

CITY OF FAIRFIELD, OHIO



Single Audit Reports

December 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditors' Report* of the City of Fairfield, Butler County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 8, 2020

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CITY OF FAIRFIELD, OHIO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass - Through Grantor, Program Title	Pass Through Entity Number	CFDA	Disbursements
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Pass-Through Ohio Department of Justice:</i>			
Bulletproof Vest Partnership Program	2017BUBX17087357	16.607	2,684
Edward Byrne Memorial Justice Assistance Grant Program	2017-DJ-BX-0881	16.738	10,946
Subtotal - U.S. Department of Justice			13,630
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Pass-Through Ohio Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Citywide Traffic Signal Improvements	PID 98771	20.205	1,177,745
State Route 4 with Michael and Camelot Intersection Improvements	PID 107866	20.205	93,666
Total Highway Planning and Construction Cluster			1,271,411
<i>Pass-Through Ohio Department of Public Safety:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	N/A	20.600	16,919
Total Highway Safety Cluster			16,919
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	N/A	20.608	15,118
Subtotal - U.S. Department of Transportation			1,303,448
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Staffing for Adequate Fire and Emergency Response	N/A - Direct Award	97.083	253,155
Subtotal - U.S. Department of Homeland Security			253,155
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Pass Through Butler County, Ohio:</i>			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants / Entitlement Grants	B-18-UC-39-0008	14.218	124,671
Total CDBG - Entitlement Grants Cluster			124,671
Subtotal - U.S. Department of Housing and Urban Development			124,671
Total			\$1,694,904

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

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fairfield, Ohio (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Plattenburg & Associates, Inc.

Cincinnati, Ohio

May 20, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Fairfield, Ohio's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements

that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 20, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

May 20, 2020

**CITY OF FAIRFIELD, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019**

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

Highway Planning and Construction Cluster CFDA #20.205

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

Auditee qualified as low-risk auditee? No

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

None

Section III – Federal Award Findings and Questioned Costs

None

CITY OF FAIRFIELD
December 31, 2019

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE

The City had no prior audit findings or questioned costs.

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CITY OF FAIRFIELD



Comprehensive Annual Financial Report



City of Fairfield, Ohio
For the Year Ended
December 31, 2019

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CITY OF FAIRFIELD, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2019

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



On the Cover

An aerial view of the City of Fairfield's recently opened Furfield Dog Park. The dog park features multiple play areas, a pond with a zero-entry edge and various shaded gathering spaces.

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INTRODUCTORY SECTION

City of Fairfield, Ohio

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May 20, 2020

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, 2019 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 2019, 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 has only been in effect for one full tax year.

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 2019:

- 1) The grand opening of the Fairfield Dog Park. This multi-purpose project created 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.
- 2) The completion of the River and Gray Roundabout, which is the first single-lane modern roundabout within the City of Fairfield. The roundabout offers improved safety, increased capacity, and provides calming effects that will benefit the proposed park and bike trail improvements in the Marsh Lake corridor.

Future Projects

Accomplishments and significant capital projects to look forward to in 2020 include the following:

- 1) Maintenance on the Seward Road Water Tank is projected to begin in 2020, for a cost of \$665,000. This project would include the inspection of the water tank as well as various improvements. The improvements would include the recoating of interior and exterior surfaces, and the installation of mixing systems.
- 2) Construction for the Muskopf Storm Sewer is also projected for 2020, for a cost of \$990,000. This project was studied in 2015 in order to identify the best alternative to deal with the collection of mud and water after a large storm event originating from the hillside at the end of Muskopf Road. The most viable alternative is to install a large diameter storm sewer, as well as the construction of a wet pond within a small portion of the existing detention basis in order to better collect sediment.

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, 2019.

City Income Tax

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

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

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

		<u>2019</u>	<u>2018</u>
General Fund	1.20%	\$25,816,841	\$24,890,416
Street Improvement Fund	0.15%	3,227,105	3,111,302
Capital Improvement Fund	0.15%	<u>3,227,105</u>	<u>3,111,302</u>
Gross Revenues		<u>\$32,271,051</u>	<u>\$31,113,020</u>

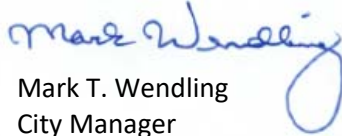
Independent Audit

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

Vice Mayor – Debbie Pennington

Chad Oberson
Leslie Besl
Craig Keller

Tim Abbott
Ron D'Epifanio
Bill Woeste

APPOINTED OFFICIALS

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

Mark Wendling
Dan Wendt
Scott Timmer
John Clemmons
Dave Butsch
Tiphonie Howard
Adam Sackenheim
Greg Kathman
Steve Maynard
Donald Bennett
Alisha Wilson

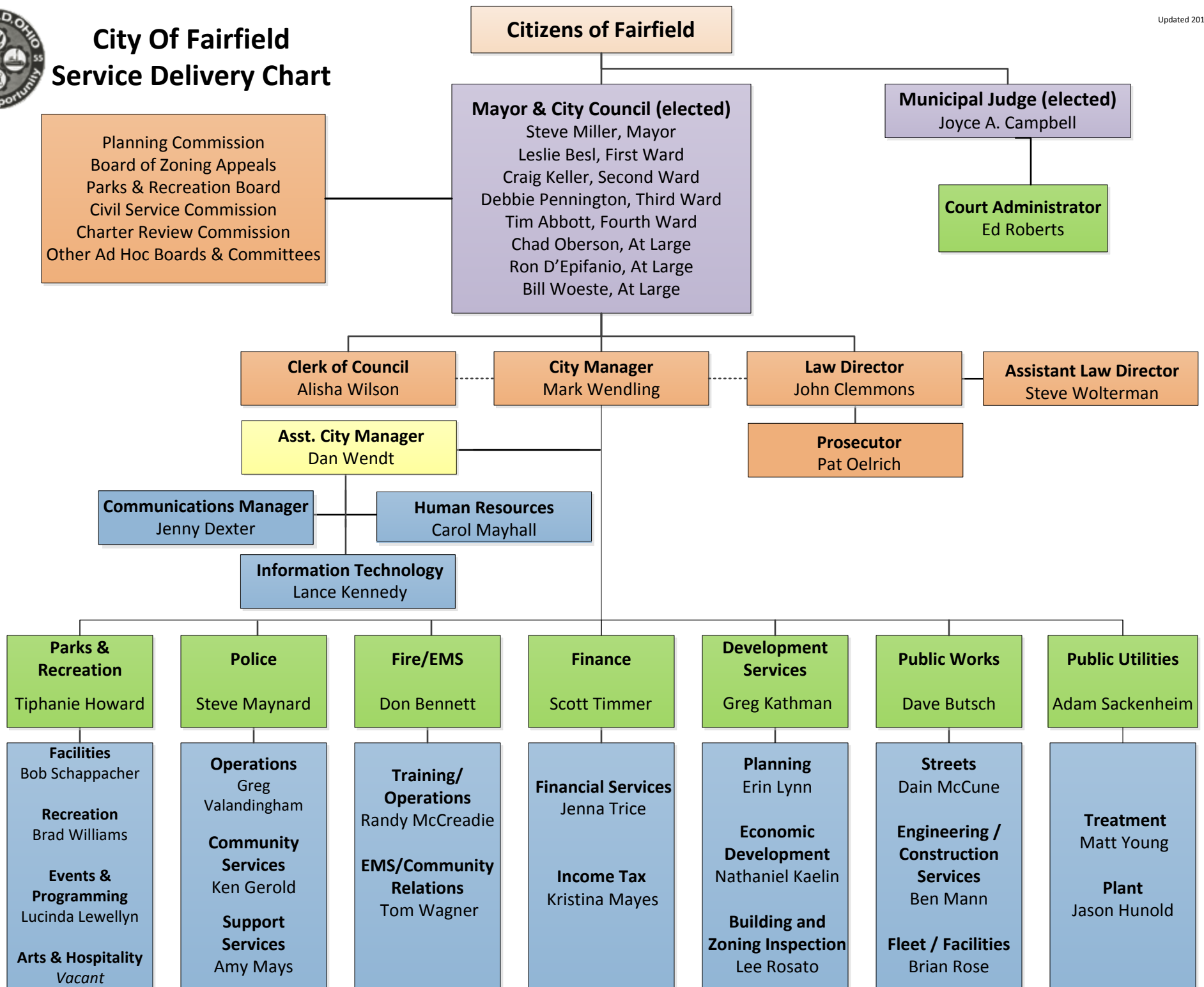
DEPARTMENT OF FINANCE

Scott Timmer
Jenna Trice
Kristina Mayes
Karen Broughton

Finance Director
Financial Services Manager
Income Tax Administrator
Payroll Administrator



City Of Fairfield Service Delivery Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Fairfield
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

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, 2019, 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, 2019, 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 Matter

As discussed in Note 22 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. 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 May 20, 2020, 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.

Platterburg & Associates, Inc.

Cincinnati, Ohio

May 20, 2020

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019
(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, 2019. 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 \$18,199,147. Net position of governmental activities increased \$16,878,053, net position of business-type activities increased by \$1,321,094.
- The general fund reported a fund balance of \$21,558,503.
- Business-type operations reflected operating income of \$454,393.
- The City had \$37,417,976 in expenses relating to governmental activities; program revenues offset \$12,602,543 of these expenses. General revenues of \$42,228,486 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, 2019
(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.

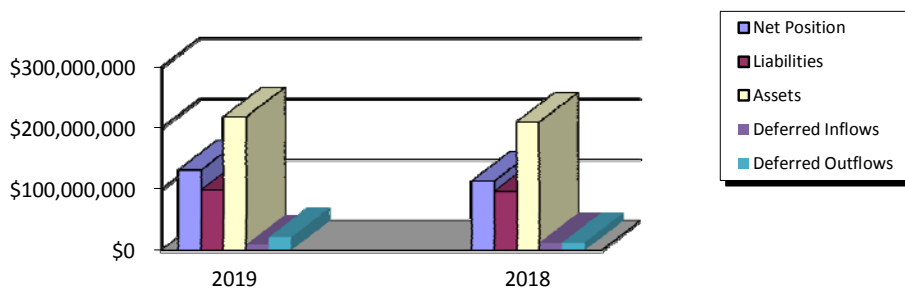
City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019
(Unaudited)

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 2019 compared to 2018.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and Other Assets	\$65,049,058	\$60,183,874	\$19,663,828	\$16,428,726	84,712,886	\$76,612,600
Capital Assets	89,754,774	89,946,567	43,686,136	43,099,090	133,440,910	133,045,657
Total Assets	154,803,832	150,130,441	63,349,964	59,527,816	218,153,796	209,658,257
Deferred Outflows of Resources:						
Deferred Charge on Refunding	307,589	358,467	9,918	14,877	317,507	373,344
OPEB	3,983,337	3,883,542	318,165	296,318	4,301,502	4,179,860
Pension	14,675,291	7,283,693	2,241,518	1,162,765	16,916,809	8,446,458
Total Deferred Outflows of Resources	18,966,217	11,525,702	2,569,601	1,473,960	21,535,818	12,999,662
Liabilities:						
Long-Term Liabilities	76,614,730	78,440,771	12,289,214	9,110,786	88,903,944	87,551,557
Other Liabilities	2,871,716	3,350,023	7,303,497	5,805,549	10,175,213	9,155,572
Total Liabilities	79,486,446	81,790,794	19,592,711	14,916,335	99,079,157	96,707,129
Deferred Inflows of Resources:						
Property Taxes	7,060,857	7,011,000	0	0	7,060,857	7,011,000
Grants and Other Taxes	269,215	270,762	0	0	269,215	270,762
OPEB	1,243,885	802,300	78,818	245,005	1,322,703	1,047,305
Pension	732,052	3,681,746	180,331	1,093,825	912,383	4,775,571
Total Deferred Inflows of Resources	9,306,009	11,765,808	259,149	1,338,830	9,565,158	13,104,638
Net Position:						
Net Investment In Capital Assets	78,671,198	77,707,285	37,401,334	38,133,776	116,072,532	115,841,061
Restricted	24,601,200	22,525,145	1,083,318	1,031,796	25,684,518	23,556,941
Unrestricted	(18,294,804)	(32,132,889)	7,583,053	5,581,039	(10,711,751)	(26,551,850)
Total Net Position	\$84,977,594	\$68,099,541	\$46,067,705	\$44,746,611	\$131,045,299	\$112,846,152



Total net position of the City as a whole increased \$18,199,147. Net position of the City's governmental activities increased \$16,878,053, while the net position of the City's business-type activities increased \$1,321,094 from 2018. 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 (\$10,711,751). Capital Assets increased mainly due to current year depreciation expense being less than additions. Total Long-Term Liabilities increased mainly due to changes in net pension liability.

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019
(Unaudited)

Table 2 shows the changes in net position at year-end and revenue and expense comparisons for 2019 to 2018.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for Services	\$4,950,987	\$4,720,895	\$18,504,052	\$17,894,842	\$23,455,039	\$22,615,737
Operating Grants and Contributions	6,073,045	3,403,213	0	0	6,073,045	3,403,213
Capital Grants and Contributions	1,578,511	3,472,908	64,868	0	1,643,379	3,472,908
Total Program Revenues	12,602,543	11,597,016	18,568,920	17,894,842	31,171,463	29,491,858
General Revenues:						
Income Taxes	30,773,706	30,739,815	0	0	30,773,706	30,739,815
Property Taxes	7,838,791	7,455,793	0	0	7,838,791	7,455,793
Grants and Entitlements	1,417,520	1,194,021	0	0	1,417,520	1,194,021
Investment Earnings	1,120,183	663,060	411,729	179,666	1,531,912	842,726
Other Revenues	1,078,286	855,781	208,233	251,744	1,286,519	1,107,525
Total General Revenues	42,228,486	40,908,470	619,962	431,410	42,848,448	41,339,880
Total Revenues	54,831,029	52,505,486	19,188,882	18,326,252	74,019,911	70,831,738
Program Expenses:						
General Government	8,302,443	9,476,038	0	0	8,302,443	9,476,038
Public Safety	13,416,020	22,968,209	0	0	13,416,020	22,968,209
Community Development	968,163	2,117,719	0	0	968,163	2,117,719
Liesure Time Activities	3,083,191	3,643,483	0	0	3,083,191	3,643,483
Transportation and Street Repair	10,668,855	9,083,304	0	0	10,668,855	9,083,304
Basic Utility Service	444,198	502,866	0	0	444,198	502,866
Public Health and Welfare	20,791	20,582	0	0	20,791	20,582
Interest and Other Charges	514,315	562,058	0	0	514,315	562,058
Water Utility	0	0	7,311,842	5,703,566	7,311,842	5,703,566
Sewer Utility	0	0	6,517,745	6,835,855	6,517,745	6,835,855
Solid Waste	0	0	2,378,343	2,328,509	2,378,343	2,328,509
Recreation	0	0	2,194,858	1,832,164	2,194,858	1,832,164
Total Program Expenses	37,417,976	48,374,259	18,402,788	16,700,094	55,820,764	65,074,353
Increase (Decrease) in Net Position before Transfers	17,413,053	4,131,227	786,094	1,626,158	18,199,147	5,757,385
Transfers - Internal Activities	(535,000)	(355,000)	535,000	355,000	0	0
Change in Net Position	16,878,053	3,776,227	1,321,094	1,981,158	18,199,147	5,757,385
Net Position - Beginning of Year	68,099,541	64,323,314	44,746,611	42,765,453	112,846,152	107,088,767
Net Position - End of Year	\$84,977,594	\$68,099,541	\$46,067,705	\$44,746,611	\$131,045,299	\$112,846,152

Governmental Activities

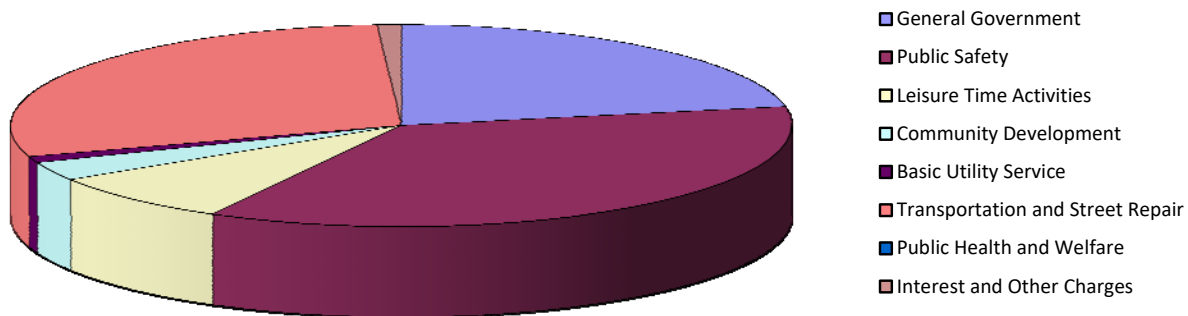
The City had an increase in revenues mainly due to an increase in operating grants and investment earnings that the City received in 2019. Total expenses decreased mainly due to the City's public safety services, that they provide, decreased from 2018.

Revenues generated by the earnings tax represent approximately 70% of the City's governmental activities revenues. The City's 2019 earnings tax revenues increased approximately 1% when compared to 2018 earnings tax revenues.

