66 HAMILTON CORP-TALAWANDA CSD	9.72	55.30	1.93	0.00	6.81	0.7	0.75	75.21	45.564775	0.394166	49.468483	0.342262
P67 HAMILTON CORP-ROSS LSD	9.72	49.73	1.93	0.00	5.72	0.7	0.75	68.55	42.095610	0.385914	45.855342	0.331067
P69 HAMILTON CORP-NEW MIAMI LSD	9.72	29.44	1.93	0.00	5.81	0.7	0.75	48.35	44.960497	0.070103	44.689710	0.075704
MIDDLETOWN CORPORATION												
Q65 MIDDLETOWN CORP-MIDDLETOWN CSD	9.72	54.08	1.93	0.00	6.90	0.7	0.75	74.08	71.459411	0.035323	72.819982	0.016956
TRENTON CORPORATION												
R80 TRENTON CORP-EDGEWOOD CSD	9.72	50.08	1.93	0.00	12.99	0.7	0.75	76.17	58.603945	0.230637	68.914889	0.095273
R81 ST CLAIR TWP-TRENTON CTY-EDGE CSD	9.72	50.08	1.93	1.62	11.37	0.7	0.75	76.17	58.603945	0.230637	68.914889	0.095273
R82 MADISON TWP-TRENTON CTY-EDGE CSD	9.72	50.08	1.93	1.62	11.37	0.7	0.75	76.17	58.603945	0.230637	68.914889	0.095273
R83 WAYNE TWP-TREN CTY-EDGE CSD-FD1	9.72	50.08	1.93	1.62	11.37	0.7	0.75	76.17	58.603945	0.230637	68.914889	0.095273
R85 TRENTON CORP-MADISON LSD	9.72	39.54	1.93	0.00	11.01	0.7	0.75	63.65	59.053655	0.072213	62.773847	0.013765
R86 MADISON TWP-TREN CTY-MADISON LSD	9.72	39.54	1.93	0.63	10.38	0.7	0.75	63.65	59.053655	0.072213	62.773847	0.013765