City of Fairfield, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended December 31, 2019
(Unaudited)

Governmental Activities Program Expenses for the Current Year

	<u>Percentage</u>
General Government	22%
Public Safety	36%
Leisure Time Activities	8%
Community Development	3%
Basic Utility Service	1%
Transportation and Street Repair	29%
Public Health and Welfare	Less than 1%
Interest and Other Charges	<u>1%</u>
Total	<u><u>100%</u></u>



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.

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

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

Business-Type Activities

The City's business-type activities include Water Utility, Sewer Utility, Solid Waste Management and Recreation Facilities operations. The City's business-type activities had operating income of \$454,393 for 2019. The operating revenues for business-type activities were \$18,712,285, while operating expenses were \$18,257,892 for 2019. The decrease in operating income for 2019 was mainly due to an increase in the City's operating expenses, in 2019 as compared to 2018.

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 of Fairfield, Ohio
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City petitioned the state of Ohio and was granted to have the capacity of the lime/soda ash plant re-rated from 9.0 to 13.5 million gallons per day. This should meet all potential demands for the City of Fairfield for the foreseeable future.

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

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

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

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

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

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

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

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(Unaudited)

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

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

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

The City's Funds

The City has three major governmental funds: the General Fund, Fire Levy Fund, and Street Improvement Fund. Assets of these funds comprised \$45,534,915 (75%) of the total governmental fund assets.

General Fund: Fund balance at December 31, 2019 was \$21,558,503, an increase in fund balance of \$1,967,344 from 2018. The general fund had an increase in fund balance mainly due to overall revenues for the fund increased when compared to 2018.

Fire Levy Fund: Fund balance at December 31, 2019 was \$2,793,229, an increase of \$925,223 from 2018. The increase in fund balance was mostly due to an increase in investment earnings and intergovernmental revenue.

Street Improvement Fund: Fund balance at December 31, 2019 was \$7,125,489, an increase in fund balance of \$70,231 from 2018.

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.

City of Fairfield, Ohio
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(Unaudited)

For the General Fund, the final budgeted expenditures were \$30,133,044 and the final actual expenditures were \$28,056,620. The difference was \$2,076,424. 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 2019. As the City completed the year, its General Fund balance reported an actual fund balance of \$19,571,402, on a Non-GAAP Budgetary Basis.

Capital Assets and Debt Administration

Capital Assets

At year end, the City had \$133,440,910 invested in land, construction in progress, buildings and improvements, equipment and infrastructure. Table 3 shows 2019 balances compared to 2018:

Table 3
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$19,385,340	\$19,112,540	\$1,641,949	\$1,641,949	\$21,027,289	\$20,754,489
Construction in Progress	2,195,049	4,316,055	1,534,259	170,536	3,729,308	4,486,591
Buildings and Improvements	48,585,321	48,561,090	51,836,297	51,767,498	100,421,618	100,328,588
Equipment	20,837,976	20,093,843	5,723,084	5,367,650	26,561,060	25,461,493
Infrastructure	114,285,987	108,024,458	39,195,794	38,318,309	153,481,781	146,342,767
Accumulated Depreciation	(115,534,899)	(110,161,419)	(56,245,247)	(54,166,852)	(171,780,146)	(164,328,271)
Total Net Capital Assets	<u>\$89,754,774</u>	<u>\$89,946,567</u>	<u>\$43,686,136</u>	<u>\$43,099,090</u>	<u>\$133,440,910</u>	<u>\$133,045,657</u>

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 \$11,391,165 in Governmental Activities long-term debt and \$294,720 in Business-Type Activities long-term debt.

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City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019
(Unaudited)

Table 4
Outstanding Debt at Year End

		2019	2018
Governmental Activities:			
<u>Bonds and Notes:</u>			
Various Purpose Golf and Justice Center - 2009	3.56%	\$0	\$280,000
Roadway Improvement Bonds - 2010A	4.64-6.09%	5,575,000	6,000,000
2017 Refunding of 2009 Various Purpose Golf & Just. Center	4.05%	3,575,000	3,580,000
Community Arts Center Refunding 2012	4.50%	1,865,000	2,300,000
Premium/(Discount)	n/a	376,165	437,749
Total Bonds and Notes:		<u>\$11,391,165</u>	<u>\$12,597,749</u>
Business Type Activities:			
OWDA Wastewater Improvement Loan	3.79-4.12%	\$0	\$43,111
Various Purpose Refunding - 2012	3.66%	280,000	415,000
Premium on Various Purpose Water Refunding - 2012	n/a	14,720	22,080
Total Business Type Activities		<u>\$294,720</u>	<u>\$480,191</u>

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

Economic Factors

The City of Fairfield worked through the economic conditions from 2010 through good budgeting and internal controls. The City's main revenue source, income tax, has stabilized primarily due to the employers base in the City. As the economy has stabilized, those employers are either holding employment levels consistent or growing their employment levels. During 2019, three local companies announced physical expansions, including Rolled Alloys, Calvary Industries, and The Fischer Group. Once fully completed, the projects are anticipated to retain 229 existing jobs and create an additional 118.

Back in 2013, the City residents approved a reapportionment to replace the \$1,500,000 in lost revenue from cuts in local funding in the State operating budget and elimination of the estate tax. At that time the City apportioned the income tax to the General, Street Improvement and Capital funds. The reapportionment of the income tax beginning in 2013 became 1.2% to the General fund and 0.15% each to the Street Improvement and Capital Improvement funds. It was understood at the time of the reapportionment should the General fund have available funds above the reserve balance, funds would be transferred back to the Street Improvement and Capital Improvement funds to replace the 0.05%. In 2019, 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.

City of Fairfield, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2019
(Unaudited)

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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$47,764,515	\$16,197,259	\$63,961,774
Restricted Cash	0	1,083,318	1,083,318
Receivables (Net):			
Taxes	13,638,177	0	13,638,177
Accounts	473,001	2,174,954	2,647,955
Interest	73,749	11,247	84,996
Intergovernmental	3,099,616	0	3,099,616
Inventory	0	197,050	197,050
Nondepreciable Capital Assets	21,580,389	3,176,208	24,756,597
Depreciable Capital Assets, Net	68,174,385	40,509,928	108,684,313
Total Assets	154,803,832	63,349,964	218,153,796
Deferred Outflows of Resources:			
Deferred Charge on Refunding Pension	307,589	9,918	317,507
OPEB	14,675,291	2,241,518	16,916,809
	3,983,337	318,165	4,301,502
Total Deferred Outflows of Resources	18,966,217	2,569,601	21,535,818
Liabilities:			
Accounts Payable	672,703	501,583	1,174,286
Accrued Wages and Benefits	1,680,813	292,669	1,973,482
Retainage Payable	167,113	10,680	177,793
Accrued Interest Payable	41,478	122,653	164,131
Due to Other Governments	8,102	108,719	116,821
Claims Payable	301,507	4,306	305,813
Other Liabilities	0	262,887	262,887
General Obligation Notes Payable	0	6,000,000	6,000,000
Long-Term Liabilities:			
Due Within One Year	2,532,711	356,140	2,888,851
Due In More Than One Year			
Net Pension Liability	48,930,480	7,483,491	56,413,971
Net OPEB Liability	12,258,854	3,706,605	15,965,459
Other Amounts	12,892,685	742,978	13,635,663
Total Liabilities	79,486,446	19,592,711	99,079,157
Deferred Inflows of Resources:			
Property Taxes	7,060,857	0	7,060,857
Grants and Other Taxes	269,215	0	269,215
Pension	732,052	180,331	912,383
OPEB	1,243,885	78,818	1,322,703
Total Deferred Inflows of Resources	9,306,009	259,149	9,565,158
Net Position:			
Net Investment in Capital Assets	78,671,198	37,401,334	116,072,532
Restricted for:			
Debt Service	1,821,273	0	1,821,273
Capital Projects	9,736,359	1,083,318	10,819,677
Street Construction and Maintenance	3,011,818	0	3,011,818
Court Services	5,267,472	0	5,267,472
Public Safety	3,351,123	0	3,351,123
Other Purposes	1,413,155	0	1,413,155
Unrestricted	(18,294,804)	7,583,053	(10,711,751)
Total Net Position	\$84,977,594	\$46,067,705	\$131,045,299

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, 2019

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$8,302,443	\$2,120,563	\$68,440	\$0
Public Safety	13,416,020	1,251,438	1,119,916	0
Community Development	968,163	1,274,609	13,770	270,762
Leisure Time Activities	3,083,191	265,147	0	0
Transportation and Street Repair	10,668,855	39,230	4,870,919	1,307,749
Basic Utility Service	444,198	0	0	0
Public Health and Welfare	20,791	0	0	0
Interest and Other Charges	514,315	0	0	0
Total Governmental Activities	37,417,976	4,950,987	6,073,045	1,578,511
Business-Type Activities:				
Water Utility	7,311,842	7,305,160	0	64,868
Sewer Utility	6,517,745	7,134,527	0	0
Solid Waste	2,378,343	2,359,581	0	0
Recreation	2,194,858	1,704,784	0	0
Total Business-Type Activities	18,402,788	18,504,052	0	64,868
Totals	\$55,820,764	\$23,455,039	\$6,073,045	\$1,643,379

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 - End of Year

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$6,113,440)	\$0	(\$6,113,440)
(11,044,666)	0	(11,044,666)
590,978	0	590,978
(2,818,044)	0	(2,818,044)
(4,450,957)	0	(4,450,957)
(444,198)	0	(444,198)
(20,791)	0	(20,791)
(514,315)	0	(514,315)
<u>(24,815,433)</u>	<u>0</u>	<u>(24,815,433)</u>
0	58,186	58,186
0	616,782	616,782
0	(18,762)	(18,762)
0	(490,074)	(490,074)
<u>0</u>	<u>166,132</u>	<u>166,132</u>
<u>(24,815,433)</u>	<u>166,132</u>	<u>(24,649,301)</u>
30,773,706	0	30,773,706
1,722,680	0	1,722,680
6,116,111	0	6,116,111
1,417,520	0	1,417,520
30,657	0	30,657
1,120,183	411,729	1,531,912
1,047,629	208,233	1,255,862
(535,000)	535,000	0
<u>41,693,486</u>	<u>1,154,962</u>	<u>42,848,448</u>
16,878,053	1,321,094	18,199,147
<u>68,099,541</u>	<u>44,746,611</u>	<u>112,846,152</u>
<u>\$84,977,594</u>	<u>\$46,067,705</u>	<u>\$131,045,299</u>

City of Fairfield, Ohio
Balance Sheet
Governmental Funds
December 31, 2019

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$20,698,119	\$3,148,560	\$7,027,376	\$12,593,865	\$43,467,920
Receivables (Net):					
Taxes	6,219,086	6,142,329	638,381	638,381	13,638,177
Accounts	473,001	0	0	0	473,001
Interest	45,400	16,593	8,479	3,277	73,749
Intergovernmental	463,805	352,150	0	2,283,661	3,099,616
Interfund	301,636	0	0	0	301,636
Total Assets	28,201,047	9,659,632	7,674,236	15,519,184	61,054,099
Liabilities:					
Accounts Payable	298,003	32,273	102,662	218,474	651,412
Accrued Wages and Benefits	1,102,667	402,275	0	144,092	1,649,034
Compensated Absences	58,611	0	0	30,756	89,367
Retainage Payable	0	0	36,932	130,181	167,113
Due to Other Governments	8,102	0	0	0	8,102
Interfund Payable	0	0	0	301,636	301,636
Claims Payable	13,736	3,587	0	1,880	19,203
Total Liabilities	1,481,119	438,135	139,594	827,019	2,885,867
Deferred Inflows of Resources:					
Property Taxes	1,112,038	6,142,329	0	0	7,254,367
Income Taxes	3,205,389	0	400,674	400,674	4,006,737
Grants and Other Taxes	389,299	280,001	0	2,000,809	2,670,109
Special Assessments	329,458	0	0	0	329,458
Accounts	97,552	0	0	0	97,552
Investment Earnings	27,689	5,938	8,479	19	42,125
Total Deferred Inflows of Resources	5,161,425	6,428,268	409,153	2,401,502	14,400,348
Fund Balances:					
Restricted	0	2,793,229	7,125,489	12,541,682	22,460,400
Assigned	313,800	0	0	55,917	369,717
Unassigned	21,244,703	0	0	(306,936)	20,937,767
Total Fund Balances	21,558,503	2,793,229	7,125,489	12,290,663	43,767,884
Total Liabilities, Deferred Inflows and Fund Balances	\$28,201,047	\$9,659,632	\$7,674,236	\$15,519,184	\$61,054,099

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, 2019

Total Governmental Fund Balance		\$43,767,884
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		89,754,774
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Income Taxes	4,006,737	
Delinquent Property Taxes	193,510	
Interest	42,125	
Intergovernmental	2,400,894	
Other Receivables	<u>427,010</u>	
		7,070,276
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
Internal Service Net Position		2,930,704
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.		
		(41,478)
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		(3,838,321)
Deferred outflow of resources associated with long-term liabilities are not reported in the funds.		
		307,589
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	14,442,310	
Deferred inflows of resources related to pensions	(713,308)	
Deferred outflows of resources related to OPEB	3,950,267	
Deferred inflows of resources related to OPEB	<u>(1,235,693)</u>	
		16,443,576
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(48,152,652)	
Net OPEB Liability	(11,873,593)	
Other Amounts	<u>(11,391,165)</u>	
		<u>(71,417,410)</u>
Net Position of Governmental Activities		<u>\$84,977,594</u>

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, 2019

	General	Fire Levy	Street Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$1,717,927	\$6,088,930	\$0	\$0	\$7,806,857
Income Taxes	24,377,758	0	3,096,920	3,096,920	30,571,598
Charges for Services	1,792,749	1,128,387	0	8,464	2,929,600
Investment Earnings	623,712	77,405	152,673	240,116	1,093,906
Intergovernmental	1,299,337	1,044,500	257,254	5,608,943	8,210,034
Special Assessments	58,556	0	0	0	58,556
Fines, Licenses & Permits	1,511,014	6,100	0	786,668	2,303,782
Revenue in Lieu of Taxes	0	0	0	30,657	30,657
Other Revenues	387,083	7,370	0	90,063	484,516
Total Revenues	31,768,136	8,352,692	3,506,847	9,861,831	53,489,506
Expenditures:					
Current:					
General Government	8,689,404	0	0	551,927	9,241,331
Public Safety	12,138,053	7,427,469	0	20,763	19,586,285
Community Development	1,431,198	0	0	0	1,431,198
Leisure Time Activities	2,808,303	0	0	0	2,808,303
Transportation and Street Repair	0	0	0	6,886,517	6,886,517
Basic Utility Service	444,198	0	0	0	444,198
Public Health and Welfare	20,791	0	0	0	20,791
Capital Outlay	243,906	0	3,695,730	2,795,548	6,735,184
Debt Service:					
Principal	0	0	0	1,145,000	1,145,000
Interest and Other Charges	0	0	0	528,942	528,942
Total Expenditures	25,775,853	7,427,469	3,695,730	11,928,697	48,827,749
Excess of Revenues Over (Under) Expenditures	5,992,283	925,223	(188,883)	(2,066,866)	4,661,757
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	7,665	0	0	156,379	164,044
Transfers In	0	0	259,114	3,206,013	3,465,127
Transfers (Out)	(4,032,604)	0	0	(167,523)	(4,200,127)
Total Other Financing Sources (Uses)	(4,024,939)	0	259,114	3,194,869	(570,956)
Net Change in Fund Balance	1,967,344	925,223	70,231	1,128,003	4,090,801
Fund Balance - Beginning of Year	19,591,159	1,868,006	7,055,258	11,162,660	39,677,083
Fund Balance - End of Year	\$21,558,503	\$2,793,229	\$7,125,489	\$12,290,663	\$43,767,884

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, 2019

Net Change in Fund Balance - Total Governmental Funds \$4,090,801

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	6,032,188	
Depreciation Expense	<u>(6,217,347)</u>	(185,159)

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. (6,634)

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

Pension contributions	3,085,288	
Pension Expense	(8,307,601)	
OPEB contributions	45,399	
OPEB Expense	<u>16,104,102</u>	10,927,188

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

Income Taxes	202,108	
Delinquent Property Taxes	31,934	
Interest	26,277	
Intergovernmental	859,917	
Other	<u>63,877</u>	1,184,113

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,145,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 3,921

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	(157,053)	
Amortization of Bond Premium	61,584	
Amortization of Deferred Charge on Refunding	<u>(50,878)</u>	(146,347)

(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, 2019

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>(134,830)</u>
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Change in Net Position of Governmental Activities	<u><u>\$16,878,053</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, 2019

	Business-Type Activities Enterprise Funds			Total Business-Type Activities	Governmental Activities
	Water Utility	Sewer Utility	Other Enterprise Funds		Internal Service Funds
Current Assets:					
Equity in Pooled Cash and Investments	\$7,279,905	\$8,140,640	\$776,714	\$16,197,259	\$4,296,595
Restricted Cash	1,083,318	0	0	1,083,318	0
Receivables (Net):					
Accounts	857,482	1,019,891	297,581	2,174,954	0
Interest	4,761	6,486	0	11,247	0
Inventory	178,920	0	18,130	197,050	0
Total Current Assets	9,404,386	9,167,017	1,092,425	19,663,828	4,296,595
Noncurrent Assets:					
Capital Assets:					
Nondepreciable Capital Assets	2,091,001	578,207	507,000	3,176,208	0
Depreciable Capital Assets, Net	17,399,511	20,579,835	2,530,582	40,509,928	0
Total Noncurrent Assets	19,490,512	21,158,042	3,037,582	43,686,136	0
Total Assets	28,894,898	30,325,059	4,130,007	63,349,964	4,296,595
Deferred Outflows of Resources:					
Deferred Charge on Refunding	0	0	9,918	9,918	0
Pension	996,474	1,034,241	210,803	2,241,518	232,981
OPEB	141,441	146,802	29,922	318,165	33,070
Total Deferred Outflows of Resources	1,137,915	1,181,043	250,643	2,569,601	266,051
Liabilities:					
Current Liabilities:					
Accounts Payable	184,227	108,508	208,848	501,583	21,291
Accrued Wages and Benefits	126,597	137,017	29,055	292,669	31,779
Compensated Absences	110,303	80,779	25,058	216,140	13,013
Retainage Payable	10,680	0	0	10,680	0
Accrued Interest Payable	53,680	68,320	653	122,653	0
Due to Other Governments	0	108,719	0	108,719	0
Claims Payable	1,624	1,794	888	4,306	282,304
Other Liabilities	262,887	0	0	262,887	0
General Obligation Notes Payable	4,640,000	1,360,000	0	6,000,000	0
Long-Term Liabilities Due Within One Year	0	0	140,000	140,000	0
Total Current Liabilities	5,389,998	1,865,137	404,502	7,659,637	348,387
Long-Term Liabilities:					
Compensated Absences	243,222	298,431	46,605	588,258	93,530
Bonds, Notes & Loans Payable	0	0	154,720	154,720	0
Net Pension Liability	3,326,811	3,452,898	703,782	7,483,491	777,828
Net OPEB Liability	1,647,784	1,710,235	348,586	3,706,605	385,261
Total Noncurrent Liabilities	5,217,817	5,461,564	1,253,693	11,933,074	1,256,619
Total Liabilities	10,607,815	7,326,701	1,658,195	19,592,711	1,605,006
Deferred Inflows of Resources:					
Pension	80,167	83,205	16,959	180,331	18,744
OPEB	35,039	36,367	7,412	78,818	8,192
Total Deferred Inflows of Resources	115,206	119,572	24,371	259,149	26,936
Net Position:					
Net Investment in Capital Assets	14,850,512	19,798,042	2,752,780	37,401,334	0
Restricted for:					
Capital Projects	1,083,318	0	0	1,083,318	0
Unrestricted	3,375,962	4,261,787	(54,696)	7,583,053	2,930,704
Total Net Position	\$19,309,792	\$24,059,829	\$2,698,084	\$46,067,705	\$2,930,704

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, 2019

	Business-Type Activities Enterprise Funds			Total Business-Type Activities	Governmental
	Water Utility	Sewer Utility	Other Enterprise Funds		Internal Service Funds
Operating Revenues:					
Charges for Services	\$7,305,160	\$7,134,527	\$4,064,365	\$18,504,052	\$6,453,986
Other Revenues	147,973	26,096	34,164	208,233	2,167
Total Operating Revenues	7,453,133	7,160,623	4,098,529	18,712,285	6,456,153
Operating Expenses:					
Personal Services	2,862,450	3,290,757	1,182,338	7,335,545	760,107
Contactual Services	2,621,191	1,326,354	2,880,912	6,828,457	5,677,434
Materials and Supplies	844,087	660,038	322,344	1,826,469	385,159
Depreciation	911,894	1,177,654	177,873	2,267,421	0
Total Operating Expenses	7,239,622	6,454,803	4,563,467	18,257,892	6,822,700
Operating Income (Loss)	213,511	705,820	(464,938)	454,393	(366,547)
Non-Operating Revenues (Expenses):					
Investment Earnings	223,255	179,979	8,495	411,729	31,717
Interest (Expense)	(82,590)	(78,759)	(9,734)	(171,083)	0
Gain on Disposal of Capital Assets	10,370	15,817	0	26,187	0
Total Non-Operating Revenues (Expenses)	151,035	117,037	(1,239)	266,833	31,717
Income (Loss) Before Contributions and Transfers	364,546	822,857	(466,177)	721,226	(334,830)
Capital Grants and Contributions	64,868	0	0	64,868	0
Transfers In	0	0	535,000	535,000	200,000
Change in Net Position	429,414	822,857	68,823	1,321,094	(134,830)
Net Position - Beginning of Year	18,880,378	23,236,972	2,629,261	44,746,611	3,065,534
Net Position - End of Year	\$19,309,792	\$24,059,829	\$2,698,084	\$46,067,705	\$2,930,704

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, 2019

	Business-Type Activities Enterprise Funds			Total Business-Type Activities	Governmental Activities
	Water Utility	Sewer Utility	Other Enterprise Funds		Internal Service Funds
Cash Flows from Operating Activities:					
Cash Received from Customers	\$7,429,360	\$7,095,261	\$4,108,764	\$18,633,385	\$6,456,153
Cash Payments to Employees	(2,442,423)	(2,647,896)	(1,076,000)	(6,166,319)	(623,331)
Cash Payments to Suppliers	(3,537,080)	(1,979,980)	(3,228,042)	(8,745,102)	(403,572)
Cash Payments for Claims	0	0	0	0	(5,629,395)
Net Cash Provided (Used) by Operating Activities	1,449,857	2,467,385	(195,278)	3,721,964	(200,145)
Cash Flows from Noncapital Financing Activities:					
Payments from Other Funds	0	0	535,000	535,000	200,000
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	535,000	535,000	200,000
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	(2,076,080)	(701,253)	(80,736)	(2,858,069)	0
Debt Proceeds	4,640,000	1,360,000	0	6,000,000	0
Debt Principal Payments	(3,000,000)	(1,543,111)	(135,000)	(4,678,111)	0
Debt Interest Payments	(28,910)	(38,043)	(12,450)	(79,403)	0
Gain on the Disposal of Capital Assets	10,370	17,370	0	27,740	0
Capital Grants	64,868	0	0	64,868	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(389,752)	(905,037)	(228,186)	(1,522,975)	0
Cash Flows from Investing Activities:					
Earnings on Investments	168,460	173,743	8,495	350,698	33,044
Net Cash Provided (Used) by Cash Flows from Investing Activities	168,460	173,743	8,495	350,698	33,044
Net Increase (Decrease) in Cash and Cash Equivalents	1,228,565	1,736,091	120,031	3,084,687	32,899
Cash and Cash Equivalents - Beginning of Year	7,134,658	6,404,549	656,683	14,195,890	4,263,696
Cash and Cash Equivalents - End of Year	8,363,223	8,140,640	776,714	17,280,577	4,296,595
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	213,511	705,820	(464,938)	454,393	(366,547)
Adjustments:					
Depreciation	911,894	1,177,654	177,873	2,267,421	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	(77,349)	(65,362)	10,235	(132,476)	0
(Increase) Decrease in Inventory	(11,776)	0	1,709	(10,067)	0
(Increase) Decrease in Deferred Outflows of Resources	(467,059)	(522,295)	(111,246)	(1,100,600)	(115,244)
Increase (Decrease) in Claims Payable	(5,709)	(6,307)	(3,119)	(15,135)	29,598
Increase (Decrease) in Retainage Payable	10,680	0	0	10,680	0
Increase (Decrease) in Other Liabilities	(2,925)	0	0	(2,925)	0
Increase (Decrease) in Payables	(14,205)	6,412	(26,495)	(34,288)	(1,430)
Increase (Decrease) in Accrued Liabilities	14,700	24,446	(43,152)	(4,006)	10,234
Increase (Decrease) in Deferred Inflows of Resources	(500,360)	(484,884)	(94,437)	(1,079,681)	(111,442)
Increase (Decrease) in Net Pension Liability	1,242,864	1,406,565	301,568	2,950,997	309,362
Increase (Decrease) in Net OPEB Liability	135,591	225,336	56,724	417,651	45,324
Net Cash Provided (Used) by Operating Activities	\$1,449,857	\$2,467,385	(\$195,278)	\$3,721,964	(\$200,145)

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2019

	Custodial Funds
Assets:	
Equity in Pooled Cash and Investments	\$392,482
Receivables (Net):	
Accounts	<u>166,306</u>
Total Assets	<u>558,788</u>
Liabilities:	
Accounts Payable	<u>150,223</u>
Total Liabilities	<u>150,223</u>
Net Position:	
Restricted for:	
Individuals, Organizations, and Other Governments	206,571
Economic Development	<u>201,994</u>
Total Net Position	<u><u>\$408,565</u></u>

See accompanying notes to the basic financial statements.

City of Fairfield, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended December 31, 2019

	Custodial Funds
Additions:	
Investment Earnings	\$17
Municipal Court Receipts	929,118
Joint Economic Development District Receipts	<u>2,299,586</u>
Total Additions	<u>3,228,721</u>
Deductions:	
Municipal Court Disbursements	908,648
Joint Economic Development District Disbursements	<u>2,271,028</u>
Total Deductions	<u>3,179,676</u>
Change in Net Position	49,045
Net Position - Beginning of Year, Restated	<u>359,520</u>
Net Position - End of Year	<u><u>\$408,565</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, 2019

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, 2019

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

Fund Financial Statements

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

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, 2019

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

Fiduciary Funds

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

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, 2019, but which were levied to finance year 2020 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.

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

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 2019, 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 2019 amounted to \$623,712 in the general fund, \$77,405 in the fire levy fund, \$152,673 in the street improvement fund and \$240,116 in other governmental funds.

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.

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:

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

<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, 2019

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 \$25,684,518 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, 2019

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, 2019

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, 2019

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, 2019, \$20,036,616 of the City's bank balance of \$20,786,616 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

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

Investments

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of December 31, 2019:

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*	\$24,257,479		\$24,257,479	0.12
Federal National Mortgage Association	2,991,300	\$2,991,300		1.00
Federal Farm Credit Bank	6,978,270	6,978,270		3.56
Negotiable Certificate of Deposit	7,816,258	7,816,258		1.40
Federal Home Loan Mortgage Corporation	1,994,090	1,994,090		4.28
Federal Home Loan Bank	699,979	699,979		0.02
	<u>\$44,737,376</u>	<u>\$20,479,897</u>	<u>\$24,257,479</u>	
Portfolio Weighted Average Maturity				1.12

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

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, 2019. 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, 7% in Federal National Mortgage Association, 4% in Federal Home Loan Mortgage Corporation, 16% in Federal Farm Credit Bank, 17% 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 2019 were levied after October 1, 2018 on assessed values as of January 1, 2018, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

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	\$984,802,100
Public Utility	49,484,530
Total Valuation	<u>\$1,034,286,630</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, 2019, 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 2019 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
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For the Fiscal Year Ended December 31, 2019

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, 2017 to December 31, 2019:

Claims Payable	Amount
Claims Liability, 1/1/2017	\$297,875
Claims net of changes in estimates	3,806,441
Payments	<u>(3,745,456)</u>
Claims Liability, 12/31/2018	358,860
Claims net of changes in estimates	4,012,019
Payments	<u>(4,065,066)</u>
Claims Liability, 12/31/2019	<u><u>\$305,813</u></u>

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

Note 6 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$19,112,540	\$272,800	\$0	\$19,385,340
Construction in Progress	4,316,055	4,132,263	6,253,269	2,195,049
Capital Assets, being depreciated:				
Buildings and Improvements	48,561,090	24,231	0	48,585,321
Equipment	20,093,843	1,594,634	850,501	20,837,976
Infrastructure	108,024,458	6,261,529	0	114,285,987
Totals at Historical Cost	<u>200,107,986</u>	<u>12,285,457</u>	<u>7,103,770</u>	<u>205,289,673</u>
Less Accumulated Depreciation:				
Buildings and Improvements	28,124,072	1,404,199	0	29,528,271
Equipment	15,010,734	1,405,462	843,867	15,572,329
Infrastructure	67,026,613	3,407,686	0	70,434,299
Total Accumulated Depreciation	<u>110,161,419</u>	<u>6,217,347</u>	<u>843,867</u>	<u>115,534,899</u>
Governmental Activities Capital Assets, Net	<u>\$89,946,567</u>	<u>\$6,068,110</u>	<u>\$6,259,903</u>	<u>\$89,754,774</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$1,641,949	\$0	\$0	\$1,641,949
Construction in Progress	170,536	2,241,208	877,485	1,534,259
Capital Assets, being depreciated:				
Buildings and Improvements	51,767,498	68,799	0	51,836,297
Equipment	5,367,650	548,042	192,608	5,723,084
Infrastructure	38,318,309	877,485	0	39,195,794
Totals at Historical Cost	<u>97,265,942</u>	<u>3,735,534</u>	<u>1,070,093</u>	<u>99,931,383</u>
Less Accumulated Depreciation:				
Buildings and Improvements	29,045,526	1,080,922	0	30,126,448
Equipment	4,268,114	251,537	189,026	4,330,625
Infrastructure	20,853,212	934,962	0	21,788,174
Total Accumulated Depreciation	<u>54,166,852</u>	<u>2,267,421</u>	<u>189,026</u>	<u>56,245,247</u>
Business-Type Activities Capital Assets, Net	<u>\$43,099,090</u>	<u>\$1,468,113</u>	<u>\$881,067</u>	<u>\$43,686,136</u>

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

Depreciation expense was charged to governmental functions as follows:

General Government	\$363,001
Public Safety	1,101,114
Leisure Time Activities	743,372
Community Development	6,489
Transportation	4,003,371
Total Depreciation Expense	<u>\$6,217,347</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.

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.

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City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

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 2018	2.50%	\$3,000,000	\$0	\$3,000,000	\$0
Various Purpose Series 2019	3.00%	0	2,640,000	0	2,640,000
Various Purpose Series 2019	3.00%	0	2,000,000	0	2,000,000
Sewer Utility Fund:					
Various Purpose Series 2018	2.50%	1,500,000	0	1,500,000	0
Various Purpose Series 2019	3.00%	0	1,360,000	0	1,360,000
Total Notes Payable		<u>\$4,500,000</u>	<u>\$6,000,000</u>	<u>\$4,500,000</u>	<u>\$6,000,000</u>

The City issued a combined \$6,000,000 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, 2019

Note 9 – Long-Term Debt

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

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
2012 Community Arts Center	4.50%	\$2,300,000	\$0	(\$435,000)	\$1,865,000	\$445,000
Premium/Discount		437,749	0	(61,584)	376,165	0
2009 Various Purpose Golf and Justice Center	3.56%	280,000	0	(280,000)	0	0
2010 A Roadway Improvement	4.64%	6,000,000	0	(425,000)	5,575,000	435,000
2017 Refunding of 2009 Various Purpose Golf and Justice Center	2.00%	3,580,000	0	(5,000)	3,575,000	325,000
Total General Obligation Bonds		12,597,749	0	(1,206,584)	11,391,165	1,205,000
Net Pension Liability:						
OPERS		10,272,487	7,447,804	0	17,720,291	0
OP&F		23,015,443	8,194,746	0	31,210,189	0
		33,287,930	15,642,550	0	48,930,480	0
Net OPEB Liability:						
OPERS		7,454,115	1,322,819	0	8,776,934	0
OP&F		21,246,975	0	(17,765,055)	3,481,920	0
Total Net Pension/OPEB Liability		28,701,090	1,322,819	(17,765,055)	12,258,854	0
Compensated Absences		3,854,002	1,399,683	(1,219,454)	4,034,231	1,327,711
Total Governmental Activities		\$78,440,771	\$18,365,052	(\$20,191,093)	\$76,614,730	\$2,532,711
Business Type Activities						
<u>Direct Borrowings</u>						
1999 OWDA Wastewater Improvement Bond	3.79-4.12%	\$43,111	\$0	(\$43,111)	\$0	\$0
<u>General Obligation Bonds</u>						
2012 Various Purpose Recreation - Refunding	3.66%	415,000	0	(135,000)	280,000	140,000
Premium		22,080	0	(7,360)	14,720	0
Total General Obligation Bonds		437,080	0	(142,360)	294,720	140,000
Net Pension Liability:						
OPERS		4,532,494	2,950,997	0	7,483,491	0
Net OPEB Liability:						
OPERS		3,288,954	417,651	0	3,706,605	0
Total Net Pension/OPEB Liability		7,821,448	3,368,648	0	11,190,096	0
Compensated Absences		809,147	236,464	(241,213)	804,398	216,140
Total Business-Type Activities		\$9,110,786	\$3,605,112	(\$426,684)	\$12,289,214	\$356,140

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, the City will pay the net pension liability and the net OPEB liability obligations related to employee compensation from the fund(s) benefitting from their service.

City of Fairfield, Ohio
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For the Fiscal Year Ended December 31, 2019

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

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2020	\$1,345,000	\$487,567
2021	1,375,000	444,959
2022	1,270,000	390,604
2023	1,310,000	347,454
2024	830,000	303,002
2025-2029	4,570,000	897,782
2030	595,000	36,235
Total	<u>\$11,295,000</u>	<u>\$2,907,603</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.

The escrow account to retire the 2009 Golf Course and Justice Center Various Purpose Bonds outstanding balance was paid off on December 1, 2019.

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, 2019 was \$175,977. 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

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

Net Pension Liability/Net 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, 2019

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 may pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. 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 proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about

City of Fairfield, Ohio
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OPERS' fiduciary net position that may be obtained by visiting opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

<u>Group A</u>	<u>Group B</u>	<u>Group C</u>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% 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 3.00%.

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Funding Policy

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2019 Statutory Maximum Contribution Rates			
Employer	14.00%	18.10%	18.10%
Employee (a)	10.00%	(b)	(c)
2019 Actual Contribution Rates			
Employer:			
Pension (d)	14.00%	18.10%	18.10%
Post-employment Health Care Benefits (d)	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Employer	<u>14.00%</u>	<u>18.10%</u>	<u>18.10%</u>
Employee	<u>10.00%</u>	<u>12.00%</u>	<u>13.00%</u>

- (a) Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- (b) This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- (c) This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2% greater than the Public Safety rate.
- (d) These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4% 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 2019, the City's contractually required contribution was \$1,801,126 of this amount \$222,263 is reported in accrued wages and benefits.

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

Plan Description

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under the COLA method, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, 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 3.00% 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:

	<u>Police</u>	<u>Firefighters</u>
2019 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2019 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 OP&F was \$1,874,537 for 2019, of this amount \$227,772 is reported as accrued wages and benefits.

City of Fairfield, Ohio
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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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018 to December 31, 2018. 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:

	OPERS		
	<u>Traditional Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$25,203,781	\$31,210,190	\$56,413,971
Proportion of the Net Pension Liability:			
Current Measurement Date	0.09202500%	0.38235400%	
Prior Measurement Date	<u>0.09437100%</u>	<u>0.37500000%</u>	
Change in Proportionate Share	<u>-0.00234600%</u>	<u>0.00735400%</u>	
Pension Expense	\$5,483,207	\$4,452,465	\$9,935,672

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS		
	<u>Traditional Plan</u>	<u>OP&F</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$1,163	\$1,282,302	\$1,283,465
Changes of assumptions	2,194,051	827,425	3,021,476
Net difference between projected and actual earnings on pension plan investments	3,420,859	3,845,069	7,265,928
Changes in employer proportionate share of net pension liability	132,049	1,538,228	1,670,277
Contributions subsequent to the measurement date	<u>1,801,126</u>	<u>1,874,537</u>	<u>3,675,663</u>
Total Deferred Outflows of Resources	<u>\$7,549,248</u>	<u>\$9,367,561</u>	<u>\$16,916,809</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$330,940	\$29,144	\$360,084
Changes in employer proportionate share of net pension liability	<u>276,402</u>	<u>275,897</u>	<u>552,299</u>
Total Deferred Inflows of Resources	<u>\$607,342</u>	<u>\$305,041</u>	<u>\$912,383</u>

\$3,675,663 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS		Total
	Traditional Plan	OP&F	
2020	\$2,255,723	\$2,174,571	\$4,430,294
2021	976,751	1,333,771	2,310,522
2022	317,354	1,436,545	1,753,899
2023	1,590,952	2,069,994	3,660,946
2024	0	173,102	173,102
Total	\$5,140,780	\$7,187,983	\$12,328,763

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, 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, 2018, are presented below.

	OPERS Traditional Plan
Wage Inflation	3.25%
Projected Salary Increases	3.25% to 10.75% (includes wage inflation at 3.25%)
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00% Simple
Post-January 7, 2013 Retirees	3.00% Simple through 2018, then 2.15% Simple
Investment Rate of Return	7.20%
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-

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retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on 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 2018, 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 annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2018 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%	2.79%
Domestic Equities	19.00%	6.21%
Real Estate	10.00%	4.90%
Private Equity	10.00%	10.81%
International Equities	20.00%	7.83%
Other Investments	18.00%	5.50%
Total	100.00%	5.95%

Discount Rate

The discount rate used to measure the total pension liability was 7.20% for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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Therefore, the long-term expected rate of return on pension plan investments applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the net pension liability calculated using the discount rate of 7.20%, and the expected net pension liability if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension liability	\$37,233,315	\$25,203,781	\$15,207,131

Changes since the prior Measurement Date on to Report Date

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

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2019 (December 31, 2018 measurement date), is based on the results of an actuarial valuation date of January 1, 2018, rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. 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, 2018:

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of Living Adjustments	3.00% Simple; 2.20% Simple for increased based on the lesser of the increase in CPI and 3.00%

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Healthy Mortality

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

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

Disabled Mortality

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

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

The actuarial assumptions used in the valuation are based on the results of a five-year experience review covering the period 2012-2016. The experience study was performed by OP&F's prior actuary and the assumptions were effective January 1, 2017.

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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a 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 average 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	0.80%
Domestic Equity	16.00%	5.50%
Non-US Equity	16.00%	5.90%
Private Markets	8.00%	8.40%
Core Fixed Income*	23.00%	2.60%
High Yield Fixed Income	7.00%	4.80%
Private Credit	5.00%	7.50%
U.S. Inflation Linked Bonds*	17.00%	2.30%
Master Limited Partnerships	8.00%	6.40%
Real Assets	8.00%	7.00%
Private Real Estate	12.00%	6.10%
Total	120.00%	

Note: Assumptions are geometric

** levered 2x*

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OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate

Total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions 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 8.00%. Based on those assumptions, OP&F’s fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8.00%, 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%, or one percentage point higher, 9.00%, than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability	\$41,023,644	\$31,210,190	\$23,009,632

Changes in Benefit Terms and Assumptions since prior measurement date and to report date

There have been no OP&F 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

See Note 12 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Health Care Plan Description

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.

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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.

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 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. During 2019, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.00% 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% 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 2019 was 4.00%.

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

The City's contractually required contribution was \$0 for 2019.

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

Health Care Plan Description

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board

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of Trustees. Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years.

OP&F 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 OP&F 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, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

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

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. 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 2019, the portion of employer contributions allocated to health care was 0.50% 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 OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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On January 1, 2019, OP&F changed 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 OP&F 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 OP&F was \$45,399 for 2019.

Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018 to December 31, 2018. The City's 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:

	OPERS		
	Traditional Plan	OP&F	Total
Proportionate Share of the Net OPEB Liability	\$12,483,539	\$3,481,920	\$15,965,459
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.09575000%	0.38235400%	
Prior Measurement Date	0.09893000%	0.37500000%	
Change in Proportionate Share	-0.00318000%	0.00735400%	
OPEB Expense	\$1,101,986	(\$16,927,414)	(\$15,825,428)

At December 31, 2019, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS		
	Traditional Plan	OP&F	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$4,227	\$0	\$4,227
Changes of assumptions	402,485	1,804,860	2,207,345
Net difference between projected and actual earnings on pension plan investments	572,297	117,866	690,163
Changes in employer proportionate share of net OPEB liability	92,542	1,261,826	1,354,368
Contributions subsequent to the measurement date	0	45,399	45,399
Total Deferred Outflows of Resources	<u>\$1,071,551</u>	<u>\$3,229,951</u>	<u>\$4,301,502</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$33,871	\$93,288	\$127,159
Changes of assumptions	0	963,960	963,960
Changes in employer proportionate share of net OPEB liability	231,584	0	231,584
Total Deferred Inflows of Resources	<u>\$265,455</u>	<u>\$1,057,248</u>	<u>\$1,322,703</u>

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\$45,399 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OP&F	Total
2020	\$418,166	\$368,596	\$786,762
2021	8,837	368,596	377,433
2022	90,787	368,596	459,383
2023	288,306	404,246	692,552
2024	0	348,042	348,042
Thereafter	0	269,228	269,228
Total	\$806,096	\$2,127,304	\$2,933,400

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, 2017, rolled forward to the measurement date of December 31, 2018. 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%
Projected Salary	3.25% to 10.75% (including wage inflation)
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	6.00%
Municipal Bond Rate	3.71%
Health Care Cost Trend Rate	10.00% initial, 3.25% ultimate in 2029
Actuarial Cost Method	Individual Entry Age, Normal

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-

City of Fairfield, Ohio
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For the Fiscal Year Ended December 31, 2019

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 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 2018, 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 healthcare related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60% for 2018.

The allocation of investment assets within the OPERS Health Care portfolio is approved by the Board 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. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table on the following page displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34%	2.42%
Domestic Equities	21%	6.21%
Real Estate Investment Trust	6%	5.98%
International Equities	22%	7.83%
Other investments	<u>17%</u>	5.57%
Total	<u><u>100%</u></u>	5.16%

Discount Rate

A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. 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 OPEB plan's fiduciary net position and future contributions were sufficient to finance the health care costs through the year 2031. As a result, the long term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 OPEB liability calculated using the single discount rate of 3.96%, and the expected net OPEB liability if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate.

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Proportionate share of the net OPEB liability	\$15,971,100	\$12,483,539	\$9,710,008

Sensitivity of the 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 1.00% lower or 1.00% 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 2019 is 10.00%. 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% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Proportionate share of the net OPEB liability	\$11,999,390	\$12,483,539	\$13,041,150

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

Changes since prior Measurement Date and to Report Date

OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare-eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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.

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Stipend Increase Rate	The stipend is not assured to increase over the projection period

Healthy Mortality

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant

City of Fairfield, Ohio
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For the Fiscal Year Ended December 31, 2019

Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

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

Disabled Mortality

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a 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 average 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 real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	0.80%
Domestic Equity	16.00%	5.50%
Non-US Equity	16.00%	5.90%
Private Markets	8.00%	8.40%
Core Fixed Income*	23.00%	2.60%
High Yield Fixed Income	7.00%	4.80%
Private Credit	5.00%	7.50%
U.S. Inflation Linked Bonds*	17.00%	2.30%
Master Limited Partnerships	8.00%	6.40%
Real Assets	8.00%	7.00%
Private Real Estate	12.00%	6.10%
Total	120.00%	

Note: Assumptions are geometric

** levered 2x*

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate

Total OPEB liability was calculated using the discount rate of 4.66%. The projection of cash flows used to determine the discount rate assumed the contributions 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 8.00%. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 4.13% at December 31, 2018 and 3.16% at December 31, 2017 was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

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

Net OPEB liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 3.66%, or one percentage point higher, 5.66%, than the current rate:

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
Proportionate share of the net OPEB liability	\$4,241,929	\$3,481,920	\$2,843,958

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

The net OPEB liability for OP&F is no sensitive to changes in the healthcare care cost trend rate because it is based on a medical benefit that is a flat dollar amount.

Changes since prior measurement date and to report date

Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

Note 14 – Construction Commitments

The City had the following outstanding commitments at year end:

Project	Spent-to-date	Commitment
		Remaining
Homeward Way Lift Station	\$125,100	\$519,750
Upgrade of Carbon Dioxide System	20,790	510,937
Seward Road Water Line Improvements	645,742	182,175
Sanitary Sewer Rehabilitation	0	164,738
Repainting Clarifier No. 4	50,490	165,985
Total	\$842,122	\$1,543,585

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, 2019, 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 and interfund receivable and interfund payable for the year ended December 31, 2019, consisted of the following:

	Transfers		Interfund	
	In	Out	Receivable	Payable
Major Funds:				
General	\$0	\$4,032,604	\$301,636	\$0
Street Improvement	259,114	0	0	0
Internal Service	200,000	0	0	0
Other Governmental Funds	3,206,013	167,523	0	301,636
Other Enterprise Funds	535,000	0	0	0
Totals	\$4,200,127	\$4,200,127	\$301,636	\$301,636

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

City of Fairfield, Ohio
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For the Fiscal Year Ended December 31, 2019

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 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:

County Motor Vehicle Registration	\$306,936
Municipal Garage	986,881

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

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

Note 19 – Fund Balances

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

Fund Balances	General	Fire Levy	Street Improvement	Other Governmental Funds	Total
Restricted for:					
Street Improvements	\$0	\$0	\$7,125,489	\$2,348,855	\$9,474,344
Probation Services	0	0	0	2,867,104	2,867,104
Court Computer	0	0	0	1,003,830	1,003,830
Special Projects	0	0	0	448,688	448,688
Mediation Services	0	0	0	723,530	723,530
Tax Recreation	0	0	0	107,540	107,540
Law Enforcement	0	0	0	347,651	347,651
Drug and Alcohol Treatment	0	0	0	150,844	150,844
Capital Improvements	0	0	0	1,564,812	1,564,812
TIF Monies	0	0	0	224,320	224,320
Debt Service	0	0	0	1,821,273	1,821,273
Flood Protection	0	0	0	4,918	4,918
State Issue 1	0	0	0	16,341	16,341
Park Development	0	0	0	231,294	231,294
Motor Vehicle Registration	0	0	0	328,053	328,053
Fire Levy	0	2,793,229	0	0	2,793,229
Indigent Driver Interlock	0	0	0	352,629	352,629
Total Restricted	0	2,793,229	7,125,489	12,541,682	22,460,400
Assigned to:					
Debt Service	0	0	0	3,558	3,558
Downtown Development	0	0	0	52,359	52,359
Purchases on Order	313,800	0	0	0	313,800
Total Assigned	313,800	0	0	55,917	369,717
Unassigned (Deficit)	21,244,703	0	0	(306,936)	20,937,767
Total Fund Balance	\$21,558,503	\$2,793,229	\$7,125,489	\$12,290,663	\$43,767,884

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, 2019, the City provides tax abatements through the Community Reinvestment Area (CRA) and the Ohio Enterprise Zone Areas:

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

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

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

Tax Abatement Programs	City's Share of Taxes Abated
Community Reinvestment Area	\$94,349

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 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations, GASB No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61.

GASB Statement No. 83 sets out to address the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The implementation of GASB Statement No. 83 did not have an effect on the financial statements.

City of Fairfield, Ohio
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For the Fiscal Year Ended December 31, 2019

GASB Statement No. 84 clarifies the criteria for identifying fiduciary activities, with the focus on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Activities meeting certain criteria should be reported in a fiduciary fund in the financial statements.

GASB Statement No. 88 sets out to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

GASB Statement No. 90 sets out to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of GASB Statement No. 90 did not have an effect on the financial statements.

A net position restatement is required in order to implement GASB Statement No. 84. The custodial funds at January 1, 2019 have been restated as follows:

	Custodial Funds
Net Position as previously reported	\$0
Adjustments:	
Presentation Changes -- GASB 84	359,520
Restated Net Position January 1, 2019	\$359,520

Other than restating net position for custodial funds, the City made no restatement for prior periods as the information needed to generate these restatements was not available.

City of Fairfield, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2019

Note 22 – Subsequent Event

The City has evaluated subsequent events through the date of the “Independent Auditors Report,” the date on which the combined financial statements were available to be issued.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City’s investment portfolio has incurred a significant decline in fair value, in 2020, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City’s future operating costs, revenues, the impact of the investments of the pension and other employee benefit plan in which the City participates and any recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

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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, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$25,705,000	\$27,048,529	\$27,534,768	\$486,239
Licenses & Permits	324,750	324,750	383,063	58,313
Intergovernmental	980,095	980,095	1,238,444	258,349
Charges for Services	1,129,326	1,129,326	1,223,070	93,744
Court Costs & Fines	922,300	922,300	1,127,951	205,651
Special Assessments	27,000	27,000	58,556	31,556
Investment Earnings	150,000	150,000	452,919	302,919
Other Revenues	916,000	916,000	1,037,084	121,084
Total Revenues	30,154,471	31,498,000	33,055,855	1,557,855
Expenditures:				
Current:				
<u>General Government</u>				
City Council				
Personnel Related	198,758	198,758	195,067	3,691
Other	23,350	23,350	8,569	14,781
Total City Council	222,108	222,108	203,636	18,472
Mayor				
Personnel Related	11,324	11,324	11,211	113
Other	4,500	4,500	2,042	2,458
Total Mayor	15,824	15,824	13,253	2,571
Administration				
Personnel Related	557,827	637,827	605,045	32,782
Other	55,164	55,164	52,453	2,711
Total Administration	612,991	692,991	657,498	35,493
General Services				
Personnel Related	66,488	65,960	52,952	13,008
Other	3,258,013	4,511,531	4,070,360	441,171
Total General Services	3,324,501	4,577,491	4,123,312	454,179
Law				
Personnel Related	500	500	252	248
Other	563,050	588,050	587,961	89
Total Law	563,550	588,550	588,213	337
Human Resources				
Personnel Related	297,542	297,542	246,882	50,660
Other	81,364	78,878	78,493	385
Total Human Resources	378,906	376,420	325,375	51,045
Finance Administration & Accounting				
Personnel Related	665,070	665,070	641,791	23,279
Other	29,936	29,936	27,802	2,134
Total Finance Administration & Accounting	695,006	695,006	669,593	25,413
Income Tax				
Personnel Related	618,218	683,218	651,750	31,468
Other	114,427	112,404	50,060	62,344
Total Income Tax	732,645	795,622	701,810	93,812

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, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Information Technology				
Personnel Related	556,251	561,251	526,393	34,858
Other	73,050	73,050	65,260	7,790
Total Information Technology	629,301	634,301	591,653	42,648
Municipal Court				
Personnel Related	1,612,244	1,612,244	1,540,978	71,266
Other	320,450	319,794	227,048	92,746
Total Municipal Court	1,932,694	1,932,038	1,768,026	164,012
Public Works Administration				
Personnel Related	190,468	197,968	190,012	7,956
Other	30,045	30,045	24,560	5,485
Total Public Works Administration	220,513	228,013	214,572	13,441
Construction Services				
Personnel Related	623,876	623,876	598,097	25,779
Other	139,820	139,787	131,788	7,999
Total Construction Services	763,696	763,663	729,885	33,778
Municipal Building				
Personnel Related	201,944	201,944	179,531	22,413
Other	206,531	201,161	156,099	45,062
Total Municipal Building	408,475	403,105	335,630	67,475
Total General Government	10,500,210	11,925,132	10,922,456	1,002,676
<u>Public Safety</u>				
Police				
Personnel Related	11,200,863	11,200,863	10,620,059	580,804
Other	946,862	942,493	879,762	62,731
Total Police	12,147,725	12,143,356	11,499,821	643,535
Justice Center				
Other	938,229	906,391	837,070	69,321
Total Justice Center	938,229	906,391	837,070	69,321
Total Public Safety	13,085,954	13,049,747	12,336,891	712,856
<u>Community Development</u>				
Planning & Economic Development				
Personnel Related	616,556	616,556	587,788	28,768
Other	46,891	46,891	31,113	15,778
Total Planning & Economic Development	663,447	663,447	618,901	44,546
Building & Zoning Inspection				
Personnel Related	742,629	767,629	751,055	16,574
Other	97,612	97,443	61,182	36,261
Total Building & Zoning Inspection	840,241	865,072	812,237	52,835
Total Community Development	1,503,688	1,528,519	1,431,138	97,381

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, 2019

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
<u>Leisure Time Activities</u>				
Parks & Recreation Administration				
Personnel Related	812,817	812,817	782,594	30,223
Other	165,259	164,258	134,060	30,198
Total Parks & Recreation Administration	978,076	977,075	916,654	60,421
Parks Maintenance Operations				
Personnel Related	825,662	845,662	815,006	30,656
Other	398,856	395,721	348,199	47,522
Total Parks Maintenance Operations	1,224,518	1,241,383	1,163,205	78,178
Marsh Park Fishing Lake				
Personnel Related	64,873	70,873	69,036	1,837
Other	56,400	56,400	28,730	27,670
Total Marsh Park Fishing Lake	121,273	127,273	97,766	29,507
Community Arts Center				
Personnel Related	250,378	260,378	252,405	7,973
Other	548,465	544,557	507,179	37,378
Total Community Arts Center	798,843	804,935	759,584	45,351
Total Leisure Time Activities	3,122,710	3,150,666	2,937,209	213,457
Capital Outlay	91,980	478,980	428,926	50,054
Total Expenditures	28,304,542	30,133,044	28,056,620	2,076,424
Excess of Revenues Over (Under) Expenditures	1,849,929	1,364,956	4,999,235	3,634,278
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	20,000	20,000	7,665	(12,336)
Transfers (Out)	(1,675,000)	(4,032,604)	(4,032,604)	0
Total Other Financing Sources (Uses)	(1,655,000)	(4,012,604)	(4,024,940)	(12,336)
Net Change in Fund Balance	194,929	(2,647,648)	974,295	3,621,943
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	18,597,107	18,597,107	18,597,107	0
Fund Balance End of Year	\$18,792,036	\$15,949,459	\$19,571,402	\$3,621,943

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, 2019

	Fire Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,050,000	\$6,030,608	\$6,088,930	\$58,322
Licenses & Permits	5,500	5,500	6,100	600
Intergovernmental	808,000	902,000	972,351	70,351
Charges for Services	1,100,000	1,100,000	1,128,387	28,387
Investment Earnings	0	0	49,832	49,832
Other Revenues	4,000	4,000	7,370	3,370
Total Revenues	7,967,500	8,042,108	8,252,970	210,862
Expenditures:				
Public Safety				
Fire Suppression				
Personnel Related	6,290,478	6,465,478	6,422,926	42,552
Other	1,075,036	1,075,036	1,009,188	65,848
Total Expenditures	7,365,514	7,540,514	7,432,114	108,400
Net Change in Fund Balance	601,986	501,594	820,856	319,262
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,263,299	2,263,299	2,263,299	0
Fund Balance End of Year	\$2,865,285	\$2,764,893	\$3,084,155	\$319,262

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 Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.09202500%	0.09437100%	0.09178900%	0.09411200%	0.09360400%	0.09360400%
City's Proportionate Share of the Net Pension Liability	\$25,203,781	\$14,804,980	\$20,843,721	\$16,301,385	\$11,289,688	\$11,034,692
City's Covered Payroll	\$12,429,671	\$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	202.77%	118.70%	175.76%	116.38%	98.05%	83.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	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 Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.38235400%	0.37500000%	0.34855900%	0.35860500%	0.35010860%	0.35010860%
City's Proportionate Share of the Net Pension Liability	\$31,210,190	\$23,015,444	\$22,077,377	\$23,069,311	\$18,137,085	\$17,051,388
City's Covered Payroll	\$9,479,421	\$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	329.24%	263.95%	265.54%	294.54%	252.03%	199.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	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 Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$1,801,126	\$1,740,154	\$1,621,473	\$1,423,105	\$1,680,884	\$1,381,665
Contributions in Relation to the Contractually Required Contribution	<u>(1,801,126)</u>	<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>	<u>\$0</u>
City's Covered Payroll	\$12,865,186	\$12,429,671	\$12,472,869	\$11,859,208	\$14,007,367	\$11,513,875
Contributions as a Percentage of Covered Payroll	14.00%	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 Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$1,874,537	\$1,801,090	\$1,656,743	\$1,579,663	\$1,573,492	\$1,465,182
Contributions in Relation to the Contractually Required Contribution	<u>(1,874,537)</u>	<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>	<u>\$0</u>
City's Covered Payroll	\$8,871,448	\$9,479,421	\$8,719,700	\$8,314,016	\$7,832,215	\$7,196,375
Contributions as a Percentage of Covered Payroll	21.13%	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 Three Fiscal Years (1)

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.09575000%	0.09893000%	0.09633508%
City's Proportionate Share of the Net OPEB Liability	\$12,483,539	\$10,743,069	\$9,730,170
City's Covered Payroll	\$12,429,671	\$12,472,869	\$11,859,208
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	100.43%	86.13%	82.05%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	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 Three Fiscal Years (1)

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.38235400%	0.37500000%	0.34855900%
City's Proportionate Share of the Net OPEB Liability	\$3,481,920	\$21,246,975	\$16,545,312
City's Covered Payroll	\$9,479,421	\$8,719,700	\$8,314,016
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.73%	243.67%	199.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%	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 Four Fiscal Years (1)

	2019	2018	2017	2016
Contractually Required Contribution to OPEB	\$0	\$0	\$158,493	\$206,425
Contributions to OPEB in Relation to the Contractually Required Contribution	0	0	(158,493)	(206,425)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$12,865,186	\$12,429,671	\$12,472,869	\$11,859,208
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	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 Four Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution to OPEB	\$45,399	\$43,704	\$41,290	\$38,147
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>(45,399)</u>	<u>(43,704)</u>	<u>(41,290)</u>	<u>(38,147)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$8,871,448	\$9,479,421	\$8,719,700	\$8,314,016
Contributions to OPEB as a Percentage of Covered Payroll	0.51%	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, 2019

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, 2019

Net Change in Fund Balance

	General	Fire Levy
GAAP Basis	\$1,967,344	\$925,223
Revenue Accruals	1,287,719	(99,722)
Expenditure Accruals	(1,660,863)	44,139
Encumbrances	(619,905)	(48,784)
Budget Basis	\$974,295	\$820,856

Note 2 – Net Pension Liability

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

Changes in assumptions:

2019: There have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date.

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

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

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

Changes in benefit terms:

2019-2014: There were no changes in benefit terms for the period.

Ohio Public Employees Retirement System Changes in Assumptions and Benefit Terms

Changes in assumptions:

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

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

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

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

City of Fairfield, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended December 31, 2019

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

Changes in benefit terms:

2019-2014: There were no changes in benefit terms for the period.

Note 3 - Net OPEB Liability

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

Changes in assumptions:

2019: Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%.

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

Changes in benefit terms:

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

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

Ohio Public Employees Retirement System Changes in Assumptions and Benefit Terms

Changes in assumptions:

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare-eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time.

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

Changes in benefit terms:

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

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, 2019

	Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,011,250	\$4,011,302	\$3,227,105	(\$784,197)
Intergovernmental	0	1,800,000	1,893,097	93,097
Investment Earnings	234,000	234,000	341,059	107,059
Total Revenues	3,245,250	6,045,302	5,461,261	(584,041)
Expenditures:				
Capital Outlay	1,318,824	4,713,914	4,311,736	402,178
Total Expenditures	1,318,824	4,713,914	4,311,736	402,178
Excess of Revenues Over (Under) Expenditures	1,926,426	1,331,388	1,149,525	(181,863)
Other Financing Sources (uses):				
Transfers In	0	1,000,000	1,016,302	16,302
Transfers (Out)	(765,000)	(765,000)	(757,188)	7,812
Total Other Financing Sources (Uses)	(765,000)	235,000	259,114	24,114
Net Change in Fund Balance	1,161,426	1,566,388	1,408,639	(157,749)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,279,885	5,279,885	5,279,885	0
Fund Balance End of Year	\$6,441,311	\$6,846,273	\$6,688,524	(\$157,749)

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, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$8,865,758	\$1,824,831	\$1,903,276	\$12,593,865
Receivables (Net):				
Taxes	0	0	638,381	638,381
Interest	2,969	0	308	3,277
Intergovernmental	1,993,122	269,215	21,324	2,283,661
Total Assets	10,861,849	2,094,046	2,563,289	15,519,184
Liabilities:				
Accounts Payable	77,107	0	141,367	218,474
Accrued Wages and Benefits	144,092	0	0	144,092
Compensated Absences	30,756	0	0	30,756
Retainage Payable	0	0	130,181	130,181
Interfund Payable	301,636	0	0	301,636
Claims Payable	1,880	0	0	1,880
Total Liabilities	555,471	0	271,548	827,019
Deferred Inflows of Resources:				
Income Taxes	0	0	400,674	400,674
Grants and Other Taxes	1,710,270	269,215	21,324	2,000,809
Investment Earnings	0	0	19	19
Total Deferred Inflows of Resources	1,710,270	269,215	422,017	2,401,502
Fund Balances:				
Restricted	8,903,044	1,821,273	1,817,365	12,541,682
Assigned	0	3,558	52,359	55,917
Unassigned	(306,936)	0	0	(306,936)
Total Fund Balances	8,596,108	1,824,831	1,869,724	12,290,663
Total Liabilities, Deferred Inflows and Fund Balances	\$10,861,849	\$2,094,046	\$2,563,289	\$15,519,184

City of Fairfield, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Income Taxes	\$0	\$0	\$3,096,920	\$3,096,920
Charges for Services	0	0	8,464	8,464
Investment Earnings	127,521	44,452	68,143	240,116
Intergovernmental	4,227,883	0	1,381,060	5,608,943
Fines, Licenses & Permits	786,668	0	0	786,668
Revenue in Lieu of Taxes	30,657	0	0	30,657
Other Revenues	43,885	0	46,178	90,063
Total Revenues	5,216,614	44,452	4,600,765	9,861,831
Expenditures:				
Current:				
General Government	548,791	3,136	0	551,927
Public Safety	20,763	0	0	20,763
Transportation and Street Repair	4,735,414	0	2,151,103	6,886,517
Capital Outlay	13,785	0	2,781,763	2,795,548
Debt Service:				
Principal	0	1,145,000	0	1,145,000
Interest and Other Charges	0	528,942	0	528,942
Total Expenditures	5,318,753	1,677,078	4,932,866	11,928,697
Excess of Revenues Over (Under) Expenditures	(102,139)	(1,632,626)	(332,101)	(2,066,866)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	156,379	156,379
Transfers In	1,400,000	1,806,013	0	3,206,013
Transfers (Out)	0	(135,000)	(32,523)	(167,523)
Total Other Financing Sources (Uses)	1,400,000	1,671,013	123,856	3,194,869
Net Change in Fund Balance	1,297,861	38,387	(208,245)	1,128,003
Fund Balance - Beginning of Year	7,298,247	1,786,444	2,077,969	11,162,660
Fund Balance - End of Year	\$8,596,108	\$1,824,831	\$1,869,724	\$12,290,663

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 Block Grants for the police activities.

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.

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City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Assets:					
Equity in Pooled Cash and Investments	\$2,156,280	\$130,394	\$0	\$107,540	\$247,969
Receivables (Net):					
Interest	2,969	0	0	0	0
Intergovernmental	1,252,021	91,515	474,089	0	0
Total Assets	3,411,270	221,909	474,089	107,540	247,969
Liabilities:					
Accounts Payable	64,531	0	5,300	0	0
Accrued Wages and Benefits	86,477	12,014	0	0	0
Compensated Absences	30,756	0	0	0	0
Interfund Payable	0	0	301,636	0	0
Claims Payable	1,605	0	0	0	0
Total Liabilities	183,369	12,014	306,936	0	0
Deferred Inflows of Resources:					
Grants and Other Taxes	1,016,521	72,420	474,089	0	0
Total Deferred Inflows of Resources	1,016,521	72,420	474,089	0	0
Fund Balances:					
Restricted	2,211,380	137,475	0	107,540	247,969
Unassigned	0	0	(306,936)	0	0
Total Fund Balances	2,211,380	137,475	(306,936)	107,540	247,969
Total Liabilities, Deferred Inflows and Fund Balances	\$3,411,270	\$221,909	\$474,089	\$107,540	\$247,969

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$319,533	\$52,862	\$151,744	\$46,820	\$2,896,943	\$1,003,830	\$451,364
0	0	0	0	0	0	0
175,497	0	0	0	0	0	0
<u>495,030</u>	<u>52,862</u>	<u>151,744</u>	<u>46,820</u>	<u>2,896,943</u>	<u>1,003,830</u>	<u>451,364</u>
0	0	900	0	6,376	0	0
19,737	0	0	0	23,231	0	2,633
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	232	0	43
<u>19,737</u>	<u>0</u>	<u>900</u>	<u>0</u>	<u>29,839</u>	<u>0</u>	<u>2,676</u>
<u>147,240</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>147,240</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
328,053	52,862	150,844	46,820	2,867,104	1,003,830	448,688
0	0	0	0	0	0	0
<u>328,053</u>	<u>52,862</u>	<u>150,844</u>	<u>46,820</u>	<u>2,867,104</u>	<u>1,003,830</u>	<u>448,688</u>
<u>\$495,030</u>	<u>\$52,862</u>	<u>\$151,744</u>	<u>\$46,820</u>	<u>\$2,896,943</u>	<u>\$1,003,830</u>	<u>\$451,364</u>

Continued

City of Fairfield, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$723,530	\$224,320	\$352,629	\$8,865,758
Receivables (Net):				
Interest	0	0	0	2,969
Intergovernmental	0	0	0	1,993,122
Total Assets	723,530	224,320	352,629	10,861,849
Liabilities:				
Accounts Payable	0	0	0	77,107
Accrued Wages and Benefits	0	0	0	144,092
Compensated Absences	0	0	0	30,756
Interfund Payable	0	0	0	301,636
Claims Payable	0	0	0	1,880
Total Liabilities	0	0	0	555,471
Deferred Inflows of Resources:				
Grants and Other Taxes	0	0	0	1,710,270
Total Deferred Inflows of Resources	0	0	0	1,710,270
Fund Balances:				
Restricted	723,530	224,320	352,629	8,903,044
Unassigned	0	0	0	(306,936)
Total Fund Balances	723,530	224,320	352,629	8,596,108
Total Liabilities, Deferred Inflows and Fund Balances	\$723,530	\$224,320	\$352,629	\$10,861,849

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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, 2019

	Street Construction, Maintenance and Repair	State Highway Improvement	County Motor Vehicle Registration	Tax Recreation	Law Enforcement
Revenues:					
Investment Earnings	\$32,552	\$0	\$0	\$1,128	\$0
Intergovernmental	2,450,419	198,683	1,205,885	0	0
Fines, Licenses & Permits	0	0	0	1,200	111,826
Revenue in Lieu of Taxes	0	0	0	0	0
Other Revenues	43,068	0	775	0	0
Total Revenues	2,526,039	198,683	1,206,660	2,328	111,826
Expenditures:					
Current:					
General Government	0	0	0	0	0
Public Safety	0	0	0	0	14,369
Transportation and Street Repair	2,864,240	149,419	1,407,385	0	0
Capital Outlay	13,785	0	0	0	0
Total Expenditures	2,878,025	149,419	1,407,385	0	14,369
Excess of Revenues Over (Under) Expenditures	(351,986)	49,264	(200,725)	2,328	97,457
Other Financing Sources (Uses):					
Transfers In	1,400,000	0	0	0	0
Total Other Financing Sources (Uses)	1,400,000	0	0	0	0
Net Change in Fund Balance	1,048,014	49,264	(200,725)	2,328	97,457
Fund Balance - Beginning of Year	1,163,366	88,211	(106,211)	105,212	150,512
Fund Balance - End of Year	\$2,211,380	\$137,475	(\$306,936)	\$107,540	\$247,969

Municipal Motor Vehicle Registration	Law Enforcement and Education	Drug and Alcohol Treatment	Local Law Enforcement	Probation Services	Court Computer	Special Projects
\$0	\$564	\$2,256	\$0	\$76,356	\$7,897	\$4,512
354,736	0	0	4,390	13,770	0	0
0	5,125	13,551	0	387,408	106,702	61,776
0	0	0	0	0	0	0
0	0	0	0	35	0	7
354,736	5,689	15,807	4,390	477,569	114,599	66,295
0	0	11,968	0	392,831	70,432	73,560
0	2,872	0	3,522	0	0	0
314,370	0	0	0	0	0	0
0	0	0	0	0	0	0
314,370	2,872	11,968	3,522	392,831	70,432	73,560
40,366	2,817	3,839	868	84,738	44,167	(7,265)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
40,366	2,817	3,839	868	84,738	44,167	(7,265)
287,687	50,045	147,005	45,952	2,782,366	959,663	455,953
\$328,053	\$52,862	\$150,844	\$46,820	\$2,867,104	\$1,003,830	\$448,688

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, 2019

	Mediation Services	Tax Increment Equivalent	Indigent Driver Interlock	Total Nonmajor Special Revenue Funds
Revenues:				
Investment Earnings	\$2,256	\$0	\$0	\$127,521
Intergovernmental	0	0	0	4,227,883
Fines, Licenses & Permits	59,850	0	39,230	786,668
Revenue in Lieu of Taxes	0	30,657	0	30,657
Other Revenues	0	0	0	43,885
Total Revenues	62,106	30,657	39,230	5,216,614
Expenditures:				
Current:				
General Government	0	0	0	548,791
Public Safety	0	0	0	20,763
Transportation and Street Repair	0	0	0	4,735,414
Capital Outlay	0	0	0	13,785
Total Expenditures	0	0	0	5,318,753
Excess of Revenues Over (Under) Expenditures	62,106	30,657	39,230	(102,139)
Other Financing Sources (Uses):				
Transfers In	0	0	0	1,400,000
Total Other Financing Sources (Uses)	0	0	0	1,400,000
Net Change in Fund Balance	62,106	30,657	39,230	1,297,861
Fund Balance - Beginning of Year	661,424	193,663	313,399	7,298,247
Fund Balance - End of Year	\$723,530	\$224,320	\$352,629	\$8,596,108

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, 2019

	Street Construction, Maintenance and Repair Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,960,000	\$2,325,000	\$2,374,586	\$49,586
Investment Earnings	0	0	20,734	20,734
Other Revenues	30,000	30,000	43,067	13,067
Total Revenues	1,990,000	2,355,000	2,438,387	83,387
Expenditures:				
Transportation and Street Repair				
Personnel Related	1,910,897	1,910,897	1,767,120	143,777
Other	1,777,492	1,777,492	1,427,656	349,836
Total Expenditures	3,688,389	3,688,389	3,194,776	493,613
Excess of Revenues Over (Under) Expenditures	(1,698,389)	(1,333,389)	(756,389)	577,000
Other Financing Sources (uses):				
Transfers In	1,400,000	1,400,000	1,400,000	0
Total Other Financing Sources (Uses)	1,400,000	1,400,000	1,400,000	0
Net Change in Fund Balance	(298,389)	66,611	643,611	577,000
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,165,419	1,165,419	1,165,419	0
Fund Balance End of Year	\$867,030	\$1,232,030	\$1,809,030	\$577,000

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2019

	State Highway Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$157,000	\$157,000	\$192,534	\$35,534
Total Revenues	157,000	157,000	192,534	35,534
Expenditures:				
Transportation and Street Repair Personnel Related	152,175	152,175	148,866	3,309
Total Expenditures	152,175	152,175	148,866	3,309
Net Change in Fund Balance	4,825	4,825	43,668	38,843
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	86,726	86,726	86,726	0
Fund Balance End of Year	\$91,551	\$91,551	\$130,394	\$38,843

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, 2019

	County Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$250,000	\$2,250,000	\$2,057,408	(\$192,592)
Investment Earnings	500	500	0	(500)
Other Revenues	0	0	775	775
Total Revenues	250,500	2,250,500	2,058,183	(192,317)
Expenditures:				
Capital Outlay	1,592,347	1,757,989	1,641,708	116,281
Total Expenditures	1,592,347	1,757,989	1,641,708	116,281
Net Change in Fund Balance	(1,341,847)	492,511	416,475	(76,036)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(731,520)	(731,520)	(731,520)	0
Fund Balance End of Year	(\$2,073,367)	(\$239,009)	(\$315,045)	(\$76,036)

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, 2019

	Tax Recreation Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Licenses & Permits	\$2,000	\$2,000	\$1,200	(\$800)
Investment Earnings	200	200	1,128	928
Total Revenues	<u>2,200</u>	<u>2,200</u>	<u>2,328</u>	<u>128</u>
Expenditures:				
Capital Outlay	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	2,200	2,200	2,328	128
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>105,212</u>	<u>105,212</u>	<u>105,212</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$107,412</u></u>	<u><u>\$107,412</u></u>	<u><u>\$107,540</u></u>	<u><u>\$128</u></u>

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2019

	Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$27,000	\$105,500	\$111,827	\$6,327
Total Revenues	27,000	105,500	111,827	6,327
Expenditures:				
Public Safety				
Other	27,000	50,861	14,369	36,492
Total Expenditures	27,000	50,861	14,369	36,492
Net Change in Fund Balance	0	54,639	97,458	42,819
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	150,512	150,512	150,512	0
Fund Balance End of Year	\$150,512	\$205,151	\$247,970	\$42,819

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, 2019

	Municipal Motor Vehicle Registration Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$350,000	\$350,000	\$357,096	\$7,096
Total Revenues	350,000	350,000	357,096	7,096
Expenditures:				
Transportation and Street Repair Personnel Related	329,713	329,713	313,462	16,251
Total Expenditures	329,713	329,713	313,462	16,251
Net Change in Fund Balance	20,287	20,287	43,634	23,347
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	275,899	275,899	275,899	0
Fund Balance End of Year	\$296,186	\$296,186	\$319,533	\$23,347

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, 2019

	Law Enforcement and Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$35,000	\$5,000	\$5,125	\$125
Investment Earnings	0	0	564	564
Total Revenues	<u>35,000</u>	<u>5,000</u>	<u>5,689</u>	<u>689</u>
Expenditures:				
Public Safety				
Other	35,000	35,000	2,872	32,128
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>2,872</u>	<u>32,128</u>
Net Change in Fund Balance	0	(30,000)	2,817	32,817
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>50,045</u>	<u>50,045</u>	<u>50,045</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$50,045</u></u>	<u><u>\$20,045</u></u>	<u><u>\$52,862</u></u>	<u><u>\$32,817</u></u>

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2019

	Drug and Alcohol Treatment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$12,000	\$11,750	\$13,551	\$1,801
Investment Earnings	500	500	2,256	1,756
Total Revenues	12,500	12,250	15,807	3,557
Expenditures:				
General Government				
Other	12,000	12,000	11,068	932
Total Expenditures	12,000	12,000	11,068	932
Net Change in Fund Balance	500	250	4,739	4,489
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	147,005	147,005	147,005	0
Fund Balance End of Year	\$147,505	\$147,255	\$151,744	\$4,489

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2019

	Local Law Enforcement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$15,400	\$0	\$14,390	\$14,390
Total Revenues	\$15,400	\$0	\$14,390	\$14,390
Expenditures:				
Public Safety				
Other	26,346	26,346	10,946	15,400
Total Expenditures	26,346	26,346	10,946	15,400
Net Change in Fund Balance	(10,946)	(26,346)	3,444	29,790
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	43,376	43,376	43,376	0
Fund Balance End of Year	\$32,430	\$17,030	\$46,820	\$29,790

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, 2019

	Probation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$350,000	\$350,000	\$387,408	\$37,408
Investment Earnings	6,500	6,500	59,790	53,290
Other Revenues	0	0	35	35
Total Revenues	356,500	356,500	447,233	90,733
Expenditures:				
General Government				
Personnel Related	366,644	371,644	354,801	16,843
Other	52,000	52,000	33,909	18,091
Total Expenditures	418,644	423,644	388,710	34,934
Net Change in Fund Balance	(62,144)	(67,144)	58,523	125,667
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,821,856	2,821,856	2,821,856	0
Fund Balance End of Year	\$2,759,712	\$2,754,712	\$2,880,379	\$125,667

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, 2019

	Court Computer Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$85,000	\$84,700	\$106,702	\$22,002
Investment Earnings	1,500	1,500	7,896	6,396
Total Revenues	86,500	86,200	114,598	28,398
Expenditures:				
General Government				
Other	105,000	105,000	86,025	18,975
Total Expenditures	105,000	105,000	86,025	18,975
Net Change in Fund Balance	(18,500)	(18,800)	28,573	47,373
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	959,663	959,663	959,663	0
Fund Balance End of Year	\$941,163	\$940,863	\$988,236	\$47,373

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, 2019

	Special Projects Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$50,000	\$50,000	\$61,776	\$11,776
Investment Earnings	500	500	4,512	4,012
Other Revenues	0	0	7	7
Total Revenues	50,500	50,500	66,295	15,795
Expenditures:				
General Government				
Personnel Related	69,105	69,105	65,105	4,000
Other	32,000	32,000	8,501	23,499
Total Expenditures	101,105	101,105	73,606	27,499
Net Change in Fund Balance	(50,605)	(50,605)	(7,311)	43,294
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	458,676	458,676	458,676	0
Fund Balance End of Year	\$408,071	\$408,071	\$451,365	\$43,294

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, 2019

	Mediation Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$35,000	\$34,750	\$59,850	\$25,100
Investment Earnings	500	500	2,256	1,756
Total Revenues	35,500	35,250	62,106	26,856
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	33,500	33,250	62,106	28,856
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	661,423	661,423	661,423	0
Fund Balance End of Year	\$694,923	\$694,673	\$723,529	\$28,856

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, 2019

	Tax Increment Equivalent Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$30,000	\$180,000	\$30,657	(\$149,343)
Total Revenues	30,000	180,000	30,657	(149,343)
Expenditures:				
Debt Service:				
Interest and Fiscal Charges	1,000	1,000	0	1,000
Total Expenditures	1,000	1,000	0	1,000
Net Change in Fund Balance	29,000	179,000	30,657	(148,343)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	193,663	193,663	193,663	0
Fund Balance End of Year	\$222,663	\$372,663	\$224,320	(\$148,343)

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, 2019

	Indigent Driver Interlock Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Court Costs & Fines	\$25,000	\$25,000	\$39,229	\$14,229
Total Revenues	25,000	25,000	39,229	14,229
Expenditures:				
General Government				
Other	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	25,000	25,000	39,229	14,229
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	313,399	313,399	313,399	0
Fund Balance End of Year	\$338,399	\$338,399	\$352,628	\$14,229

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, 2019

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Investments	\$3,558	\$1,821,273	\$1,824,831
Receivables (Net):			
Intergovernmental	0	269,215	269,215
Total Assets	<u>3,558</u>	<u>2,090,488</u>	<u>2,094,046</u>
Deferred Inflows of Resources:			
Grants and Other Taxes	0	269,215	269,215
Total Deferred Inflows of Resources	<u>0</u>	<u>269,215</u>	<u>269,215</u>
Fund Balances:			
Restricted	0	1,821,273	1,821,273
Assigned	3,558	0	3,558
Total Fund Balances	<u>3,558</u>	<u>1,821,273</u>	<u>1,824,831</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$3,558</u>	<u>\$2,090,488</u>	<u>\$2,094,046</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, 2019

	General Bond Retirement	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:			
Investment Earnings	\$0	\$44,452	\$44,452
Total Revenues	<u>0</u>	<u>44,452</u>	<u>44,452</u>
Expenditures:			
Current:			
General Government	1,000	2,136	3,136
Debt Service:			
Principal	1,145,000	0	1,145,000
Interest and Other Charges	526,663	2,279	528,942
Total Expenditures	<u>1,672,663</u>	<u>4,415</u>	<u>1,677,078</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,672,663)</u>	<u>40,037</u>	<u>(1,632,626)</u>
Other Financing Sources (Uses):			
Transfers In	1,806,013	0	1,806,013
Transfers (Out)	(135,000)	0	(135,000)
Total Other Financing Sources (Uses)	<u>1,671,013</u>	<u>0</u>	<u>1,671,013</u>
Net Change in Fund Balance	(1,650)	40,037	38,387
Fund Balance - Beginning of Year	<u>5,208</u>	<u>1,781,236</u>	<u>1,786,444</u>
Fund Balance - End of Year	<u><u>\$3,558</u></u>	<u><u>\$1,821,273</u></u>	<u><u>\$1,824,831</u></u>

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2019

	General Bond Retirement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Current:				
General Government				
Other	\$10,500	\$10,450	\$1,000	\$9,450
Debt Service:				
Principal Retirement	1,280,000	1,280,000	1,280,000	0
Interest and Fiscal Charges	529,213	529,263	526,663	2,600
Total Expenditures	1,819,713	1,819,713	1,807,663	12,050
Excess of Revenues Over (Under) Expenditures	(1,819,713)	(1,819,713)	(1,807,663)	12,050
Other Financing Sources (uses):				
Transfers In	1,820,000	1,852,000	1,806,013	(45,987)
Total Other Financing Sources (Uses)	1,820,000	1,852,000	1,806,013	(45,987)
Net Change in Fund Balance	287	32,287	(1,650)	(33,937)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,206	5,206	5,206	0
Fund Balance End of Year	\$5,493	\$37,493	\$3,556	(\$33,937)

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, 2019

	Special Assessment Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Special Assessments	\$400,000	\$601,500	\$270,762	(\$330,738)
Investment Earnings	50,000	50,000	78,676	28,676
Total Revenues	450,000	651,500	349,438	(302,062)
Expenditures:				
Current:				
General Government				
Other	2,100	2,920	2,916	4
Debt Service:				
Principal Retirement	400,000	396,900	319,182	77,718
Interest and Fiscal Charges	0	2,280	2,279	1
Total Expenditures	402,100	402,100	324,377	77,723
Net Change in Fund Balance	47,900	249,400	25,061	(224,339)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,788,455	1,788,455	1,788,455	0
Fund Balance End of Year	\$1,836,355	\$2,037,855	\$1,813,516	(\$224,339)

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, 2019

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development	Total Nonmajor Capital Projects Funds
Assets:						
Equity in Pooled Cash and Investments	\$1,577,313	\$4,918	\$33,192	\$52,359	\$235,494	\$1,903,276
Receivables (Net):						
Taxes	638,381	0	0	0	0	638,381
Interest	308	0	0	0	0	308
Intergovernmental	0	0	21,324	0	0	21,324
Total Assets	2,216,002	4,918	54,516	52,359	235,494	2,563,289
Liabilities:						
Accounts Payable	129,242	0	7,925	0	4,200	141,367
Retainage Payable	121,255	0	8,926	0	0	130,181
Total Liabilities	250,497	0	16,851	0	4,200	271,548
Deferred Inflows of Resources:						
Income Taxes	400,674	0	0	0	0	400,674
Grants and Other Taxes	0	0	21,324	0	0	21,324
Investment Earnings	19	0	0	0	0	19
Total Deferred Inflows of Resources	400,693	0	21,324	0	0	422,017
Fund Balances:						
Restricted	1,564,812	4,918	16,341	0	231,294	1,817,365
Assigned	0	0	0	52,359	0	52,359
Total Fund Balances	1,564,812	4,918	16,341	52,359	231,294	1,869,724
Total Liabilities, Deferred Inflows and Fund Balances	\$2,216,002	\$4,918	\$54,516	\$52,359	\$235,494	\$2,563,289

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, 2019

	Capital Improvement	Flood Protection	State Issue I	Downtown Development	Park Development	Total Nonmajor Capital Projects Funds
Revenues:						
Income Taxes	\$3,096,920	\$0	\$0	\$0	\$0	\$3,096,920
Charges for Services	8,464	0	0	0	0	8,464
Investment Earnings	68,143	0	0	0	0	68,143
Intergovernmental	59,803	0	1,321,257	0	0	1,381,060
Other Revenues	46,178	0	0	0	0	46,178
Total Revenues	3,279,508	0	1,321,257	0	0	4,600,765
Expenditures:						
Current:						
Transportation and Street Repair	2,151,103	0	0	0	0	2,151,103
Capital Outlay	2,118,640	0	592,419	0	70,704	2,781,763
Total Expenditures	4,269,743	0	592,419	0	70,704	4,932,866
Excess of Revenues Over (Under) Expenditures	(990,235)	0	728,838	0	(70,704)	(332,101)
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	156,379	0	0	0	0	156,379
Transfers (Out)	(32,523)	0	0	0	0	(32,523)
Total Other Financing Sources (Uses)	123,856	0	0	0	0	123,856
Net Change in Fund Balance	(866,379)	0	728,838	0	(70,704)	(208,245)
Fund Balance - Beginning of Year	2,431,191	4,918	(712,497)	52,359	301,998	2,077,969
Fund Balance - End of Year	\$1,564,812	\$4,918	\$16,341	\$52,359	\$231,294	\$1,869,724

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, 2019

	Capital Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,011,250	\$3,011,250	\$3,227,105	\$215,855
Intergovernmental	0	55,000	59,805	4,805
Investment Earnings	7,000	7,000	52,900	45,900
Other Revenues	1,000	1,000	46,178	45,178
Total Revenues	3,019,250	3,074,250	3,385,988	311,738
Expenditures:				
Capital Outlay	2,484,014	5,951,056	5,570,901	380,155
Total Expenditures	2,484,014	5,951,056	5,570,901	380,155
Excess of Revenues Over (Under) Expenditures	535,236	(2,876,806)	(2,184,913)	691,893
Other Financing Sources (uses):				
Proceeds from Sale of Capital Assets	25,000	150,000	156,379	6,379
Transfers In	0	1,000,000	1,016,302	16,302
Transfers (Out)	(1,070,000)	(1,070,000)	(1,048,825)	21,175
Total Other Financing Sources (Uses)	(1,045,000)	80,000	123,856	43,856
Net Change in Fund Balance	(509,764)	(2,796,806)	(2,061,057)	735,749
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,356,317	2,356,317	2,356,317	0
Fund Balance End of Year	\$1,846,553	(\$440,489)	\$295,260	\$735,749

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, 2019

	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	<u>\$4,918</u>	<u>\$4,918</u>	<u>\$4,918</u>	<u>\$0</u>

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2019

	State Issue I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$50,000	\$1,320,000	\$1,321,257	\$1,257
Total Revenues	50,000	1,320,000	1,321,257	1,257
Expenditures:				
Capital Outlay	246,626	897,826	805,698	92,128
Total Expenditures	246,626	897,826	805,698	92,128
Net Change in Fund Balance	(196,626)	422,174	515,559	93,385
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(490,292)	(490,292)	(490,292)	0
Fund Balance End of Year	(\$686,918)	(\$68,118)	\$25,267	\$93,385

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, 2019

	Downtown Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	52,361	52,361	52,361	0
Fund Balance End of Year	<u>\$52,361</u>	<u>\$52,361</u>	<u>\$52,361</u>	<u>\$0</u>

City of Fairfield, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended December 31, 2019

	Park Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Total Revenues	\$0	\$0	\$0	\$0
Expenditures:				
Capital Outlay	132,478	142,718	119,743	22,975
Total Expenditures	132,478	142,718	119,743	22,975
Net Change in Fund Balance	(132,478)	(142,718)	(119,743)	22,975
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	318,798	318,798	318,798	0
Fund Balance End of Year	\$186,320	\$176,080	\$199,055	\$22,975

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, 2019

	Compensated Leave Fund(1)			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$1,500	\$1,500	\$12,409	\$10,909
Total Revenues	1,500	1,500	12,409	10,909
Total Expenditures	0	0	0	0
Net Change in Fund Balance	1,500	1,500	12,409	10,909
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	686,076	686,076	686,076	0
Fund Balance End of Year	\$687,576	\$687,576	\$698,485	\$10,909

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

NONMAJOR ENTERPRISE FUNDS

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

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, 2019

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Assets:			
Equity in Pooled Cash and Investments	\$351,231	\$425,483	\$776,714
Receivables (Net):			
Accounts	297,581	0	297,581
Inventory	0	18,130	18,130
Total Current Assets	648,812	443,613	1,092,425
Noncurrent Assets:			
Capital Assets:			
Nondepreciable Capital Assets	0	507,000	507,000
Depreciable Capital Assets, Net	0	2,530,582	2,530,582
Total Noncurrent Assets	0	3,037,582	3,037,582
Total Assets	648,812	3,481,195	4,130,007
Deferred Outflows of Resources:			
Deferred Charge on Refunding	0	9,918	9,918
Pension	0	210,803	210,803
OPEB	0	29,922	29,922
Total Deferred Outflows of Resources	0	250,643	250,643
Liabilities:			
Current Liabilities:			
Accounts Payable	200,073	8,775	208,848
Accrued Wages and Benefits	0	29,055	29,055
Compensated Absences	0	25,058	25,058
Accrued Interest Payable	0	653	653
Claims Payable	0	888	888
Long-Term Liabilities Due Within One Year	0	140,000	140,000
Total Current Liabilities	200,073	204,429	404,502
Long-Term Liabilities:			
Compensated Absences	0	46,605	46,605
Bonds, Notes & Loans Payable	0	154,720	154,720
Net Pension Liability	0	703,782	703,782
Net OPEB Liability	0	348,586	348,586
Total Liabilities	200,073	1,458,122	1,658,195
Deferred Inflows of Resources:			
Pension	0	16,959	16,959
OPEB	0	7,412	7,412
Total Deferred Inflows of Resources	0	24,371	24,371
Net Position:			
Net Investment in Capital Assets	0	2,752,780	2,752,780
Restricted for:			
Unrestricted	448,739	(503,435)	(54,696)
Total Net Position	\$448,739	\$2,249,345	\$2,698,084

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, 2019

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for Services	\$2,359,581	\$1,704,784	\$4,064,365
Other Revenues	0	34,164	34,164
Total Operating Revenues	2,359,581	1,738,948	4,098,529
Operating Expenses:			
Personal Services	0	1,182,338	1,182,338
Contactual Services	2,378,343	502,569	2,880,912
Materials and Supplies	0	322,344	322,344
Depreciation	0	177,873	177,873
Total Operating Expenses	2,378,343	2,185,124	4,563,467
Operating Income (Loss)	(18,762)	(446,176)	(464,938)
Non-Operating Revenues (Expenses):			
Investment Earnings	0	8,495	8,495
Interest (Expense)	0	(9,734)	(9,734)
Total Non-Operating Revenues (Expenses)	0	(1,239)	(1,239)
Income (Loss) Before Contributions and Transfers	(18,762)	(447,415)	(466,177)
Transfers In	100,000	435,000	535,000
Change in Net Position	81,238	(12,415)	68,823
Net Position - Beginning of Year	367,501	2,261,760	2,629,261
Net Position - End of Year	\$448,739	\$2,249,345	\$2,698,084

City of Fairfield, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended December 31, 2019

	Solid Waste Management	Recreation Facilities	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$2,369,816	\$1,738,948	\$4,108,764
Cash Payments to Employees	0	(1,076,000)	(1,076,000)
Cash Payments to Suppliers	(2,374,205)	(853,837)	(3,228,042)
Net Cash Provided (Used) by Operating Activities	(4,389)	(190,889)	(195,278)
Cash Flows from Noncapital Financing Activities:			
Payments from Other Funds	100,000	435,000	535,000
Net Cash Provided (Used) by Noncapital Financing Activities	100,000	435,000	535,000
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	0	(80,736)	(80,736)
Debt Principal Payments	0	(135,000)	(135,000)
Debt Interest Payments	0	(12,450)	(12,450)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(228,186)	(228,186)
Cash Flows from Investing Activities:			
Earnings on Investments	0	8,495	8,495
Net Cash Provided (Used) by Cash Flows from Investing Activities	0	8,495	8,495
Net Increase (Decrease) in Cash and Cash Equivalents	95,611	24,420	120,031
Cash and Cash Equivalents - Beginning of Year	255,620	401,063	656,683
Cash and Cash Equivalents - End of Year	351,231	425,483	776,714
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(18,762)	(446,176)	(464,938)
Adjustments:			
Depreciation	0	177,873	177,873
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	10,235	0	10,235
(Increase) Decrease in Inventory	0	1,709	1,709
(Increase) Decrease in Deferred Outflows of Resources	0	(111,246)	(111,246)
Increase (Decrease) in Claims Payable	0	(3,119)	(3,119)
Increase (Decrease) in Payables	4,138	(30,633)	(26,495)
Increase (Decrease) in Accrued Liabilities	0	(43,152)	(43,152)
Increase (Decrease) in Deferred Inflows of Resources	0	(94,437)	(94,437)
Increase (Decrease) in Net Pension Liability	0	301,568	301,568
Increase (Decrease) in OPEB Liability	0	56,724	56,724
Net Cash Provided (Used) by Operating Activities	(\$4,389)	(\$190,889)	(\$195,278)

NONMAJOR FUNDS

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

Fund Descriptions

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

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

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

Fund Descriptions

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

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

City of Fairfield, Ohio
Combining Statement of Net Position
Internal Service Funds
December 31, 2019

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$4,201,006	\$95,589	\$4,296,595
Total Current Assets	4,201,006	95,589	4,296,595
Deferred Outflows of Resources:			
Pension	0	232,981	232,981
OPEB	0	33,070	33,070
Total Deferred Outflows of Resources	0	266,051	266,051
Liabilities:			
Current Liabilities:			
Accounts Payable	1,532	19,759	21,291
Accrued Wages and Benefits	0	31,779	31,779
Compensated Absences	0	13,013	13,013
Claims Payable	281,889	415	282,304
Total Current Liabilities	283,421	64,966	348,387
Long-Term Liabilities:			
Compensated Absences	0	93,530	93,530
Net Pension Liability	0	777,828	777,828
Net OPEB Liability	0	385,261	385,261
Total Long-Term Liabilities	0	1,256,619	1,256,619
Total Liabilities	283,421	1,321,585	1,605,006
Deferred Inflows of Resources:			
Pension	0	18,744	18,744
OPEB	0	8,192	8,192
Total Deferred Inflows of Resources	0	26,936	26,936
Net Position:			
Unrestricted	3,917,585	(986,881)	2,930,704
Total Net Position	\$3,917,585	(\$986,881)	\$2,930,704

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, 2019

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$5,695,063	\$758,923	\$6,453,986
Other Revenues	34	2,133	2,167
Total Operating Revenues	5,695,097	761,056	6,456,153
Operating Expenses:			
Personal Services	0	760,107	760,107
Contactual Services	5,661,931	15,503	5,677,434
Materials and Supplies	0	385,159	385,159
Total Operating Expenses	5,661,931	1,160,769	6,822,700
Operating Income (Loss)	33,166	(399,713)	(366,547)
Non-Operating Revenues (Expenses):			
Investment Earnings	31,717	0	31,717
Total Non-Operating Revenues (Expenses)	31,717	0	31,717
Income (Loss) Before Contributions and Transfers	64,883	(399,713)	(334,830)
Transfers In	0	200,000	200,000
Change in Net Position	64,883	(199,713)	(134,830)
Net Position - Beginning of Year	3,852,702	(787,168)	3,065,534
Net Position - End of Year	\$3,917,585	(\$986,881)	\$2,930,704

City of Fairfield, Ohio
Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2019

	Employees' Benefits	Municipal Garage	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$5,695,097	\$761,056	\$6,456,153
Cash Payments to Employees	0	(623,331)	(623,331)
Cash Payments to Suppliers	0	(403,572)	(403,572)
Cash Payments for Claims	(5,629,395)	0	(5,629,395)
Net Cash Provided (Used) by Operating Activities	65,702	(265,847)	(200,145)
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	33,044	0	33,044
Net Cash Provided (Used) by Cash Flows from Investing Activities	33,044	0	33,044
Net Increase (Decrease) in Cash and Cash Equivalents	98,746	(65,847)	32,899
Cash and Cash Equivalents - Beginning of Year	4,102,260	161,436	4,263,696
Cash and Cash Equivalents - End of Year	4,201,006	95,589	4,296,595
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	33,166	(399,713)	(366,547)
Changes in Assets & Liabilities:			
(Increase) Decrease in Deferred Outflows of Resources	0	(115,244)	(115,244)
Increase (Decrease) in Claims Payable	31,056	(1,458)	29,598
Increase (Decrease) in Payables	1,480	(2,910)	(1,430)
Increase (Decrease) in Accrued Liabilities	0	10,234	10,234
Increase (Decrease) in Deferred Inflows of Resources	0	(111,442)	(111,442)
Increase (Decrease) in Net Pension Liability	0	309,362	309,362
Increase (Decrease) in Net OPEB Liability	0	45,324	45,324
Net Cash Provided (Used) by Operating Activities	\$65,702	(\$265,847)	(\$200,145)

City of Fairfield, Ohio
Combining Statement of Net Position
Custodial Funds
December 31, 2019

	Municipal Court	West Chester Joint Economic Development District 1	Totals
Assets:			
Equity in Pooled Cash and Investments	\$206,571	\$185,911	\$392,482
Receivables (Net):			
Accounts	0	166,306	166,306
Total Assets	206,571	352,217	558,788
Liabilities:			
Accounts Payable	0	150,223	150,223
Total Liabilities	0	150,223	150,223
Net Position:			
Restricted for:			
Individuals, Organizations, and Other Governments	206,571	0	206,571
Economic Development	0	201,994	201,994
Total Net Position	\$206,571	\$201,994	\$408,565

City of Fairfield, Ohio
Combining Statement of Changes in Net Position
Custodial Funds
For the Fiscal Year Ended December 31, 2019

	Municipal Court	West Chester Joint Economic Development District 1	Totals
Additions:			
Investment Earnings	\$0	\$17	\$17
Municipal Court Receipts	929,118	0	929,118
Joint Economic Development District Receipts	0	2,299,586	2,299,586
Total Additions	929,118	2,299,603	3,228,721
Deductions:			
Municipal Court Disbursements	908,648	0	908,648
Joint Economic Development District Disbursements	0	2,271,028	2,271,028
Total Deductions	908,648	2,271,028	3,179,676
Change in Net Position	20,470	28,575	49,045
Net Position - Beginning of Year, Restated	186,101	173,419	359,520
Net Position - End of Year	\$206,571	\$201,994	\$408,565

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STATISTICAL SECTION

City of Fairfield, Ohio

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

	2010	2011	2012	2013	2014	2015	2016	2017 (1)	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$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	\$78,671,198
Restricted	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	24,601,200
Unrestricted	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)	(18,294,804)
Total Governmental Activities Net Position	\$88,696,762	\$92,653,408	\$97,351,999	\$103,508,637	\$103,182,231	\$80,921,263	\$84,949,449	\$64,323,314	\$68,099,541	\$84,977,594
Business-type activities										
Net Investment in Capital Assets	\$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	\$37,401,334
Restricted	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	1,083,318
Unrestricted	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	7,583,053
Total Business-Type Activities Net Position	\$47,797,970	\$47,475,237	\$47,603,790	\$48,505,710	\$49,139,326	\$46,517,042	\$46,059,748	\$42,765,453	\$44,746,611	\$46,067,705
Total Primary Government										
Net Investment in Capital Assets	\$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	\$116,072,532
Restricted	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	25,684,518
Unrestricted	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)	(10,711,751)
Total Primary Government Net Position	\$136,494,732	\$140,128,645	\$144,955,789	\$152,014,347	\$152,321,557	\$127,438,305	\$131,009,197	\$107,088,767	\$112,846,152	\$131,045,299

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

Source: City Records

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General Government	\$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	\$8,302,443
Public Safety	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	13,416,020
Leisure Time Activities	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	3,083,191
Community Development	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	968,163
Basic Utility Service	510,171	479,877	412,238	451,823	442,800	441,845	458,368	464,115	502,866	444,198
Transportation and Street Repair	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	10,668,855
Public Health and Welfare	22,441	21,998	21,784	21,476	21,581	21,248	21,125	20,962	20,582	20,791
Interest and Fiscal Charges	794,384	1,034,139	808,963	851,250	815,863	780,363	732,471	696,672	562,058	514,315
Total Governmental Activities Expenses	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	37,417,976
Business-Type Activities:										
Water Utility	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	7,311,842
Sewer Utility	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	6,517,745
Solid Waste Management	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	2,378,343
Recreation Facilities	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	2,194,858
Total Business-Type Activities Expenses	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	18,402,788
Total Primary Government Expenses	\$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	\$55,820,764
Program Revenues										
Governmental Activities:										
Charges for Services and Sales:										
General Government	\$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	\$2,120,563
Public Safety	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	1,251,438
Leisure Time Activities	278,973	252,125	272,605	281,499	248,952	497,097	958,658	244,100	261,393	265,147
Community Development	335,889	79,800	281,964	354,464	529,106	223,544	1,194,603	1,137,106	1,337,230	1,274,609
Basic Utility Service	640,082	384,635	670,950	565,538	566,935	77,917	0	0	0	0
Transportation and Street Repair	28,587	26,561	38,233	38,389	37,452	593,242	1,705,115	39,889	35,065	39,230
Operating Grants and Contributions	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	6,073,045
Capital Grants and Contributions	790,846	3,115,434	3,880,495	1,707,738	14,506	897,858	185,742	1,257,952	3,472,908	1,578,511
Total Governmental Activities Program Revenues	\$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	\$12,602,543

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-Type Activities:										
Charges for Services and Sales:										
Water Utility	\$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	\$7,305,160
Sewer Utility	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	7,134,527
Solid Waste Management	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	2,359,581
Recreation Facilities	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	1,704,784
Operating Grants and Contributions	65,667	25,919	3,999	31,597	88,048	0	0	0	0	0
Capital Grants and Contributions	0	0	0	145,770	900	12,090	0	0	0	64,868
Total Business-Type Activities Program Revenues	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	18,568,920
Total Primary Government Program Revenues	\$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	\$31,171,463
Net (Expense)/Revenue										
Governmental Activities	(\$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)	(\$24,815,433)
Business-type activities	(1,692,838)	(969,361)	(205,567)	485,182	109,572	(180,256)	(977,861)	(884,996)	1,194,748	166,132
Total Primary Government Net Expenses	(\$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)	(\$24,649,301)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Income Taxes	\$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	\$30,773,706
Property Taxes Levied for:										
General Purposes	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	1,722,680
Special Revenue Purposes	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	6,116,111
Grants and Entitlements not Restricted	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	1,417,520
Investment Earnings	216,726	177,580	241,232	126,654	140,964	185,456	147,846	423,476	663,060	1,120,183
Other Revenues	211,309	642,837	851,001	1,693,821	1,253,901	722,374	671,625	774,223	855,781	1,078,286
Transfers-Internal Activities	(918,072)	(440,000)	(150,000)	(145,000)	(295,000)	(315,000)	(215,000)	(175,000)	(355,000)	(535,000)
Total Governmental Activities	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	41,693,486
Business-Type Activities:										
Investment Earnings	95,397	61,252	(17,798)	9,546	24,544	11,405	28,592	81,541	179,666	411,729
Other Revenues	142,321	145,376	201,918	295,954	204,500	244,583	276,975	264,497	251,744	208,233
Transfers-Internal Activities	918,072	440,000	150,000	145,000	295,000	315,000	215,000	175,000	355,000	535,000
Total Business-Type Activities	1,155,790	646,628	334,120	450,500	524,044	570,988	520,567	521,038	786,410	1,154,962
Total Primary Government	\$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	\$42,848,448

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Change in Net Position										
Governmental Activities	(\$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	\$16,878,053
Business-Type Activities	(537,048)	(322,733)	128,553	935,682	633,616	390,732	(457,294)	(363,958)	1,981,158	1,321,094
Total Primary Government	<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>	<u>\$18,199,147</u>

Source: City Records

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

	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$481,771	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	8,748,151	0	0	0	0	0	0	0	0	0
Assigned	0	251,377	92,799	358,413	1,276,408	673,678	1,779,678	370,256	298,960	313,800
Unassigned	0	10,161,500	12,352,032	15,236,166	13,107,411	14,274,603	14,034,551	15,599,686	19,292,199	21,244,703
Total General Fund	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	21,558,503
All Other Governmental Funds										
Reserved	8,672,323	0	0	0	0	0	0	0	0	0
Unreserved, Reported in:										
Special Revenue Funds	4,546,166	0	0	0	0	0	0	0	0	0
Debt Service Funds	1,485,833	0	0	0	0	0	0	0	0	0
Capital Projects Funds	4,540,749	0	0	0	0	0	0	0	0	0
Restricted	0	17,004,137	14,821,559	15,154,484	14,631,812	14,507,341	16,656,232	20,684,196	20,847,065	22,460,400
Assigned	0	212,497	209,911	193,969	186,814	164,254	148,835	118,002	57,567	55,917
Unassigned	0	(907,538)	(1,043,316)	(437,769)	(346,988)	(431,443)	(69,540)	(657,721)	(818,708)	(306,936)
Total all Other Governmental Funds	\$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	\$22,209,381

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	\$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	\$38,378,455
Fines, Licenses & Permits	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	2,303,782
Charges for Services	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	2,929,600
Investment Earnings	367,848	211,364	245,561	135,821	142,171	175,768	135,229	431,784	675,646	1,093,906
Intergovernmental	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	8,210,034
Special Assessments	28,213	19,026	28,940	276,143	40,587	250,298	223,868	17,367	56,636	58,556
Other Revenues	385,809	1,193,989	420,692	671,902	441,998	462,221	1,032,869	514,038	482,702	515,173
Total Revenues	\$39,290,264	\$41,942,705	\$42,642,707	\$42,561,773	\$38,856,183	\$42,054,192	\$45,684,904	\$47,025,399	\$52,389,272	\$53,489,506
Expenditures:										
Current:										
General Government	\$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	\$9,241,331
Public Safety	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	19,586,285
Leisure Time Activities	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	2,808,303
Community Development	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	1,431,198
Basic Utility Service	510,171	479,877	412,238	451,823	442,800	441,845	458,368	464,115	502,866	444,198
Transportation and Street Repair	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	6,886,517
Public Health and Welfare	22,441	21,998	21,784	21,476	21,581	21,248	21,125	20,962	20,582	20,791
Capital Outlay	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	6,735,184
Debt Service:										
Principal Retirement	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	1,145,000
Interest and Fiscal Charges	776,107	1,024,387	839,474	876,493	835,371	800,002	747,541	630,909	581,485	528,942
Bond Issuance Cost	0	0	0	0	0	0	0	85,090	0	0
Total Expenditures	\$42,294,139	\$43,115,654	\$42,713,959	\$37,858,872	\$40,084,899	\$41,249,635	\$42,064,501	\$43,248,602	\$48,272,581	\$48,827,749

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess (Deficiency) of Revenues Over Expenditures	(\$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	\$4,661,757
Other Financing Sources (Uses)										
Proceeds from Sale of Capital Assets	\$18,115	\$25,929	\$122,264	\$54,377	\$73,910	\$68,419	\$155,920	\$77,776	\$973	\$164,044
Issuance of Long-Term Capital-Related Debt	9,125,000	0	0	0	0	0	0	0	0	0
Sale of Refunding Bonds	0	0	6,540,000	0	0	0	0	3,615,000	0	0
Payments to Refunded Bond Escrow Agent	0	0	(6,852,466)	0	0	0	0	(3,855,969)	0	0
Premium/(Discount) on Sale of Refunded Bonds	37,037	0	422,277	0	0	0	0	326,059	0	0
Transfers In	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	3,465,127
Transfers (Out)	(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)	(4,200,127)
Total Other Financing Sources (Uses)	7,910,346	(580,071)	(107,925)	(630,623)	(421,090)	(471,581)	(259,080)	(212,134)	(554,027)	(570,956)
Net Change in Fund Balances	\$4,906,471	(\$1,753,020)	(\$179,177)	\$4,072,278	(\$1,649,806)	\$332,976	\$3,361,323	\$3,564,663	\$3,562,664	\$4,090,801
Debt service as a percentage of noncapital expenditures (1)	4.2%	5.5%	7.3%	7.7%	6.9%	6.5%	6.7%	5.6%	5.0%	3.9%

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
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
2019	984,802,100	49,484,530	1,034,286,630	2,874,069,353	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
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
2019	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

2019 (1)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy Ohio	\$47,713,710	4.61%
LIT Industrial Partnership	13,471,500	1.30%
Boymel Family LLC	8,055,750	0.78%
NP Seward	8,050,000	0.78%
Cincinnati Financial Corp	7,944,520	0.77%
Duke Realty Ohio	6,903,080	0.67%
Faith Village Park Apartments	6,588,590	0.64%
Sisters of Mercy	5,983,750	0.58%
Camelot East Owners LLC	5,968,420	0.58%
Villages of Wildwood Owner LLC	5,623,210	0.54%
	<u>\$116,302,530</u>	<u>11.25%</u>

2010 (2)		
Taxpayer	Assessed Value	Percentage of Total Assessed Value
Duke Energy	\$26,416,400	2.63%
Sam Boymel Trustee	12,535,510	1.25%
Faith-Village Park Apartments	6,619,000	0.66%
Ohio Casulty Insurance Co.	6,335,090	0.63%
Cincinnati Financial Corp	6,067,160	0.61%
Timber Hollow Apartments	5,752,010	0.57%
Rajole LLC	5,493,150	0.55%
Osborne Joyce H Family LTD PRT	5,430,870	0.54%
TGM Camelot, Inc.	5,380,780	0.54%
Penn Gardens Capital Partners	4,662,700	0.47%
	<u>\$84,692,670</u>	<u>8.45%</u>

Source: County Auditor

(1) - Calendar Year 2019

(2) - Collection Year 2010

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

Calendar Year	Taxes Levied for the Calendar Year	Collected within the Calendar Year of the Levy		Deliquent Taxes Collected	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2019	5,022,670	4,613,713	91.86%	342,147	4,955,860	98.67%

Source: County Auditor

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

Calendar Year	Income Tax Rate	Percentage of Total							
		Withholding	Business	Individuals	Total	Withholding	Business	Individuals	Total
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%
2019	1.50%	25,053,223	3,853,758	3,364,071	32,271,052	77.6%	11.9%	10.4%	100.0%

Source: City Finance Department

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

<u>2019</u>	
<u>Name</u>	<u>Amount</u>
Cincinnati Insurance Corporation	\$4,413,623
Mercy Health Cincinnati LLC	1,126,006
Liberty Mutual Group Inc	555,862
Fairfield Board of Education	763,654
Koch Meat Co Inc	722,660
Express Scripts Services Company	408,937
Pacific Manufacturing Ohio Inc	539,910
City of Fairfield	366,521
Takumi Stamping Inc	245,097
Martin Brower Co LLC	343,833
Total Collections - Principal Taxpayers	<u>\$9,486,104</u>
Total Collections	\$32,271,052
Combined percentage of total income taxes	29.4%

<u>2010</u>	
<u>Name</u>	<u>Amount</u>
Cincinnati Insurance	\$2,887,282
Mercy Regional Health	893,699
Liberty Mutual Group	782,169
Medco Health Solutions	729,636
Fairfield Board of Education	691,929
City of Fairfield	316,574
Koch Meat Co Inc.	270,792
Liberty Mutual Insurance	270,265
Pacific Mfg Ohio Inc.	251,484
Takumi Stamping Inc.	158,380
Total Collections - Principal Taxpayers	<u>\$7,252,210</u>
Total Collections	\$23,595,479
Combined percentage of total income taxes	30.7%

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			
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	0.07%	308
2019	11,391,165	0	0	294,720	11,685,885	N/A	275

Source: City Finance Department

Notes:

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

N/A - Information not available

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

Calendar Year	General Bonded Debt Outstanding Total General Obligation Bonds	Less: Restricted for Debt Service (1)	General Bonded Debt Outstanding Net General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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
2019	11,685,885	1,821,273	9,864,612	0.34%	232

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, 2019
 Schedule 13

Governmental Unit	Net Debt Outstanding	Estimated Percentage Applicable (1)	Amount Applicable to City of Fairfield
Butler County	\$25,027,420	12.69%	\$3,175,980
Hamilton County	120,015,000	0.00%	0
Fairfield City School District	66,066,000	69.04%	45,611,966
Lakota Local School District	95,660,000	0.35%	334,810
Northwest L School District	77,295,000	0.00%	0
Butler Tech and Career Center Jt. Voc. School District	7,650,000	11.65%	891,225
Subtotal Overlapping Debt	391,713,420		50,013,981
City of Fairfield - Direct Debt	11,391,165	100.00%	11,391,165
Total Direct and Overlapping Debt	\$403,104,585		\$61,405,146

Source: Ohio Municipal Advisory Council

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

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

Legal Debt Margin Calculation for Current Calendar Year

Assessed Value	\$1,034,286,630	\$1,034,286,630
Statutory Legal Debt Limitation (1)	10.5%	5.5%
Total Debt Limitation	108,600,096	56,885,765
Debt Applicable to Limit:		
Gross Indebtedness	11,685,885	11,685,885
Less: Restricted for Debt Service (2)	1,821,273	1,821,273
Total Net Debt Applicable to Limit	9,864,612	9,864,612
Legal Debt Margin	\$98,735,484	\$47,021,153

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Debt Limit (1) Debt Limit (10.5%)	\$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	\$108,600,096
Total Net Debt Applicable to Limit	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	9,864,612
Legal Debt Margin	\$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	\$98,735,484
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.5%	26.4%	24.4%	22.8%	20.7%	18.7%	16.4%	14.0%	10.2%	9.1%
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Unvoted Debt Limit (1) Debt Limit (5.5%)	\$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	\$56,885,765
Total Net Debt Applicable to Limit	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	9,864,612
Legal Debt Margin	\$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	\$47,021,153
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	54.4%	50.4%	46.6%	43.6%	39.5%	35.7%	31.3%	26.7%	19.5%	17.3%

Source: City Records

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

(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	
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
2019	329,318	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)
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	18,127,599	47,408	4.20%
2019	42,510	N/A	N/A	4.10%

Sources:

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

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

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

(4) - Ohio Bureau of Employment Services

N/A - Information not available

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

2019			
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)

2010			
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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
City Administration	5	5	5	5	5	10	10	12	12	11
City Council	2	2	2	2	1	1	1	1	1	1
Engineering	6	6	6	6	6	6	6	6	6	6
Facility/Janitors	2	2	2	2	1	1	1	1	1	2
Municipal Court	21	21	20	19	20	20	20	20	20	20
Finance	22	21	21	21	21	16	18	17	18	17
Public Safety										
Police										
Officers	60	59	58	58	57	57	58	58	60	60
Non-Sworn	20	20	20	20	20	20	20	18	19	19
Fire	31	30	29	29	28	27	28	31	34	34
Leisure Time Activities										
Parks and recreation	21	20	20	20	20	20	19	18	18	19
Community Development										
Planning and Zoning	4	4	4	4	4	4	3	4	4	4
Building Inspection	8	8	8	8	8	8	8	8	8	9
Economic Development	1	1	1	1	1	1	1	1	1	1
Basic Utility Service										
Water	21	21	21	19	18	20	21	21	21	31
Wastewater	21	22	21	21	22	22	21	21	22	31
Transportation and Street Repair	29	28	27	27	27	28	27	28	28	29
Total	274	270	265	262	259	261	262	265	273	294

Source: City Finance Department

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
Community Environment										
Planning and Development										
Building permits issued	1,806	1,787	2,068	1,771	1,720	1,712	1,834	1,838	1,882	1,657
Building inspections conducted	3,250	2,665	2,904	2,820	2,542	2,554	3,229	3,477	2,858	2,502
Economic Development										
Value of Residential Construction	\$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	\$8,600,413
Value of Commercial Construction	\$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	\$39,144,492
General Government										
Finance Department - Income Tax										
Income Tax Refunds	1,108	948	1,063	928	959	1,022	847	819	985	1,417
Dollar Amount of Refunds	\$733,150	\$488,939	\$493,998	\$475,670	\$3,322,818	\$1,538,826	\$564,945	\$1,477,354	\$623,538	\$1,403,977
Average Refund Amount	\$662	\$516	\$465	\$513	\$3,465	\$1,506	\$667	\$1,804	\$633	\$990.81
Court										
Number of Criminal Cases	4,478	4,334	3,359	3,215	3,590	2,869	3,303	3,464	4,065	3,682
Number of Civil Cases	1,660	1,667	1,459	1,223	1,185	1,152	1,188	1,306	1,438	1,833
Construction Services										
Square Footage of Sidewalk Repairs	19,432	31,350	13,951	24,976	17,460	19,036	25,700	13,800	10,906	24,019
Securities of Persons and Property										
Police										
Physical arrests:										
Adult	3,458	3,476	2,802	2,732	2,485	2,430	2,851	3,509	3,461	3,979
Juvenile	355	26	222	258	295	255	265	286	279	49
Citations	3,208	2,555	2,310	3,043	2,842	2,980	3,048	3,450	3,609	3,948
Accidents	1,207	1,232	1,237	1,144	1,322	1,440	1,358	1,386	1,447	2,039
Fire										
Emergency responses	4,676	5,378	5,465	5,437	5,870	4,972	5,593	6,089	5,453	5,956
Fire Calls	879	869	906	866	944	915	806	873	1,002	971
Inspections	2,124	2,136	1,526	1,855	1,934	1,846	1,460	1,441	1,752	1,427
Transportation										
Public Works										
Number of Street Miles Resurfaced	7	5	4	13	15	12	11	14	32	24
Tons of Street Salt Used	8,146	3,671	1,177	4,686	4,315	4,368	2,213	1,197	4,286	3,815
Cubic Yards of Leaves Picked-up	4,396	2,929	3,952	3,959	4,152	5,346	5,676	4,150	6,081	5,040

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Leisure										
Parks and Recreation										
Number of Theater Patrons	15,516	14,395	14,345	12,195	14,120	14,158	15,336	13,562	12,630	13,615
Number of Pool Admissions	34,741	46,505	34,838	24,090	24,641	26,511	26,062	24,893	29,621	38,984
Program Attendance:										
Youth/Preschool	19,710	18,861	21,796	20,073	20,805	19,418	20,570	20,946	22,647	19,079
Fitness	12,298	12,254	12,479	9,636	8,976	5,659	5,838	6,600	8,502	6,656
Senior Activities	14,521	13,559	16,323	18,047	17,898	19,160	19,896	20,500	20,540	20,258
Water										
Water main breaks	64	60	57	64	81	56	71	59	72	59
Average daily consumption (millions of gallons)	5.250	5.200	5.149	5.068	4.998	4.597	5.219	5.430	5.340	5.65
Peak daily consumption (millions of gallons)	7.749	7.407	8.282	7.746	6.978	6.884	7.256	7.319	8.280	8.05
Wastewater										
Average daily sewage treatment (millions of gallons)	5.084	4.934	4.955	5.323	5.182	5.216	4.779	5.133	5.791	5.87

Source: Various City Departments

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
General Government										
Municipal Building (square footage)	19,284	19,284	19,284	19,284	19,281	19,284	19,284	19,284	19,284	19,284
Municipal Building Annex (square footage)	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033	50,033
Police Cruisers	26	27	24	24	21	25	28	24	24	24
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Number of Fire Engines	5	5	4	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	160.6	160.7	166.3	166.3	180.0	180.0	180.0	180.0	180.0
Highways (miles)	7.14	7.27	7.27	7.27	7.27	7.27	7.27	7.27	7.27	7.27
Streetlights	1,525	2,962	2,962	2,962	2,983	2,983	2,986	2,986	2,986	2,995
Traffic signals	58	60	61	61	63	61	61	61	61	61
Parks and Recreation										
Number of Parks	25	25	26	29	29	37	35	35	36	37
Area of Parks (acreage)	469	469	577	676	538	665	659	827	827	839
Playgrounds	12	12	15	14	21	14	14	14	14	15
Baseball/softball diamonds	16	16	16	18	21	20	20	20	20	20
Soccer/football fields	11	11	11	12	17	15	15	15	15	15
Aquatic Center /Swimming pools	1	1	1	1	1	1	1	1	1	1
Community Arts centers	1	1	1	1	1	1	1	1	1	1
Golf Courses	2	2	2	2	2	2	2	2	2	2
Municipal Water										
Storage Capacity (millions of gallons)	7.00	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	169.00	169.00	169.00	170.00	170.00	189.00
Fire hydrants	2,384	1,965	1,965	1,966	2,000	2,000	2,000	2,000	2,000	1,981
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

OHIO AUDITOR OF STATE
KEITH FABER



CITY OF FAIRFIELD

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 23, 2020**